

**BRANT HALDIMAND NORFOLK
CATHOLIC DISTRICT SCHOOL BOARD**

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

**BRANT HALDIMAND NORFOLK
CATHOLIC DISTRICT SCHOOL BOARD**

For the year ended August 31, 2020

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MANAGEMENT REPORT

Financial Statements ended August 31, 2020

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the Brant Haldimand Norfolk 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 Millard, Rouse, Rosebrugh, Chartered Professional Accountants, 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.

Mike McDonald
Director of Education & Secretary

Scott Keys
Superintendent of Business & Treasurer

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brant Haldimand Norfolk Catholic District School Board

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2020, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

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 *Auditors' Responsibilities for the Audit of 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

We draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

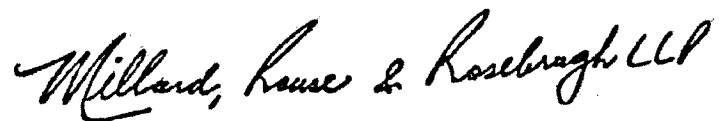
Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



November 16, 2020
Brantford, Ontario

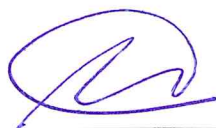
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at August 31	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents	20,552,688	15,076,226
Accounts receivable		
Municipalities (Note 4)	6,532,579	2,111,837
Government of Ontario - Approved Capital (Note 2)	39,130,334	41,726,930
Other (Note 3)	10,720,334	8,721,129
Total Financial Assets	76,935,935	67,636,122
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	16,448,430	6,720,930
Accounts payable - other School Boards	(4,841)	132,193
Deferred revenue (Note 6)	3,935,512	4,099,136
Accrued vacation pay	714,832	505,562
Post employment/retirement benefits (Note 7)	1,055,388	997,527
Accrued interest on long term liabilities	686,018	739,237
Long term liabilities (Note 12)	39,942,808	42,945,306
Deferred capital contributions (Note 8)	100,798,886	99,201,213
Total Liabilities	163,577,033	155,341,104
Net Debt	(86,641,098)	(87,704,982)
NON-FINANCIAL ASSETS		
Tangible capital assets	116,480,878	114,020,227
NET ASSETS	29,839,780	26,315,245
ACCUMULATED SURPLUS (Note 14)	29,839,780	26,315,245

Approved on behalf of the Board



Chair of the Board



Director of Education

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended August 31	Budget 2020 <i>(unaudited)</i>	Actual 2020	Actual 2019
Revenues			
General legislative grants	127,767,523	125,750,043	127,987,783
Provincial grants - other	1,227,359	1,430,197	1,402,049
Federal grants and fees	1,075,894	977,422	1,149,512
Other fees and revenue	484,968	781,088	869,190
Investment income	230,000	276,575	353,273
School funded activities	3,500,000	2,444,973	3,713,283
Other revenue - school boards	357,275	428,611	362,769
	134,643,019	132,088,909	135,837,859
Expenses			
Instruction	101,899,966	97,840,977	100,339,438
Administration	4,399,455	4,423,598	4,400,236
Transportation	5,439,178	5,188,447	5,296,761
School operations and maintenance	19,124,490	18,603,713	19,073,364
Other	236,395	173,704	184,192
School funded activities	3,500,000	2,333,935	3,605,363
	134,599,484	128,564,374	132,899,354
Annual Surplus	43,535	3,524,535	2,938,505
Accumulated Surplus - Beginning of Year	26,315,245	26,315,245	23,376,740
Accumulated Surplus - End of Year	26,358,780	29,839,780	26,315,245

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the year ended August 31	2020	2019
Annual Surplus	3,524,535	2,938,505
Amortization of tangible capital assets	5,268,407	4,837,153
Acquisition of tangible capital assets (net of transferred CIP)	(7,729,058)	(7,984,439)
Change in Net Debt	1,063,884	(208,781)
Net Debt - Beginning of Year	(87,704,982)	(87,496,201)
Net Debt - End of Year	(86,641,098)	(87,704,982)

