

**Huron-Perth Catholic District
School Board
Consolidated Financial
Statements
For the year ended August 31, 2021**

Huron-Perth Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2021

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

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, 2021, 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.

Chartered Professional Accountants, Licensed Public Accountants

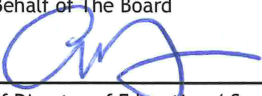
Stratford, Ontario
November 22, 2021

Huron-Perth Catholic District School Board

Consolidated Statement of Financial Position

August 31	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 6,494,435	\$ 6,660,784
Accounts receivable		
Local government	902,018	2,595,663
Other	1,107,581	1,109,076
Province of Ontario - Approved Capital (Note 2)	11,377,016	12,105,835
Province of Ontario - Delayed Grant Payment (Note 2)	2,797,978	1,833,170
Province of Ontario - Other	387,899	-
	<u>23,066,927</u>	<u>24,304,528</u>
Financial Liabilities		
Temporary borrowing (Note 7)	24,558	656,721
Accounts payable and accrued liabilities	5,978,260	7,564,406
Net long-term debt (Note 6)	8,135,889	8,740,337
Deferred revenue - mandatory (Note 3)	2,387,728	1,553,087
Deferred revenue - other	400,665	296,314
Deferred capital contributions (Note 4)	48,894,132	47,714,272
Employee future benefits liability (Note 5)	2,179,288	2,441,973
	<u>68,000,520</u>	<u>68,967,110</u>
Net Debt	<u>(44,933,593)</u>	<u>(44,662,582)</u>
Non-Financial Assets		
Prepaid expenses and inventory	463,495	403,700
Tangible capital assets (Note 14)	51,129,659	50,007,883
	<u>51,593,154</u>	<u>50,411,583</u>
Accumulated Surplus (Note 10)	<u>\$ 6,659,561</u>	<u>\$ 5,749,001</u>

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 2021	2021	2020
Revenues			
Provincial legislative grant (Note 11)	\$ 66,304,924	\$ 63,829,229	\$ 60,140,596
Provincial grants - other (Note 12)	2,593,389	4,125,466	1,232,179
Federal grants	-	78,752	-
Deferred capital contributions recognized (Note 4)	3,585,248	3,852,710	3,277,365
Investment income	30,000	47,408	92,352
Other fees and revenues	180,710	226,381	281,315
School fundraising	524,757	349,251	972,554
	73,219,028	72,509,197	65,996,361
Expenses			
Instruction	53,489,800	51,952,558	47,846,270
Administration	2,901,049	2,814,352	2,679,845
Transportation	5,907,749	5,612,691	5,410,106
Pupil accommodation	10,563,777	9,622,326	8,455,407
Other	200,000	1,164,216	236,290
School funded activities	524,757	432,494	1,006,152
	73,587,132	71,598,637	65,634,070
Annual surplus (deficit)	(368,104)	910,560	362,291
Accumulated surplus, beginning of year	5,749,001	5,749,001	5,386,710
Accumulated surplus, end of year	\$ 5,380,897	\$ 6,659,561	\$ 5,749,001

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	2021	2020
Operations		
Annual surplus	\$ 910,560	\$ 362,291
Add: Amortization of tangible capital assets	3,990,996	3,378,911
Less: Amortization of deferred capital contributions	<u>(3,852,710)</u>	<u>(3,277,365)</u>
	<u>138,286</u>	<u>101,546</u>
Change in non-cash working capital balances		
Accounts receivable - local government, other, and grants for student needs	1,307,241	(1,251,623)
Accounts payable and accrued liabilities	(1,586,146)	5,008,070
Deferred revenues - mandatory	834,641	228,648
Deferred revenues - other	104,351	(66,553)
Employee future benefits liability	(262,685)	103,514
Prepaid expenses and inventory	<u>(59,795)</u>	<u>977,949</u>
Net increase in cash from operations	<u>1,386,453</u>	<u>5,463,842</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(5,112,772)</u>	<u>(6,191,166)</u>
Financing		
Temporary borrowing	(632,163)	656,721
Delayed grant payment	(964,808)	(326,020)
Debt repayments	(604,448)	(573,336)
Deferred capital contributions received	5,032,570	6,184,882
Change in accounts receivable - Province of Ontario, approved capital	<u>728,819</u>	<u>(2,543,196)</u>
	<u>3,559,970</u>	<u>3,399,051</u>
(Decrease) increase in cash and equivalents during the year	<u>(166,349)</u>	<u>2,671,727</u>
Cash and equivalents, beginning of year	<u>6,660,784</u>	<u>3,989,057</u>
Cash and equivalents, end of year	<u>\$ 6,494,435</u>	<u>\$ 6,660,784</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	2021	2020
Annual Surplus	\$ 910,560	\$ 362,291
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	(5,112,772)	(6,191,166)
Amortization of tangible capital assets	3,990,996	3,378,911
	(1,121,776)	(2,812,255)
Other Non-Financial Asset Activity		
Acquisition of supplies inventories	(164,761)	(188,895)
Prepayment of expenses	(298,734)	(214,808)
Consumption of supplies inventories	188,892	54,168
Use of prepaid expenses	214,808	1,327,484
	(59,795)	977,949
Decrease (increase) in net debt	(271,011)	(1,472,015)
Net debt at beginning of year	(44,662,582)	(43,190,567)
Net debt at end of year	\$ (44,933,593)	\$ (44,662,582)

