

Consolidated Financial Statements of

**HAMILTON-WENTWORTH DISTRICT
SCHOOL BOARD**

And Independent Auditors' Report thereon

Year ended August 31, 2021

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

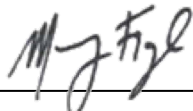
The accompanying consolidated financial statements of the Hamilton-Wentworth District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

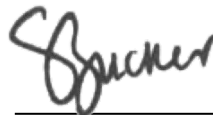
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

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

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



Manny Figueiredo
Director of Education & Secretary



Stacey Zucker
Associate Director, Support Services

November 29, 2021



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Hamilton-Wentworth District School Board (the "Entity"), which comprise:

- the consolidated statement of financial position as at August 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net debt for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2021, and its consolidated results of operations, its consolidated changes in net debt and its consolidated 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 the Consolidated Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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



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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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the basis of accounting described in note 1 to the consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 the 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.



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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 Entity'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 Entity'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 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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.



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- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 29, 2021
Hamilton, Canada

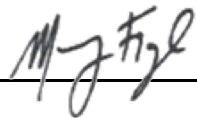
**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED AUGUST 31, 2021 (with comparative information for 2020)**

| | 2020-21 | 2019-20 |
|---|------------------|------------------|
| | (\$000's) | (\$000's) |
| FINANCIAL ASSETS | | |
| Cash | 35,110 | 37,353 |
| Accounts Receivable - Other | 25,208 | 64,132 |
| Accounts Receivable - Government of Ontario (note 2) | 187,915 | 201,178 |
| TOTAL FINANCIAL ASSETS | 248,233 | 302,663 |
| FINANCIAL LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | 44,450 | 96,691 |
| Net Debenture Debt, Capital Loans and Leases (note 6) | 119,683 | 125,942 |
| Deferred Revenue (note 3) | 48,418 | 49,606 |
| Employee Benefits Payable (note 5) | 43,884 | 46,581 |
| Deferred Capital Contributions (note 4) | 669,307 | 642,082 |
| TOTAL FINANCIAL LIABILITIES | 925,742 | 960,902 |
| NET DEBT | (677,509) | (658,239) |
| NON-FINANCIAL ASSETS | | |
| Prepaid Expenses | 2,074 | 1,892 |
| Inventories of Supplies - MGCS | 1,592 | - |
| Tangible Capital Assets (note 9) | 778,166 | 743,439 |
| TOTAL NON-FINANCIAL ASSETS | 781,832 | 745,331 |
| ACCUMULATED SURPLUS (note 10) | 104,323 | 87,092 |

Contingent Liabilities (note 12)
 Commitments (note 13)

On behalf of the Board


 _____ Chair


 _____ Director of Education & Secretary

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2021 (with comparative information for 2020)**

| | 2020-21 Budget (\$000's) | 2020-21 Actual (\$000's) | 2019-20 Actual (\$000's) |
|--|---|---|---|
| REVENUES | | | |
| Provincial Grants - Grants for Student Needs (note 1(n)) | 593,168 | 591,932 | 565,620 |
| Provincial Grants - Other | 5,044 | 29,187 | 12,915 |
| School Generated Funds | 11,194 | 2,902 | 6,288 |
| Federal Grants and Fees | 1,155 | 1,048 | 1,086 |
| Investment Income | 250 | 182 | 465 |
| Other Fees and Revenues from School Boards | - | 7,608 | 7,104 |
| Other Fees and Revenues | 4,404 | 14,294 | 14,475 |
| Amortization of Deferred Capital Contributions (note 4) | 33,095 | 41,739 | 36,737 |
| TOTAL REVENUES | 648,310 | 688,892 | 644,690 |
| EXPENSES | | | |
| Instruction | 501,864 | 515,607 | 480,657 |
| Administration | 15,166 | 15,012 | 14,289 |
| Transportation | 18,157 | 22,254 | 22,927 |
| Pupil Accommodation | 94,666 | 106,646 | 94,625 |
| School Generated Funds | 11,194 | 3,273 | 6,186 |
| Other | 3,832 | 8,869 | 5,353 |
| TOTAL EXPENSES (note 8) | 644,879 | 671,661 | 624,037 |
| ANNUAL SURPLUS | 3,431 | 17,231 | 20,653 |
| Accumulated Surplus at Beginning of Year | 69,832 | 87,092 | 66,439 |
| ACCUMULATED SURPLUS AT END OF YEAR (note 10) | 73,263 | 104,323 | 87,092 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2021 (with comparative information for 2020)**