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended August 31	2020	2019
Cash Flows From Operating Activities		
Annual surplus	3,524,535	2,938,505
Non-cash Charges to Operations		
Amortization of tangible capital assets	5,268,407	4,837,153
Amortization of deferred capital contributions	(4,810,164)	(4,447,286)
Deferred revenue transferred to deferred capital contributions	4,189,275	2,319,768
	8,172,053	5,648,140
Sources (Uses) of Cash:		
Accounts receivable - Municipalities	(4,420,742)	(101,620)
Accounts receivable - Government of Ontario, Approved capital	2,596,596	3,743,104
Accounts receivable - other	(1,999,205)	(8,028,318)
Accounts payable and accrued liabilities	9,727,500	(728,827)
Accounts payable - other School Boards	(137,034)	(184,648)
Deferred revenues	(163,624)	(875,922)
Accrued vacation pay	209,270	(4,135)
Post employment/retirement benefits	57,861	234,300
Accrued interest on long term liabilities	(53,219)	(50,429)
	5,817,403	(5,996,495)
Cash Flows From Capital Activities		
Acquisition of tangible capital assets (net of transferred CIP)	(7,729,058)	(7,984,439)
Cash Flows From Financing Activities		
Debenture and loan repayments	(3,002,498)	(2,855,557)
Capital grants received	2,218,562	3,991,773
	(783,936)	1,136,216
Net Increase in Cash and Cash Equivalents	5,476,462	(7,196,578)
Opening Cash and Cash Equivalents	15,076,226	22,272,804
Closing Cash and Cash Equivalents	20,552,688	15,076,226

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 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.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:
Transportation Consortium
School Generated Funds

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

c) Trust Funds

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

d) Cash and Cash Equivalents

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

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.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

g) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, extended health care, worker's compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Ontario Secondary School Teachers' Federation (OSSTF), and Ontario English Catholic Teachers' Association (OECTA). The Ontario Non-union Education Trust (ONE-T) ELHT was established in 2017-2018 for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHT also provides benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional Ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for certain retired individuals.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Retirement and Other Employee Future Benefits (Continued)

The Board provides future benefits to specified employee groups. These benefits include non-vesting accumulated sick leave benefits and subsidized post-retirement health, dental and life insurance for certain retirees. In 2012, changes were made to the Board's non-vesting accumulating sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

(i) For self insured non-vesting accumulating sick leave plans and the retiree health, life and dental plan, 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, long-term disability and life insurance and health care benefits for those on disability leave, for those employees who are not yet members of an ELHT, 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.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful lives as follows:

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

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

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

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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) Long-term Debt

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

l) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

m) 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 accruals, pension and post retirement benefits and deferred revenue. Actual results could differ from these estimates.

n) Property Tax Revenue

Under Canadian Public Sector Accounting Standards, the Board 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.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

2. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

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

The Board has accounts receivable from the Province of Ontario of \$39,130,334 as at August 31, 2020 (2019 - \$41,726,930) 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 included in the receivable balance from the Government of Ontario at August 31, 2020 is \$8,890,989 (2019 - \$5,792,498).

3. ACCOUNTS RECEIVABLE - OTHER	2020	2019
Other school boards	62,049	362,769
Government of Ontario	9,907,425	7,828,915
Government of Canada	394,849	351,322
Other	356,011	178,123
	10,720,334	8,721,129

4. 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 \$4,313,878 (2019 - \$Nil) and has been included in accounts receivable on the statement of financial position. The amount will be recovered fully by the Board in the following school year.

5. 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 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 \$4,611,304 (2019 - \$Nil). This amount will be recovered by the Province in 2021.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

6. 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 at August 31, 2019	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2020
Proceeds of disposition	1,657,252	-	-	1,096,185	561,067
Education development charge	703,073	882,649	68,919	-	1,516,803
Legislative grants	798,647	7,452,522	5,091,714	3,093,090	66,365
Special education	595,906	18,250,572	17,486,925	-	1,359,553
Other education grants	167,415	166,469	36,320	-	297,564
Other grants	176,843	95,106	137,789	-	134,160
	<u>4,099,136</u>	<u>26,847,318</u>	<u>22,821,667</u>	<u>4,189,275</u>	<u>3,935,512</u>

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

7. POST EMPLOYMENT / RETIREMENT BENEFITS

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based upon actuarial assumptions of future events determined for accounting purposes as at August 31, 2020 and adjusted for census and changes to the actuarial assumptions.

The assumptions used in the current valuation are as follows:

- i) Health costs are assumed to increase by 7.25% for 2019-20, 7.00% for 2020-21, reducing by .25% in each subsequent year to an ultimate rate of 4.5%.
- ii) Dental costs are assumed to increase by a flat rate of 4.5%.
- iii) Participation rates are assumed to be 100% of early retirement employees.
- iv) Discount rate was assumed to be 1.4% per annum.
- v) Inflation rate was assumed to be 2%

Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement, until the members reach 65 years of age. Staff retired after August 2005 pay actual retiree rates, if they chose to stay in the plan.

