

**Huron-Perth Catholic District
School Board
Consolidated Financial
Statements
For the year ended August 31, 2020**

Huron-Perth Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2020

Contents

Huron-Perth Catholic District School Board	
Management Report	2
Independent Auditors' Report	3-5
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Change in Net Debt	9
Notes to Consolidated Financial Statements	10 - 25



HURON-PERTH CATHOLIC

District School Board

MANAGEMENT REPORT

Year ended August 31, 2020

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Huron-Perth 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

Director of Education

Superintendent of Business

November 12, 2020

Independent Auditors' Report

To the Board of Trustees of the Huron-Perth Catholic District School Board

We have audited the consolidated financial statements of Huron-Perth Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2020, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements have been prepared, in all material respects, in accordance with the basis of accounting disclosed in the 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 are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the disclosed basis of accounting, 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 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves compliance with the disclosed basis of accounting.
- 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
November 12, 2020

Huron-Perth Catholic District School Board

Consolidated Statement of Financial Position

August 31	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 6,660,784	\$ 3,989,057
Accounts receivable		
Local government (Note 3)	2,595,663	1,091,171
Other	1,109,076	864,783
Province of Ontario - Grants for Student Needs	-	497,162
Province of Ontario - Approved Capital (Note 2)	12,105,835	9,562,638
Province of Ontario - Delayed Grant Payment (Note 2)	1,833,170	1,507,150
	24,304,528	17,511,961
Financial Liabilities		
Temporary borrowing (Note 9)	656,721	-
Accounts payable and accrued liabilities (Note 4)	7,564,406	2,556,336
Net long-term debt (Note 8)	8,740,337	9,313,672
Deferred revenue - mandatory (Note 5)	1,553,087	1,324,439
Deferred revenue - other	296,314	362,867
Deferred capital contributions (Note 6)	47,714,272	44,806,755
Employee future benefits liability (Note 7)	2,441,973	2,338,459
	68,967,110	60,702,528
Net Debt	(44,662,582)	(43,190,567)
Non-Financial Assets		
Prepaid expenses	403,700	1,381,649
Tangible capital assets (Note 16)	50,007,883	47,195,628
	50,411,583	48,577,277
Accumulated Surplus (Note 12)	\$ 5,749,001	\$ 5,386,710

Signed on Behalf of The Board



Signature of Director of Education / Secretary



Signature of Chair of School Board

The accompanying notes are an integral part of these financial statements.

Huron-Perth Catholic District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2020	2020	2019
Revenues			
Provincial legislative grant (Note 13)	63,592,027	60,140,596	61,751,036
Provincial grants - other (Note 14)	1,341,362	1,232,179	1,177,713
Deferred capital contributions recognized (Note 6)	3,185,876	3,277,365	3,062,880
Investment income	80,000	92,352	108,961
Other fees and revenues	415,968	281,315	525,757
School fundraising	1,749,189	972,554	1,715,189
	70,364,422	65,996,361	68,341,536
Expenses			
Instruction	50,581,460	47,846,270	48,727,495
Administration	2,840,020	2,679,845	2,799,522
Transportation	5,706,062	5,410,106	5,521,047
Pupil accommodation	9,514,112	8,455,407	8,674,597
Other	45,000	236,290	273,564
School funded activities	1,749,189	1,006,152	1,592,255
	70,435,843	65,634,070	67,588,480
Annual surplus (deficit)	(71,421)	362,291	753,056
Accumulated surplus, beginning of year	5,386,710	5,386,710	4,633,654
Accumulated surplus, end of year	\$ 5,315,289	\$ 5,749,001	\$ 5,386,710

The accompanying notes are an integral part of these financial statements.

Huron-Perth Catholic District School Board

Consolidated Statement of Cash Flows

For the year ended August 31	2020	2019
Operations		
Annual surplus	\$ 362,291	\$ 753,056
Add: Amortization of tangible capital assets	3,378,911	3,137,021
Less: Amortization of deferred capital contributions	<u>(3,277,365)</u>	<u>(3,062,881)</u>
	<u>101,546</u>	<u>74,140</u>
Change in non-cash working capital balances		
Accounts receivable - local government, other, and grants for student needs	(1,251,623)	(555,535)
Accounts payable and accrued liabilities	5,008,070	38,942
Deferred revenues - mandatory	228,648	(1,472)
Deferred revenues - other	(66,553)	(36,487)
Employee future benefits liability	103,514	(68,842)
Prepaid expenses	<u>977,949</u>	<u>8,167</u>
Net increase in cash from operations	<u>5,463,842</u>	<u>211,969</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(6,191,166)</u>	<u>(2,633,163)</u>
Financing		
Temporary borrowing	656,721	-
Delayed grant payment	(326,020)	(1,507,150)
Debt repayments	(573,336)	(543,831)
Deferred capital contributions received	6,184,882	1,987,612
Decrease in accounts receivable - Province of Ontario, approved capital	<u>(2,543,196)</u>	<u>960,375</u>
	<u>3,399,051</u>	<u>897,006</u>
 Increase (decrease) in cash and equivalents during the year	 2,671,727	 (1,524,188)
 Cash and equivalents, beginning of year	 <u>3,989,057</u>	 <u>5,513,245</u>
 Cash and equivalents, end of year	 <u>\$ 6,660,784</u>	 <u>\$ 3,989,057</u>

The accompanying notes are an integral part of these financial statements.