| | 2020-21 | 2019-20 |
|---|------------------|------------------|
| | (\$000's) | (\$000's) |
| OPERATING TRANSACTIONS | | |
| Annual Surplus | 17,231 | 20,653 |
| Sources and (Uses): | | |
| Non-cash items including Amortization, Write-downs and | | |
| Loss on disposal of TCA and excluding deferred gain on disposal of restricted assets | 44,957 | 37,890 |
| Deferred Capital Contributions Revenue | (41,739) | (36,737) |
| Deferred Gain on Disposal of Restricted Assets | (3,880) | (8,082) |
| Decrease(Increase) in Accounts Receivable-other | 40,717 | (40,746) |
| Decrease(Increase) in Accounts Receivable - Delayed Grant Payment | (4,934) | (4,690) |
| Increase(Decrease) in Accounts Payable and Accrued Liabilities | (52,241) | 43,797 |
| Increase(Decrease) in Deferred Revenue - Operating | 1,119 | 182 |
| Increase (Decrease) in Employee Benefits Payable | (2,696) | (1,572) |
| Decrease (Increase) in Prepaid Expense | (182) | 2,350 |
| Decrease (Increase) in Inventories of Supplies | (1,592) | |
| CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS | (3,240) | 13,045 |
| CAPITAL TRANSACTIONS | | |
| Proceeds on Sale of Tangible Capital Assets | 3,934 | 8,097 |
| Cash used to Acquire Tangible Capital Assets | (79,738) | (98,980) |
| CASH APPLIED TO CAPITAL TRANSACTIONS | (75,804) | (90,883) |
| INVESTING TRANSACTIONS | | |
| Proceeds from disposal of long-term investments | - | - |
| CASH APPLIED TO INVESTING TRANSACTIONS | - | - |
| FINANCING TRANSACTIONS | | |
| Proceeds from Long Term Debt Issued | - | - |
| Debt Repayments | (6,259) | (5,981) |
| Decrease (Increase) in Accounts Receivable - Government of Ontario - Approved Capital | 16,404 | 8,059 |
| Net additions to Deferred Capital Contributions | 68,964 | 97,475 |
| Increase (Decrease) in Deferred Revenues - Capital | (2,308) | (6,437) |
| CASH PROVIDED BY FINANCING TRANSACTIONS | 76,801 | 93,116 |
| CHANGE IN CASH | (2,243) | 15,278 |
| Opening Cash | 37,353 | 22,075 |
| CLOSING CASH | 35,110 | 37,353 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED AUGUST 31, 2021 (with comparative information for 2020)**

| | 2020-21 | 2019-20 |
|---|------------------|------------------|
| | (\$000's) | (\$000's) |
| ANNUAL SURPLUS | 17,231 | 20,653 |
| TANGIBLE CAPITAL ASSET ACTIVITY | | |
| Acquisition of Tangible Capital Assets | (79,738) | (98,980) |
| Amortization of Tangible Capital Assets | 42,507 | 37,482 |
| Loss on Sale of Tangible Capital Assets | 2,450 | 408 |
| Proceeds on Sale of Tangible Capital Assets | 3,934 | 8,097 |
| Gain on Sale Allocated to Deferred Revenue | (3,880) | (8,082) |
| TOTAL TANGIBLE CAPITAL ASSET ACTIVITY | (34,727) | (61,075) |
| OTHER NON-FINANCIAL ASSET ACTIVITY | | |
| Acquisitions of supplies Inventories | (1,592) | - |
| Use of Prepaid Expenses | (182) | 2,350 |
| TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY | (1,774) | 2,350 |
| INCREASE IN NET DEBT | (19,270) | (38,072) |
| Net Debt at Beginning of Year | (658,239) | (620,167) |
| NET DEBT AT END OF YEAR | (677,509) | (658,239) |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Hamilton-Wentworth District School Board (the "Board") 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 the 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 the 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.

(b) Reporting Entity

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

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

Consolidated entities -

- Hamilton-Wentworth District School Board
- Hamilton Foundation for Student Success
- School Generated Funds

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Proportionately consolidated entities -

- Hamilton-Wentworth Student Transportation Services

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

(c) Trust Funds

Trust funds for teacher funded leave under the “four over five plan” and of the Hamilton School Boards Energy Consortium are not included in the consolidated financial statements, as these funds are not controlled by the Board.

(d) Cash

Cash is comprised of cash on hand.

(e) Investments

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

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

(f) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

(g) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

(h) Retirement and other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, sick leave, and workers' compensation.

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: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE, OCEW and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), 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

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 costs 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 year of service as at August 31, 2012 using management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as 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 workers' 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.

(i) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all 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.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible Capital Assets (continued)

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 Improvement 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 | 3 |
| 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.