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

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

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, 2021

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, 2021

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, 2021

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	3
Computer software	5
Vehicles	5-10

The useful life for computer hardware was revised from five years to three years based on the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The in-year impact of this change in estimate is \$400,536.

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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

j) 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.

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.

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 \$11,377,016 as at August 31, 2021 (2020 - \$12,105,835) 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, 2021 is \$2,797,978 (2020 - \$1,833,170).

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

3. 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, 2021 is comprised of:

	Balance as at August 31, 2020	Externally Restricted Revenue Received	Revenue Recognized in the Period	Transfers to Deferred Capital Contributions	Balance as at August 31, 2021
Legislative Grants, Operating	\$ 940,684	\$ 9,030,506	\$ 9,225,474	\$ -	\$ 745,716
Other Ministry of Education Grants	7,713	3,150,245	3,067,559		90,399
School Renewal	488,591	875,533	333,973	298,127	732,024
Temporary Accommodation	116,099	192,775	121,839	6,439	180,596
Rural & Northern Education Fund	-	309,890	-	-	309,890
Experiential Learning	-	264,219	239,795	-	24,424
Investment in System Priorities	-	575,141	408,552	-	166,589
Ministry of Government & Consumer Services	-	989,067	850,977	-	138,090
Total Deferred Revenue	\$ 1,533,087	\$ 15,387,376	\$ 14,248,169	\$ 304,566	\$ 2,387,728

4. 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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

	2021	2020
Balance, beginning of year	\$ 47,714,272	\$ 44,806,755
Additions to deferred capital contributions	5,032,570	6,484,882
Revenue recognized in the period	(3,852,710)	(3,327,365)
Balance, end of year	\$ 48,894,132	\$ 47,714,272

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities	2021		2020	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	\$ 1,707,192	\$ 625,291	\$ 2,332,483	\$ 2,670,285
Unamortized Actuarial Losses at August 31	(153,195)	-	(153,195)	(228,312)
Employee Future Benefits Liability at August 31	\$ 1,553,997	\$ 625,291	\$ 2,179,288	\$ 2,441,973

Retirement and Other Employee Future Benefit Expenses	2021		2020	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost	\$ -	\$ 41,038	\$ 41,038	\$ 450,303
Interest on Accrued Benefit Obligation	25,220	9,117	34,337	50,241
Recognized Actuarial (Gains)/Losses	41,708	18,266	59,974	10,062
Employee Future Benefits Expenses¹	\$ 66,928	\$ 68,421	\$ 135,349	\$ 510,606

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

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2021 and based on updated average daily salary and banked sick days as at August 31, 2021. 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:

	2021	2020
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	1.80%	1.40%
Other Future Employee Benefits	1.80%	1.40%

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, 2021, the Board contributed \$893,975 (2020 - \$849,223) 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, 2020, the OMERS plan was in a deficit of \$3.2 billion (2019 - \$3.4 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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(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, 2021 the Board has established an internal reserve for WSIB obligations amounting to \$400,000 (2020 - \$400,000).

(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 \$55,830 (2020 – \$40,721).