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 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision.

Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$45,070 (2019 - \$86,213).

For accounting purposes, the valuation for the accrued benefit obligation for the sick leave top-up is based on an actuarial assumptions 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.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

7. POST EMPLOYMENT / RETIREMENT BENEFITS (Continued)

Retirement and Other Employee Future Benefit Liabilities					2020	2019
	Retirement Benefits	Long term disability and compensated absences	Workers Compensation	Total Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit at August 31	298,415	80,090	676,883	1,055,388		946,220
Unamortized actuarial gains/(losses) at August 31	-	-	-	-		51,307
	298,415	80,090	676,883	1,055,388		997,527

Retirement and Other Employee Future Benefit Expenses					2020	2019
	Retirement Benefits	Long term disability and compensated absences	Workers Compensation	Total Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	8,963	80,090	221,026	310,079		418,720
Interest on accrued benefit obligation	4,951	-	12,756	17,707		20,029
Recognized Actuarial gains (losses)	9,028	(35,020)		(25,992)		(1,631)
Cost of (gain on) plan amendments	-	-	-	-		44,793
Benefit payments	(37,808)	(37,731)	(168,394)	(243,933)		(247,611)
Employee Future Benefits Expenses	(14,866)	7,339	65,388	57,861		234,300

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

8. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
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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.

Beginning balance	99,201,213	97,336,958
Additions to capital contributions (net)	2,218,562	3,991,773
Revenue recognized in the period	(4,810,164)	(4,447,286)
Transfers from deferred revenue	4,189,275	2,319,768
<hr/>		
Ending balance	100,798,886	99,201,213

9. 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 \$1,529,735 (2019 - \$1,687,934) 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.

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions may be required in the future.

10. 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.

11. TRUST FUNDS

Trust funds administered by the Board amounting to \$341,581 (2019 - \$337,366) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

12. LONG TERM LIABILITIES

Debenture debt, capital loans and obligation under capital leases reported on the Consolidated Statement of Financial Position comprises the following:

	2020	2019
4.9% debenture payable, semi-annual payments of \$58,141 including principal and interest, maturing March 2033.	1,095,795	1,156,157
6.5% debenture payable, semi-annual payments of \$772,885 including principal and interest, maturing October 2026.	8,076,885	9,045,767
3.799% debenture payable, semi-annual payments of \$201,402 including principal and interest, maturing March 2038.	5,184,753	5,384,868
2.425% debenture payable, semi-annual payments of \$160,409 including principal and interest, maturing November 2021.	469,790	773,678
4.867% debenture payable, semi-annual payments of \$375,851 including principal and interest, maturing March 2029.	5,425,789	5,896,179
4.56% OFA debenture payable, semi-annual payments of \$114,507 including principal and interest, maturing November 2031.	2,031,968	2,163,799
5.062% OFA debenture payable, semi-annual payments of \$85,137 including principal and interest, maturing March 2034.	1,678,312	1,760,497
5.384% OFA debenture payable, semi-annual payments of \$462,624 including principal and interest, maturing May 2034.	9,016,920	9,439,556
5.232% PCS Stage 1 loan payable, semi-annual payments of \$52,483 including principal and interest, maturing April 2035.	1,077,287	1,124,046
5.232% GPL Stage 4 loan payable, semi-annual payments of \$32,797 including principal and interest, maturing April 2035.	673,202	702,422
5.232% PTR Phase 2 loan payable, semi-annual payments of \$253,921 including principal and interest, maturing April 2035.	5,212,107	5,438,337
3% promissory note payable to the Roman Catholic Episcopal Corp., payable at \$40,000 per year plus interest, maturing May 2020.	-	40,000
Interest free note payable to the Roman Catholic Episcopal Corp., payable at \$20,000 per year, maturing May 2020.	-	20,000
	39,942,808	42,945,306

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

12. LONG TERM LIABILITIES (Continued)

Of the net long term liabilities outstanding of \$39,942,808, principal and interest payments are payable over the next five years as follows:

	Principal	Interest Payments	Total
2021	3,097,624	2,042,690	5,140,314
2022	3,101,006	1,878,899	4,979,905
2023	3,107,695	1,711,801	4,819,496
2024	3,282,380	1,537,116	4,819,496
2025	3,467,134	1,352,361	4,819,495
	<u>16,055,839</u>	<u>8,522,867</u>	<u>24,578,706</u>

Interest paid on long-term debt amounted to \$2,145,800 (2019 - \$2,300,253).