The useful life for computer hardware was revised from five years to three years based on new information related to 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 impact of this change in estimate is \$774.

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.

(j) Government Transfers

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

Government transfers for capital are deferred as required by Regulation 395/11, 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.

(k) Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from these estimates.

(n) 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 the Provincial Grants – Grants for Student Needs.

2. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Hamilton Wentworth 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 \$187,915 as of August 31, 2021. The balance related to capital grants is \$144,551 (2020 - \$160,954).

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 payable 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, 2021 is \$39,106 (2020 - \$34,172). The remaining balance is related to priority and partnership funding.

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)

3. DEFERRED REVENUE

Revenues received and 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 and investment income | Revenue recognized in the period | Transfers to deferred capital contributions | Balance as at August 31, 2021 |
|-------------------------------|-------------------------------------|---|--|--|--|
| Proceeds of Disposition | \$ 36,140 | \$ 3,935 | \$ - | \$ (5,135) | \$ 34,940 |
| Special Education | - | 71,973 | (71,973) | - | - |
| School Renewal | 2,663 | 8,401 | (1,967) | (8,031) | 1,066 |
| Other | 10,803 | 71,187 | (60,149) | (9,429) | 12,412 |
| Total Deferred Revenue | \$ 49,606 | \$ 155,496 | \$ (134,089) | \$ (22,595) | \$ 48,418 |

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.

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Balance at Beginning of Year | \$ 642,082 | \$ 581,344 |
| Additions to Deferred Capital Contributions | 48,819 | 75,074 |
| Transfers from Deferred Revenue | 22,595 | 22,809 |
| Disposals/Transfers to Financial Assets | (2,450) | (408) |
| Revenue Recognized in period | (41,739) | (36,737) |
| Balance at end of year | \$ 669,307 | \$ 642,082 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

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 Benefit Obligation – Opening Balance | \$ 41,051 | \$ 10,398 | \$ 51,449 | \$ 52,645 |
| Current Year Benefit Expense (Recovery) | - | 1,793 | 1,794 | 2,690 |
| Interest on Accrued Benefit Obligation | 548 | 138 | 686 | 1,014 |
| Benefit Expense (Recovery) ¹ | 548 | 1,931 | 2,480 | 3,704 |
| Actuarial Loss (Gain) | (661) | 492 | (170) | 1,167 |
| Benefits Payment | (3,849) | (2,839) | (6,688) | (6,067) |
| | (3,962) | (416) | (4,378) | (1,196) |
| Accrued Benefit Obligation – Closing Balance | \$ 37,089 | \$ 9,982 | \$ 47,071 | \$ 51,449 |
| Unamortized Actuarial Loss | (3,187) | - | (3,187) | (4,868) |
| Accrued Benefit Liability – Ending | \$ 33,902 | \$ 9,982 | \$ 43,884 | \$ 46,581 |

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

Amortization of actuarial losses during the year is \$1,512 (2020 - \$791). The unamortized actuarial loss is amortized over the expected average remaining service life of 4.80 years (2020 – 5.8 years).

Pension Plans:

(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 the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board’s consolidated financial statements.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

(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 \$8,127 (2020 – \$7,500) 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.

Employee Future Benefits:

(i) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days and years of service at August 31, 2012.

(ii) Workplace Safety and Insurance Board Plan Obligations

The Board is a Schedule 2 employer under the *Ontario 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 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such a provision.

(iii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave who are not yet members of an ELHT. The employees are required to pay 100% of the premium costs. The Board provides these benefits through an unfunded defined benefit plan. The benefits costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(v) 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 cost expensed in the financial statements are \$267 (2020 - \$299).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2021. This actuarial valuation is based on assumptions about future events.

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial Assumptions

The accrued benefit obligations for long-term disability life insurance and health care benefit plans as at August 31, 2021 are based on actuarial valuations for accounting purposes 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 | 1.5% | 1.5% |
| Wage and Salary Escalation | 0% | 0% |
| Discount on Accrued Benefit Obligations | 1.8% | 1.4% |