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, 2021 and is based on the average daily salary and banked sick days of employees as at August 31, 2021.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

6. NET LONG TERM DEBT

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

	<u>2021</u>	<u>2020</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	\$ 1,420,806	\$ 1,568,268
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	2,485,842	2,710,077
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	625,204	670,726
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	594,211	630,675
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	2,396,367	2,517,751
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	613,459	642,840
	<u>\$8,135,889</u>	<u>\$8,740,337</u>

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

Principal and interest payments relating to long-term debt of \$8,135,889 outstanding as at August 31, 2021 are due as follows:

	Principal Repayments	Interest	Total Future Payment by Year
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
2026	787,395	270,813	1,058,208
Thereafter	4,584,222	828,259	5,412,481
Future Year Total	\$ 8,135,889	\$ 2,567,629	\$ 10,703,518

7. 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, 2021 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, 2021 the balance of this loan is \$24,558 (2020 - \$656,721).

8. 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, 2021

9. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2021	2020
Principal payments on long-term liabilities	\$ 604,448	\$ 573,336
Interest payments on long-term liabilities	444,363	475,962
Interest payments on temporary financing of capital projects	24,287	12,606
	\$ 1,073,098	\$ 1,061,904

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
Available for Compliance - Unappropriated		
Accumulated operating surplus	\$ 1,862,715	\$ 2,634,605
Available for Compliance – Internally Appropriated		
Retirement gratuities	457,516	457,516
WSIB	400,000	400,000
Classroom Budget Allocation	226,232	226,232
Board projects	861,623	893,905
OFSAA	100,000	83,540
Sinking fund interest	68,872	73,176
Board Capital	1,195,983	-
Total Internally Appropriated	\$ 3,310,226	\$ 2,134,369
Unavailable for Compliance		
Revenues recognized for land	\$ 1,131,384	\$ 1,131,384
School-generated funds	479,980	563,225
Interest to be accrued	(124,744)	(134,141)
Employee future benefits	-	(580,441)
Total Externally Appropriated	\$ 1,486,620	\$ 980,027
Total Accumulated Surplus	\$ 6,659,561	\$ 5,749,001

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

11. PROVINCIAL LEGISLATIVE GRANT

The following is a summary of the Provincial Legislative Revenue:

	Budget 2021	2021	2020
Local Taxation	\$ 8,141,863	\$ 7,611,093	\$ 8,132,666
General Legislative Grant	58,163,061	56,218,136	52,007,930
	\$ 66,304,924	\$ 63,829,229	\$ 60,140,596

12. PROVINCIAL GRANTS – OTHER

The following is a summary of the Provincial Grants Revenue:

	Budget 2021	2021	2020
Educational Program – Other (PPF)	\$ 2,435,033	\$ 3,067,559	\$ 1,045,704
Government Entity Reporting	94,280	993,831	121,204
Other	64,076	64,076	65,271
	\$ 2,593,389	\$ 4,125,466	\$ 1,232,179

13. EXPENSES BY OBJECT

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

	Budget 2021	2021	2020
Salary and Wages	\$ 45,679,792	\$ 45,587,919	\$ 42,068,939
Employee Benefits	7,937,843	7,536,105	7,130,481
Staff Development	578,461	163,956	173,727
Supplies and Services	7,984,766	6,329,198	6,005,007
Interest	444,363	444,363	475,962
Rental Expenditures	84,027	84,330	85,221
Fees and Contract Services	7,023,572	6,310,824	6,100,722
Other	164,900	1,150,946	215,100
Amortization of Tangible Capital Assets	3,689,408	3,990,996	3,378,911
	\$ 73,587,132	\$ 71,598,637	\$ 65,634,070