As of August 31, 2020, the Board had \$310,384 (2019 - \$331,900) in letters of credit outstanding related to ongoing construction projects.

13. EXPENDITURES BY OBJECT

	Budget 2020 <i>(unaudited)</i>	Actual 2020	Actual 2019
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The following is a summary of current expenditures reported on the Consolidated Statement of Operations by object:

Current expenditures:			
Salary and wages	90,826,430	88,563,650	89,095,868
Employee benefits	14,889,402	14,606,957	14,703,326
Staff development	403,700	268,200	334,795
Supplies and services	12,733,043	9,770,006	13,057,847
Interest on long term debt	2,201,018	2,145,800	2,300,253
Rental expenditures	19,080	19,648	19,255
Fees and contract services	8,243,574	7,672,094	8,340,952
Other	275,195	249,612	209,905
Amortization	5,008,042	5,268,407	4,837,153
	<u>134,599,484</u>	<u>128,564,374</u>	<u>132,899,354</u>

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

14. ACCUMULATED SURPLUS (DEFICIT)

Accumulated surplus (deficit) consists of the following:

	2020	2019
Surplus (Deficit):		
Invested in non-depreciable tangible capital assets	6,677,353	6,677,353
Employee future benefits to be covered in the future	(1,055,388)	(997,527)
School generated funds	1,959,488	1,848,450
Other	22,258,327	18,786,969
	29,839,780	26,315,245

15. TRANSPORTATION CONSORTIUM

On October 1, 2008, the Board entered into an agreement with Grand Erie District School Board and CSC MonAvenir 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 Student Transportation Services of Brant Haldimand Norfolk are shared. No partner is in a position to exercise unilateral control.

On October 14, 2010, Student Transportation Services of Brant Haldimand Norfolk was incorporated.

Below provides condensed financial information for the consortium.

	2020		2019	
	Total	Board Portion	Total	Board Portion
Financial Position				
Financial Assets	178,129	166,250	104,750	32,113
Liabilities	178,129	166,250	104,750	32,113
Accumulated Surplus	-	-	-	-
Operations				
Revenues	17,351,583	5,106,259	18,111,438	5,184,770
Expenses	17,351,583	5,106,259	18,111,438	5,184,770
Annual Surplus	-	-	-	-

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

16. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The Board is involved from time to time in litigation, which arises in the normal course of business. Where the potential liability is likely and able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required.

17. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

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

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

18. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$1,965,017 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.

19. COMPARATIVE FIGURES

Certain prior year figures, provided for the purpose of comparison, have been reclassified to conform with current year presentation.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2020

20. COVID-19

In March 2020, the World Health Organization characterized the outbreak of a new strain of coronavirus ("COVID-19") as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, in March 2020, all school boards were closed in Brant, Haldimand, and Norfolk Counties and schools remained closed until September 2020. As the impacts of COVID-19 continue, there could be further impacts on the Board, its students, and its funding sources. Management is actively monitoring the effect on the Board's financial condition, operation, suppliers, and workforce. Given the daily changes in the COVID-19 outbreak and the global responses to curb its spread, the Board is not able to fully estimate the future effects of the COVID-19 outbreak on its financial results or condition.

BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended August 31, 2020

	Land & Land Improvements	Building (40 years)	Portable structures (5 years)	Equipment (10 years)	Computer hardware	Computer software	Vehicles	Construction in progress	Total 2020	Total 2019
Cost										
Balance, beginning of year	9,524,584	154,986,773	7,632,327	35,503	3,246,819	4,092,623	568,314	303,773	1,138,574	181,529,290
Additions during the year	903,067	5,391,381	1,750,132	-	34,610	516,841	-	63,118	1,374,403	10,033,552
Disposals during the year	-	-	-	-	-	-	-	-	(2,304,494)	(3,948,193)
Balance, end of year	10,427,651	160,378,154	9,382,459	35,503	3,281,429	4,609,464	568,314	366,891	208,483	189,258,348
Accumulated Amortization										
Balance, beginning of year	168,777	56,218,535	3,381,196	35,503	2,814,727	4,092,623	568,314	229,388	-	67,509,063
Amortization during the year	190,743	4,680,294	270,088	-	110,024	-	-	17,258	-	5,268,407
Balance, end of year	359,520	60,898,829	3,651,284	35,503	2,924,751	4,092,623	568,314	246,646	-	72,777,470
Net book value of tangible capital assets	10,068,131	99,479,325	5,731,175	-	356,678	516,841	-	120,245	208,483	116,480,878
										114,020,227