Huron-Perth Catholic District School Board

Consolidated Statement of Change in Net Debt

For the year ended August 31	2020	2019
Annual Surplus	\$ 362,291	\$ 753,056
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	(6,191,166)	(2,633,163)
Amortization of tangible capital assets	3,378,911	3,137,021
	(2,812,255)	503,858
Other Non-Financial Asset Activity		
Acquisition of supplies inventories	(188,895)	(54,167)
Prepayment of expenses	(214,808)	(1,327,484)
Consumption of supplies inventories	54,168	51,481
Use of prepaid expenses	1,327,484	1,338,336
	977,949	8,166
(Increase) decrease in net debt	(1,472,015)	1,265,080
Net debt at beginning of year	(43,190,567)	(44,455,647)
Net debt at end of year	\$ (44,662,582)	\$ (43,190,567)

The accompanying notes are an integral part of these financial statements.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

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

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

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

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

- Government transfers, 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 statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

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.

Inter-departmental 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 comprise 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 a maturity of less than one year.

e) 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 expenditures are incurred, or services are performed.

f) 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, are 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

g) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life and accidental death and dismemberment insurance.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Associations, an Employee Life and Health Trust (ELHT) was established for the Ontario English Catholic Teachers' Association (OECTA) in 2016-17 (excluding daily occasional teachers). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE) (excluding casual and temporary staff), and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers, education workers (excluding casual and temporary staff), other school board staff and retired workers up to a school board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustee associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to OECTA (February 1, 2017), CUPE (March 1, 2018), Principals and Vice-principals (April 1, 2018), and other school board staff (June 1, 2018). 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 benefit funding embedded within the Grants for Student Needs (GSN), additional Ministry funding in the form of a Crown contribution as well as a stabilization adjustment.

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 is 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 accumulated over the periods of service provided by employees, such as life 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 worker's compensation and long-term disability, 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 pensions, are the employer's contributions due to the plan in the period;
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

h) 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 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
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10

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

i) Government Transfers

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

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

j) Investment Income

Investment income is reported as revenue in the period earned.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

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.

k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the Revised Estimates 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. Prior years financial statements reflect Estimates budget figures. The change to Revised Estimates has been made to provide more relevant budget information.

l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1a 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. Accounts subject to significant estimates include employee future benefits. Actual results could differ from these estimates.

m) 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 - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Huron-Perth Catholic District School 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 \$12,105,835 as at August 31, 2020 (2019 - \$9,562,638) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments at August 31, 2020 is \$1,833,170 (2019 - \$1,507,150).

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

3. ACCOUNTS RECEIVABLE – MUNICIPALITIES

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$1,297,019 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.

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 \$2,036,707. 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 Statement of Financial Position.

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

	Balance as at August 31, 2019	Externally Restricted Revenue Received	Revenue Recognized in the Period	Transfers to Deferred Capital Contributions	Balance as at August 31, 2020
Legislative Grants, Operating	\$ 897,493	\$ 9,156,987	\$ 9,113,796	\$ -	\$ 940,684
Other Ministry of Education Grants	148,273	905,144	1,045,704		7,713
School Renewal	124,328	861,660	81,475	415,922	488,591
Temporary Accommodation	-	116,099	-	-	116,099
Rural & Northern Education Fund	154,345	301,368	455,713	-	-
Total Deferred Revenue	\$ 1,324,439	\$ 11,341,258	\$ 10,696,688	\$ 415,922	\$ 1,553,087

Huron-Perth 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 year	\$ 44,806,755	\$ 45,882,023
Additions to deferred capital contributions	6,184,882	1,987,612
Revenue recognized in the period	(3,277,365)	(3,062,880)
Balance, end of year	\$ 47,714,272	\$ 44,806,755

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities			2020	2019
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	\$ 1,887,514	\$ 782,771	\$ 2,670,285	\$ 2,539,916
Unamortized Actuarial Losses at August 31	(228,312)	-	(228,312)	(201,457)
Employee Future Benefits Liability at August 31	\$ 1,659,202	\$ 782,771	\$ 2,441,973	\$ 2,338,459