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

August 31, 2021

14. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening September 1, 2020	Additions and Transfers	Disposals	Closing August 31, 2021	Opening September 1, 2020	Amortization	Disposals, Write-offs, Adjustments	Closing August 31, 2021	August 31, 2021	August 31, 2020
Land	\$ 1,131,384	-	-	\$ 1,131,384	\$ -	\$ -	\$ -	\$ -	\$ 1,131,384	\$ 1,131,384
Land Improvements	1,333,054	399,375	-	1,732,429	479,581	102,183	-	581,764	1,150,665	853,473
Buildings	77,504,191	6,730,783	-	84,234,974	34,847,757	2,806,081	-	37,653,838	46,581,136	42,656,434
Portable Structures	485,908	121,839	-	607,747	60,715	27,924	-	88,639	519,108	425,193
Construction in Progress	2,889,259	(2,889,259)	-	-	-	-	-	-	-	2,889,259
First time equipping	587,958	7,539	(33,922)	561,575	414,962	57,477	(33,922)	438,517	123,058	172,996
Furniture	53,141	-	(6,079)	47,062	33,839	5,010	(6,079)	32,770	14,292	19,302
Equipment – 15yrs	46,822	-	-	46,822	18,456	3,121	-	21,577	25,245	28,366
Equipment – 10yrs	290,658	36,840	(23,787)	303,711	144,123	29,719	(23,787)	150,055	153,656	146,535
Equipment – 5 yrs	317,857	-	(29,239)	288,618	75,348	60,647	(29,239)	106,756	181,862	242,509
Computer Hardware	2,098,243	677,561	(808,517)	1,967,287	758,372	863,762	(808,517)	813,617	1,153,670	1,339,871
Computer Software	157,233	28,094	(48,314)	137,013	80,082	29,425	(48,314)	61,193	75,820	77,151
Vehicle	28,233	-	-	28,233	2,823	5,647	-	8,470	19,763	25,410
TOTAL	\$ 86,923,941	\$ 5,112,772	\$(949,858)	\$91,086,855	\$ 36,916,058	\$ 3,990,996	\$ (949,858)	\$39,957,196	\$ 51,129,659	\$ 50,007,883

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

15. 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.

16. 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.

17. IN-KIND TRANSFERS FROM THE MINISTRY OF GOVERNMENT AND CONSUMER SERVICES

The Board has recorded revenues, expenses, deferred revenue and inventory entries associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue and expense recorded for these transfers in 2020-21 is \$850,997 with inventory and deferred revenue balances of \$138,090 at August 31, 2021.

18. CONTINGENT LIABILITIES

In the normal course of business, various claims and litigious matters may be pending by and against the Board. In respect of any outstanding claims, in managements judgement, no material exposure exists on the eventual settlement of such litigation. Accordingly, no provision has been made in the accompanying consolidated financial statements.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

19. SIGNIFICANT EVENT

On March 11, 2020 the World health Organization declared the outbreak of the Coronavirus (COVID-19), a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020 the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform. Schools physically re-opened in September 2020 with remote learning options offered. During the 2020/2021 school year, the Province of Ontario closed schools again following the Christmas Break to February 8, 2021 and following the April 2021 break to the end of the 2020/2021 school year. The Ontario Ministry of Education has provided one-time funding for COVID-19/ school re-opening and some existing funding has been redirected towards the costs related to implementing safe re-opening measures. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

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, 2021

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, 2021

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, 2021

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	3
Computer software	5
Vehicles	5-10

The useful life for computer hardware was revised from five years to three years based on the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The in-year impact of this change in estimate is \$400,536.

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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

j) 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.

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.

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 \$11,377,016 as at August 31, 2021 (2020 - \$12,105,835) 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, 2021 is \$2,797,978 (2020 - \$1,833,170).

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

3. 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, 2021 is comprised of:

	Balance as at August 31, 2020	Externally Restricted Revenue Received	Revenue Recognized in the Period	Transfers to Deferred Capital Contributions	Balance as at August 31, 2021
Legislative Grants, Operating	\$ 940,684	\$ 9,030,506	\$ 9,225,474	\$ -	\$ 745,716
Other Ministry of Education Grants	7,713	3,150,245	3,067,559		90,399
School Renewal	488,591	875,533	333,973	298,127	732,024
Temporary Accommodation	116,099	192,775	121,839	6,439	180,596
Rural & Northern Education Fund	-	309,890	-	-	309,890
Experiential Learning	-	264,219	239,795	-	24,424
Investment in System Priorities	-	575,141	408,552	-	166,589
Ministry of Government & Consumer Services	-	989,067	850,977	-	138,090
Total Deferred Revenue	\$ 1,533,087	\$ 15,387,376	\$ 14,248,169	\$ 304,566	\$ 2,387,728

4. 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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

	2021	2020
Balance, beginning of year	\$ 47,714,272	\$ 44,806,755
Additions to deferred capital contributions	5,032,570	6,484,882
Revenue recognized in the period	(3,852,710)	(3,327,365)
Balance, end of year	\$ 48,894,132	\$ 47,714,272