6. NET LONG TERM DEBT

The net long-term liabilities reported on the Consolidated Statement of Financial Position of \$119,683 consists of loans of \$119,365 (2020 – \$125,279) and Capital Lease \$318 (2020 - \$663). The debentures have a retractable feature, exercisable on specific dates only, at the option of the debenture holders. Details of the net long-term debt are as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Ontario Financing Authority Loan due Nov 15, 2031, 4.56% | 6,369 | 6,833 |
| Ontario Financing Authority Loan due Mar 3, 2033, 4.90% | 20,638 | 21,905 |
| Ontario Financing Authority Loan due Mar 13, 2034, 5.062% | 7,733 | 8,153 |
| Ontario Financing Authority Loan due Apr 13, 2035, 5.232% | 17,180 | 18,003 |
| Ontario Financing Authority Loan due Mar 11, 2036, 4.833% | 7,791 | 8,144 |
| Ontario Financing Authority Loan due Nov 15, 2036, 3.970% | 9,084 | 9,501 |
| Ontario Financing Authority Loan due Mar 9, 2037, 3.564% | 13,922 | 14,568 |
| Ontario Financing Authority Loan due Mar 19, 2038, 3.799% | 35,367 | 36,843 |
| Ontario Financing Authority Loan due Mar 11, 2039, 4.003% | 1,281 | 1,329 |
| Capital Lease Matures, August 24, 2022 | 112 | 218 |
| Capital Lease Matures, April 18, 2022 | 78 | 188 |
| Capital Lease Matures, July 9, 2022 | 128 | 257 |
| | \$ 119,683 | \$ 125,942 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

6. NET LONG TERM DEBT (continued)

The principal and interest payments required in each of the next five fiscal years and thereafter in respect of the outstanding net long-term debt are as follows:

| | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2022 | 6,497 | 5,152 | 11,649 |
| 2023 | 6,456 | 4,875 | 11,331 |
| 2024 | 6,746 | 4,585 | 11,331 |
| 2025 | 7,049 | 4,282 | 11,331 |
| 2026 | 7,366 | 3,965 | 11,331 |
| Thereafter | 85,569 | 19,860 | 105,428 |
| Total | \$ 119,683 | \$ 42,719 | \$ 162,401 |

7. DEBT CHARGES

The expenditure for debt charges and capital leases includes principal and interest payments made on debentures and capital leases as follows:

| | 2021 | 2020 |
|---|------------------|------------------|
| Principal payments on debentures and capital leases | \$ 6,259 | \$ 5,981 |
| Interest payment on debentures and capital leases | 5,418 | 5,671 |
| Total | \$ 11,677 | \$ 11,652 |

8. EXPENDITURES BY OBJECT

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

| | 2021 Budget note 1(l) | 2021 Actual | 2020 Actual |
|---|--------------------------------------|------------------------|------------------------|
| Current Expenditures: | | | |
| Salary and Wages | \$ 443,280 | \$ 453,325 | \$ 426,306 |
| Employee Benefits | 75,069 | 76,434 | 72,824 |
| Staff Development | 3,246 | 868 | 1,114 |
| Supplies and Services | 36,557 | 40,312 | 33,621 |
| Interest Charges on Capital | 5,418 | 5,329 | 5,597 |
| Rental Expenditures | 3,429 | 3,927 | 4,290 |
| Fees & Contractual Services | 24,927 | 30,191 | 27,322 |
| Other | 4,569 | 5,317 | 1,771 |
| Transfer to Other Boards | - | 7,728 | 7,116 |
| Amortization of Tangible Capital Assets and Loss on Disposal | 37,190 | 44,957 | 37,890 |
| School Funded Activities | 11,194 | 3,273 | 6,186 |
| Total | \$ 644,879 | \$ 671,661 | \$ 624,037 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

9. TANGIBLE CAPITAL ASSETS

(a) Assets Under Construction

Assets under construction having a value of \$15,087 (2020 - \$101,131) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of Tangible Capital Assets

There were write-downs of tangible capital assets during the year of \$6,784 (2020 – Nil).

(c) Asset Inventories for Resale (Assets Permanently Removed from Service)

There were no assets inventoried for resale or assets permanently removed from service during the year (2020 – Nil).