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Retirement and Other Employee Future Benefit Expenses	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost	\$ -	\$ 450,303	\$ 450,303	\$ 209,817
Interest on Accrued Benefit Obligation	37,958	12,283	50,241	69,350
Recognized Actuarial (Gains)/Losses	32,442	(22,380)	10,062	5,881
Employee Future Benefits Expenses¹	\$ 70,400	\$ 440,206	\$ 510,606	\$ 258,048

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions of future events determined 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		
Retirement Gratuity	1.50%	1.50%
Other Future Employee Benefits	2.00%	2.00%
Wage and Salary Escalation		
Retirement Gratuity	0.00%	0.00%
Other Future Employee Benefits	2.00%	2.00%
Discount on Accrued Benefit Obligations		
Retirement Gratuity	1.40%	2.00%
Other Future Employee Benefits	1.40%	2.00%

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Retirement Benefits

(i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's 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 the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$849,223 (2019 - \$799,405) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

As at December 31, 2019, the OMERS plan was in a deficit of \$3.4 billion (2018 - \$4.2 billion), which will be addressed through temporary contribution rate increases and if needed, benefit reductions. The multiemployer plan is valued on a current market basis for all plan assets. The project benefit method prorated on services was used for the actuarial valuation.

(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 up to August 31, 2012.

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. As at August 31, 2020 the Board has established an internal reserve for WSIB obligations amounting to \$400,000 (2019 - \$400,000).

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(ii) Sick Leave Top-Up Benefits

A maximum of eleven 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 \$40,721 (2019 – \$35,748).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial valuation about future events determined as at August 31, 2020 and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

8. NET LONG TERM DEBT

Net long-term debt reported on the Consolidated Statement of Financial Position comprises the following:

	<u>2020</u>	<u>2019</u>
BNY Mellon Trust Company, repayable in semi-annual payments of \$118,157 including interest at 5.80%, calculated semi-annually not in advance, due November 2028	\$ 1,568,268	\$ 1,707,535
BNY Mellon Trust Company, repayable in semi-annual payments of \$184,898 including interest at 5.483%, calculated semi-annually not in advance, due November 2029	2,710,077	2,922,505
Ontario Financing Authority, repayable in semi-annual payments of \$37,797 including interest at 4.56%, calculated semi-annually not in advance, due November 2031	670,726	714,242
Ontario Financing Authority, repayable in semi-annual payments of \$33,463 including interest at 4.90%, calculated semi-annually not in advance, due March 2033	630,675	665,415
Ontario Financing Authority, repayable in semi-annual payments of \$123,471 including interest at 5.047%, calculated semi-annually not in advance, due November 2034	2,517,751	2,633,233
Ontario Financing Authority, repayable in semi-annual payments of \$31,318 including interest at 5.232%, calculated semi-annually not in advance, due April 2035	642,840	670,742
	<u>\$8,740,337</u>	<u>\$9,313,672</u>

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Principal and interest payments relating to long-term debt of \$8,740,337 outstanding as at August 31, 2020 are due as follows:

	Principal Repayments	Interest	Total Future Payment by Year
2021	604,448	453,759	1,058,207
2022	637,257	420,950	1,058,207
2023	671,855	386,352	1,058,207
2024	708,341	349,866	1,058,207
2025	746,819	311,389	1,058,208
Thereafter	5,371,617	1,099,071	6,470,688
Future Year Total	\$ 8,740,337	\$ 3,021,387	\$ 11,761,724

9. TEMPORARY BORROWING

The Board had established the following credit facilities to address operating requirements or to bridge capital expenditures:

Demand operating line of credit with a limit of \$3,000,000 at an interest rate of prime minus 0.25%. As at August 31, 2020 the Board was not using this credit facility.

Demand bridge loan with a limit of \$3,937,720 at an interest rate of prime minus 0.50%, for the purpose of providing interim funding under capital programs including Capital Priorities, Child Care and EarlyON. Draws occur as capital expenses are incurred and repayments as funds are received from the province. As at August 31, 2020 the balance of this loan was \$656,721.

10. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

The ultimate premiums over a five-year period are based on the reciprocal's 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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

11. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2020	2019
Principal payments on long-term liabilities	\$ 573,336	\$ 543,831
Interest payments on long-term liabilities	475,962	505,928
Interest payments on temporary financing of capital projects	12,606	
	\$ 1,061,904	\$ 1,049,759

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
Available for Compliance - Unappropriated		
Accumulated operating surplus	\$ 2,634,605	\$ 2,622,490
Available for Compliance – Internally Appropriated		
Retirement gratuities	457,516	457,516
WSIB	400,000	400,000
School budget surplus	226,232	59,185
Board projects	893,905	963,370
OFSAA	83,540	83,540
Local Priorities	-	2,371
Sinking fund interest	73,176	77,480
Total Internally Appropriated	\$ 2,134,369	\$ 2,043,462
Unavailable for Compliance		
Revenues recognized for land	\$ 1,131,384	\$ 1,131,384
School-generated funds	563,225	596,825
Interest to be accrued	(134,141)	(143,051)
Employee future benefits	(580,441)	(864,400)
Total Externally Appropriated	\$ 980,027	\$ 720,758
Total Accumulated Surplus	\$ 5,749,001	\$ 5,386,710

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

13. PROVINCIAL LEGISLATIVE GRANT

The following is a summary of the Provincial Legislative Revenue:

	Budget 2020	2020	2019
Local Taxation	\$ 8,146,831	\$ 8,132,666	\$ 8,085,347
General Legislative Grant	55,445,196	52,007,930	53,665,689
	\$ 63,592,027	\$ 60,140,596	\$ 61,751,036

14. PROVINCIAL GRANTS – OTHER

The following is a summary of the Provincial Grants Revenue:

	Budget 2020	2020	2019
Educational Program – Other (PPF)	\$ 867,665	\$ 1,045,704	\$ 1,031,940
Government Entity Reporting	106,996	121,204	95,536
Other	366,701	65,271	50,237
	\$ 1,341,362	\$ 1,232,179	\$ 1,177,713

15. EXPENSES BY OBJECT

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

	Budget 2020	2020	2019
Current Expenses			
Salary and Wages	\$ 43,237,263	\$ 42,068,939	\$ 42,924,338
Employee Benefits	7,249,394	7,130,481	6,891,007
Staff Development	373,591	173,727	360,993
Supplies and Services	9,039,977	6,005,007	7,117,455
Interest	475,962	475,962	505,928
Rental Expenditures	82,437	85,221	44,059
Fees and Contract Services	6,640,376	6,100,722	6,350,426
Other	49,600	215,100	257,253
Amortization of Tangible Capital Assets	3,287,243	3,378,911	3,137,021
	\$ 70,435,843	\$ 65,634,070	\$ 67,588,480

Huron-Perth Catholic District School Board
Notes to Consolidated Financial Statements

August 31, 2020

16. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization				Net Book Value		
	Opening September 1, 2019	Additions and Transfers	Disposals	Closing August 31, 2020	Opening September 1, 2019	Amortization	Disposals, Write-offs, Adjustment s	Closing August 31, 2020	August 31, 2020	August 31, 2019
Land	\$ 1,131,384	\$ -	\$ -	\$1,131,384	\$ -	\$ -	\$ -	\$ -	\$ 1,131,384	\$ 1,131,384
Land Improvements	2,131,955	24,274	(823,174)	1,333,054	1,161,219	141,536	(823,174)	479,581	853,473	970,736
Buildings	75,252,741	2,251,450	-	77,504,191	32,186,105	2,661,652	-	34,847,757	42,656,434	43,066,636
Portable Structures	485,908	-	-	485,908	35,836	24,879	-	60,715	425,193	450,072
Construction in Progress	269,155	2,620,104	-	2,889,259	-	-	-	-	2,889,259	269,155
First time equipping	578,472	9,486	-	587,958	356,640	58,322	-	414,962	172,996	221,832
Furniture	53,141	-	-	53,141	28,526	5313	-	33,839	19,302	24,615
Equipment – 15 years	46,822	-	-	46,822	15,334	3122	-	18,456	28,366	31,488
Equipment – 10 years	287,740	18,412	(15,494)	290,658	130,697	28,920	(15,494)	144,123	146,535	157,043
Equipment – 5 years	69,798	248,059	-	317,857	36,582	38,766	-	75,348	242,509	33,216
Computer Hardware	1,774,774	939,455	(615,987)	2,098,243	987,058	387,301	(615,987)	758,372	1,339,871	787,716
Computer Software	105,540	51,693	-	157,233	53,805	26,277	-	80,082	77,151	51,735
Vehicle	-	28,233	-	28,233	-	2,823	-	2,823	25,410	-
TOTAL	\$82,187,430	\$6,191,166	(\$1,454,655)	\$86,923,941	\$34,991,802	\$3,378,911	(\$1,454,655)	\$36,916,058	\$50,007,883	\$47,195,628

Assets under Construction

Assets under construction having a value of \$2,889,259 (2019 - \$269,155) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

17. TRANSPORTATION CONSORTIUM

The Board provides transportation services in partnership with the Avon Maitland 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 Huron Perth Student Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control. The Board's consolidated financial statements reflect transportation revenues, direct costs incurred by the Board as well as shared administration costs based on student ridership as outlined in the consortium agreement.

18. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$1,823,717 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.