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities	2021		2020	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	\$ 1,707,192	\$ 625,291	\$ 2,332,483	\$ 2,670,285
Unamortized Actuarial Losses at August 31	(153,195)	-	(153,195)	(228,312)
Employee Future Benefits Liability at August 31	\$ 1,553,997	\$ 625,291	\$ 2,179,288	\$ 2,441,973

Retirement and Other Employee Future Benefit Expenses	2021		2020	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost	\$ -	\$ 41,038	\$ 41,038	\$ 450,303
Interest on Accrued Benefit Obligation	25,220	9,117	34,337	50,241
Recognized Actuarial (Gains)/Losses	41,708	18,266	59,974	10,062
Employee Future Benefits Expenses¹	\$ 66,928	\$ 68,421	\$ 135,349	\$ 510,606

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

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2021 and based on updated average daily salary and banked sick days as at August 31, 2021. 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:

	2021	2020
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	1.80%	1.40%
Other Future Employee Benefits	1.80%	1.40%

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, 2021, the Board contributed \$893,975 (2020 - \$849,223) 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, 2020, the OMERS plan was in a deficit of \$3.2 billion (2019 - \$3.4 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.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(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, 2021 the Board has established an internal reserve for WSIB obligations amounting to \$400,000 (2020 - \$400,000).

(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 \$55,830 (2020 – \$40,721).

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, 2021 and is based on the average daily salary and banked sick days of employees as at August 31, 2021.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

6. NET LONG TERM DEBT

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

	<u>2021</u>	<u>2020</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	\$ 1,420,806	\$ 1,568,268
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	2,485,842	2,710,077
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	625,204	670,726
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	594,211	630,675
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	2,396,367	2,517,751
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	613,459	642,840
	<u>\$8,135,889</u>	<u>\$8,740,337</u>

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

Principal and interest payments relating to long-term debt of \$8,135,889 outstanding as at August 31, 2021 are due as follows:

	Principal Repayments	Interest	Total Future Payment by Year
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
2026	787,395	270,813	1,058,208
Thereafter	4,584,222	828,259	5,412,481
Future Year Total	\$ 8,135,889	\$ 2,567,629	\$ 10,703,518

7. 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, 2021 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, 2021 the balance of this loan is \$24,558 (2020 - \$656,721).

8. 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, 2021

9. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2021	2020
Principal payments on long-term liabilities	\$ 604,448	\$ 573,336
Interest payments on long-term liabilities	444,363	475,962
Interest payments on temporary financing of capital projects	24,287	12,606
	\$ 1,073,098	\$ 1,061,904

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
Available for Compliance - Unappropriated		
Accumulated operating surplus	\$ 1,862,715	\$ 2,634,605
Available for Compliance – Internally Appropriated		
Retirement gratuities	457,516	457,516
WSIB	400,000	400,000
Classroom Budget Allocation	226,232	226,232
Board projects	861,623	893,905
OFSAA	100,000	83,540
Sinking fund interest	68,872	73,176
Board Capital	1,195,983	-
Total Internally Appropriated	\$ 3,310,226	\$ 2,134,369
Unavailable for Compliance		
Revenues recognized for land	\$ 1,131,384	\$ 1,131,384
School-generated funds	479,980	563,225
Interest to be accrued	(124,744)	(134,141)
Employee future benefits	-	(580,441)
Total Externally Appropriated	\$ 1,486,620	\$ 980,027
Total Accumulated Surplus	\$ 6,659,561	\$ 5,749,001

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

11. PROVINCIAL LEGISLATIVE GRANT

The following is a summary of the Provincial Legislative Revenue:

	Budget 2021	2021	2020
Local Taxation	\$ 8,141,863	\$ 7,611,093	\$ 8,132,666
General Legislative Grant	58,163,061	56,218,136	52,007,930
	\$ 66,304,924	\$ 63,829,229	\$ 60,140,596

12. PROVINCIAL GRANTS – OTHER

The following is a summary of the Provincial Grants Revenue:

	Budget 2021	2021	2020
Educational Program – Other (PPF)	\$ 2,435,033	\$ 3,067,559	\$ 1,045,704
Government Entity Reporting	94,280	993,831	121,204
Other	64,076	64,076	65,271
	\$ 2,593,389	\$ 4,125,466	\$ 1,232,179