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

9. TANGIBLE CAPITAL ASSETS (continued):

Year ended August 31, 2021

| | Cost (in 000's) | | | | | Accumulated Amortization (in 000's) | | | | | |
|--------------------------------|----------------------------|--------------------------------------|--------------------------|-----------------------|----------------------------|-------------------------------------|-----------------------------|--------------------------|----------------------------|--------------------------------|--------------------------------|
| | Balance at August 31, 2020 | Additions, transfers and adjustments | Disposals and Write Offs | Transfers to-from CIP | Balance at August 31, 2021 | Balance at August 31, 2020 | Amortization and adjustment | Disposals and Write Offs | Balance at August 31, 2021 | Net Book Value August 31, 2021 | Net Book Value August 31, 2020 |
| Land | \$ 85,650 | \$ 8,325 | \$ (54) | \$ - | \$ 93,921 | \$ - | \$ - | \$ - | \$ - | 93,921 | \$ 85,650 |
| Land Improvements | 23,714 | 23,305 | (188) | | 46,831 | 7,531 | 3,803 | (75) | 11,259 | 35,572 | 16,183 |
| Buildings | 974,050 | 23,577 | (6,714) | 105,420 | 1,096,333 | 442,815 | 34,476 | (4,377) | 472,914 | 623,419 | 531,235 |
| Portable Structures | 5,739 | - | - | - | 5,739 | 3,339 | 283 | - | 3,622 | 2,117 | 2,400 |
| Furniture and Equipment | 9,310 | 934 | (945) | - | 9,299 | 6,223 | 896 | (945) | 6,174 | 3,125 | 3,087 |
| Computer Hardware and Software | 7,001 | 4,221 | (3,813) | - | 7,409 | 4,928 | 2,235 | (3,813) | 3,350 | 4,059 | 2,073 |
| Vehicles | 44 | - | - | - | 44 | 42 | 1 | - | 43 | 1 | 2 |
| Construction in Progress | 101,131 | 19,376 | - | (105,420) | 15,087 | - | - | - | - | 15,087 | 101,131 |
| Leasehold Improvements | 3,488 | - | (1,170) | - | 2,318 | 2,599 | 468 | (1,170) | 1,897 | 421 | 889 |
| Capital Leased Assets | 1,829 | - | - | - | 1,829 | 1,040 | 345 | - | 1,385 | 444 | 789 |
| | \$ 1,211,956 | \$ 79,738 | \$ (12,884) | \$ - | \$ 1,278,810 | \$ 468,517 | \$ 42,507 | \$ (10,380) | \$ 500,644 | \$ 778,166 | \$ 743,439 |

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(All amounts in thousands of dollars)**

10. ACCUMULATED SURPLUS

| | 2021 | 2020 |
|--|-------------------|------------------|
| Unappropriated | \$ 15,349 | \$ 11,955 |
| Amounts Restricted for Future Use of the Board | | |
| WSIB | 750 | 750 |
| School Budgets | 3,271 | 3,890 |
| Computer Technology | 881 | 881 |
| Board Initiatives | 7,079 | 7,959 |
| Cafeteria Equipment Replacement | 114 | 114 |
| Support for Student Fund | 403 | - |
| Amounts Restricted for Capital Construction | | |
| Administrative Building | 14,496 | 14,920 |
| Other Capital Projects | 2,000 | 2,000 |
| Available for Compliance | 44,343 | 42,469 |
| Amounts to be Recovered | | |
| Employee Future Benefits | (7,164) | (16,119) |
| Interest Accrual | (1,763) | (1,851) |
| Other | | |
| School Generated Funds | 3,484 | 3,856 |
| Revenues Recognized for Land | 65,423 | 58,737 |
| Balance at August 31, 2021 | \$ 104,323 | \$ 87,092 |

11. 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 the Board for general public liability, property damage and vehicles. The membership period is for five years, ending December 31, 2021.

12. CONTINGENT LIABILITIES

The Board has been named in personal injury and property damage claims. The amounts specified in the claims are within the Board's insurance coverage. The Board, as well as its insurers, has instructed legal counsel to act on behalf of the Board to defend against these claims. No provision has been made in the financial statements for these claims.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AUGUST 31, 2021
 (All amounts in thousands of dollars)**

13. COMMITMENTS

The Board has outstanding contractual obligations at August 31, 2021 of approximately \$27,071 (2020 - \$53,751), for the construction of new schools and for other capital projects.

The Board has long-term lease commitments with various expiry dates. The minimum payments are as follows:

| | |
|--------------|-----------------|
| 2022 | 2,073 |
| 2023 | 632 |
| 2024 | 363 |
| 2025 | 77 |
| 2026 | 50 |
| Thereafter | 50 |
| <hr/> | |
| Total | \$ 3,245 |

14. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM

On April 1, 2009, the Board entered into an agreement with the Hamilton-Wentworth Catholic 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 Hamilton-Wentworth Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

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

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

15. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$16,675 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 re-finance 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.

16. SUBSEQUENT EVENT

On March 24, 2021, the Board entered into a Sale and Purchase Agreement with a third party for the purchase of land at Lot 644, Plan 62M-1266, Hamilton for a cash consideration of \$9,929. A \$50 deposit is included in the prepaid amounts of the board as at August 31, 2021. The sale was completed September 2, 2021.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts in thousands of dollars)**

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

The Board has recorded entries, both revenue and expenses, associated with centrally procured in-kind transfer 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 recorded for these transfers is \$3,666 with expenses based on use of \$3,666 for a net impact of Nil.