13. EXPENSES BY OBJECT

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

	Budget 2021	2021	2020
Salary and Wages	\$ 45,679,792	\$ 45,587,919	\$ 42,068,939
Employee Benefits	7,937,843	7,536,105	7,130,481
Staff Development	578,461	163,956	173,727
Supplies and Services	7,984,766	6,329,198	6,005,007
Interest	444,363	444,363	475,962
Rental Expenditures	84,027	84,330	85,221
Fees and Contract Services	7,023,572	6,310,824	6,100,722
Other	164,900	1,150,946	215,100
Amortization of Tangible Capital Assets	3,689,408	3,990,996	3,378,911
	\$ 73,587,132	\$ 71,598,637	\$ 65,634,070

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

August 31, 2021

14. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening September 1, 2020	Additions and Transfers	Disposals	Closing August 31, 2021	Opening September 1, 2020	Amortization	Disposals, Write-offs, Adjustments	Closing August 31, 2021	August 31, 2021	August 31, 2020
Land	\$ 1,131,384	-	-	\$ 1,131,384	\$ -	\$ -	\$ -	\$ -	\$ 1,131,384	\$ 1,131,384
Land Improvements	1,333,054	399,375	-	1,732,429	479,581	102,183	-	581,764	1,150,665	853,473
Buildings	77,504,191	6,730,783	-	84,234,974	34,847,757	2,806,081	-	37,653,838	46,581,136	42,656,434
Portable Structures	485,908	121,839	-	607,747	60,715	27,924	-	88,639	519,108	425,193
Construction in Progress	2,889,259	(2,889,259)	-	-	-	-	-	-	-	2,889,259
First time equipping	587,958	7,539	(33,922)	561,575	414,962	57,477	(33,922)	438,517	123,058	172,996
Furniture	53,141	-	(6,079)	47,062	33,839	5,010	(6,079)	32,770	14,292	19,302
Equipment – 15yrs	46,822	-	-	46,822	18,456	3,121	-	21,577	25,245	28,366
Equipment – 10yrs	290,658	36,840	(23,787)	303,711	144,123	29,719	(23,787)	150,055	153,656	146,535
Equipment – 5 yrs	317,857	-	(29,239)	288,618	75,348	60,647	(29,239)	106,756	181,862	242,509
Computer Hardware	2,098,243	677,561	(808,517)	1,967,287	758,372	863,762	(808,517)	813,617	1,153,670	1,339,871
Computer Software	157,233	28,094	(48,314)	137,013	80,082	29,425	(48,314)	61,193	75,820	77,151
Vehicle	28,233	-	-	28,233	2,823	5,647	-	8,470	19,763	25,410
TOTAL	\$ 86,923,941	\$ 5,112,772	\$(949,858)	\$91,086,855	\$ 36,916,058	\$ 3,990,996	\$ (949,858)	\$39,957,196	\$ 51,129,659	\$ 50,007,883

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

15. 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.

16. 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.

17. IN-KIND TRANSFERS FROM THE MINISTRY OF GOVERNMENT AND CONSUMER SERVICES

The Board has recorded revenues, expenses, deferred revenue and inventory entries associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue and expense recorded for these transfers in 2020-21 is \$850,997 with inventory and deferred revenue balances of \$138,090 at August 31, 2021.

18. CONTINGENT LIABILITIES

In the normal course of business, various claims and litigious matters may be pending by and against the Board. In respect of any outstanding claims, in managements judgement, no material exposure exists on the eventual settlement of such litigation. Accordingly, no provision has been made in the accompanying consolidated financial statements.

Huron-Perth Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2021

19. SIGNIFICANT EVENT

On March 11, 2020 the World health Organization declared the outbreak of the Coronavirus (COVID-19), a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020 the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform. Schools physically re-opened in September 2020 with remote learning options offered. During the 2020/2021 school year, the Province of Ontario closed schools again following the Christmas Break to February 8, 2021 and following the April 2021 break to the end of the 2020/2021 school year. The Ontario Ministry of Education has provided one-time funding for COVID-19/ school re-opening and some existing funding has been redirected towards the costs related to implementing safe re-opening measures. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.