Dufferin-Peel
Catholic District
School Board

Consolidated financial statements of Dufferin-Peel Catholic District School Board

August 31, 2023

Extraordinary lives start with a great Catholic education

Dufferin-Peel
Catholic District
School Board

Management Report

August 31, 2023
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Dufferin-Peel Catholic District School Board (the Board) are the responsibility of the board's 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(a) 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 management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the board's approval of the consolidated financial statements.

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

Marianne Mazzorato
M. Mazzorato, Ed. D.
Director of Education

J. Cherepacha
J. Cherepacha, CPA, CGA
Executive Superintendent, Finance,
Chief Financial Officer and Treasurer

B. Hester
B. Hester, CPA, CA
Superintendent, Financial Services

November 28, 2023

Tel: (289) 881-1111
Fax: (905) 845-8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive
Oakville, Ontario
L6H 6K8

Independent Auditor's Report

To the Board of Trustees of the Dufferin-Peel Catholic District School Board

Opinion

We have audited the consolidated financial statements of Dufferin-Peel Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations, change 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 of the Board as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a) 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
November 28, 2023

Dufferin-Peel Catholic District School Board

Consolidated statement of financial position

As at August 31, 2023

(In thousands of dollars)

	Notes	2023	2022 (Restated) Note 2
		$	$
Financial assets			
Cash		**8,793**	8,790
Accounts receivable – other		**35,527**	35,230
Accounts receivable – Province of Ontario	3	**48,737**	44,311
Accounts receivable – Province of Ontario – approved capital	3	**215,622**	232,740
		308,679	321,071
Financial liabilities			
Temporary borrowing	11	**80,885**	56,482
Accounts payable and accrued liabilities		**52,241**	48,883
Accounts payable – Province of Ontario		**21,652**	2,186
Deferred revenue	5	**57,069**	73,841
Obligation under capital leases	18	**3,030**	1,871
Net long-term debt	10	**183,099**	210,745
Retirement and other employee future benefits payable	9	**10,256**	10,030
Deferred capital contributions	6	**901,425**	897,796
Asset retirement obligation	2	**13,500**	13,692
		1,323,157	1,315,526
Net debt		**(1,014,478)**	(994,455)
Non-financial assets			
Prepaid expenses		**6,341**	5,486
Inventories of supplies		**7,100**	10,098
Tangible capital assets	15	**1,218,578**	1,216,210
Total non-financial assets		**1,232,019**	1,231,794
Accumulated surplus	16	**217,541**	237,339

The accompanying notes are an integral part of the consolidated financial statements.

Marianne Mazzorato, Director of Education

Luz del Rosario, Chair of the Board

Dufferin-Peel Catholic District School Board

Consolidated statement of operations

Year ended August 31, 2023

(In thousands of dollars)

	Notes	Budget	2023 Actual	2022 (Restated) Note 2
		$	$	$
Revenue				
Grant For Student Needs				
Provincial Legislative Grants	13	**624,089**	**659,990**	640,659
Education Property Tax	13	**255,492**	**227,931**	234,219
Deferred capital contributions recognized	6	**41,558**	**47,328**	46,931
Other	13	**9,385**	**15,584**	61,070
School generated funds		**7,200**	**18,903**	9,510
Federal grants and fees		**328**	**247**	1,708
Investment income		**150**	**241**	152
Other fees and revenues		**7,918**	**32,135**	17,538
		946,120	**1,002,359**	1,011,787
Expenses	14			
Instruction		**769,865**	**772,006**	807,437
Administration		**28,157**	**28,419**	26,265
Transportation		**24,555**	**24,536**	24,486
School operations/pupil accommodation		**153,219**	**161,937**	156,503
School generated funds		**7,200**	**18,831**	8,497
Other		**5,792**	**16,428**	19,012
		988,788	**1,022,157**	1,042,200
Annual deficit		**(42,668)**	**(19,798)**	(30,413)
Accumulated surplus, beginning of year		**263,295**	**237,339**	281,444
Accumulated deficit PSAS Adjustments		**-**	**-**	(13,692)
Adjusted accumulated surplus at beginning of year		**263,295**	**237,339**	267,752
Accumulated surplus, end of year		**220,627**	**217,541**	237,339

The accompanying notes are an integral part of the consolidated financial statements.

Dufferin-Peel Catholic District School Board
Consolidated statement of change in net debt
Year ended August 31, 2023
(In thousands of dollars)

	Notes	Budget	2023	2022 (Restated) Note 2
		$	$	$
Annual deficit		**(42,668)**	**(19,798)**	(30,413)
Tangible capital asset activities				
Acquisition of tangible capital assets	15	**(51,970)**	**(50,737)**	(45,326)
Amortization and write downs of tangible capital assets	15	**48,000**	**48,369**	47,987
Proceeds on sale of tangible capital assets		**-**	**-**	20,000
Gain on sale of tangible capital asset		**-**	**-**	(17,976)
Total tangible capital asset activities		**(3,970)**	**(2,368)**	4,685
Other non-financial asset activities				
Acquisition of prepaid expenses		**-**	**(6,341)**	(5,486)
Acquisition of inventories of supplies		**-**	**(7,100)**	(10,098)
Consumption of supplies inventories		**-**	**10,098**	3,166
Use of prepaid expenses		**-**	**5,486**	3,708
Total other non-financial asset activities		**-**	**2,143**	(8,710)
Increase in net debt		**(46,638)**	**(20,023)**	(34,438)
Net debt, beginning of year		**(946,325)**	**(994,455)**	(946,325)
PSAS adjustments to net debt		**-**	**-**	(13,692)
Restated net debt at beginning of year		**(946,325)**	**-**	(960,017)
Net debt, end of year		**(992,963)**	**(1,014,478)**	(994,455)

The accompanying notes are an integral part of the consolidated financial statements.

Dufferin-Peel Catholic District School Board

Consolidated statement of cash flows

Year ended August 31, 2023
(In thousands of dollars)

	Notes	2023	2022 (Restated) Note 2
		$	$
Operating transactions			
Annual deficit		**(19,798)**	(30,413)
Items not involving cash			
Deferred capital contributions recognized as revenue	6	**(47,328)**	(46,931)
Amortization and write downs of tangible capital assets	15	**48,369**	47,987
Deferred gain on disposal of tangible capital asset		**-**	(17,976)
Change in non-cash assets and liabilities			
Accounts receivable – other		**(297)**	(2,744)
Accounts receivable – Province of Ontario		**(4,426)**	(32,541)
Accounts payable and accrued liabilities		**3,358**	(39,226)
Accounts payable – Province of Ontario		**19,466**	(8,603)
Deferred revenue		**(6,878)**	7,538
Retirement and other employee future benefits payable		**226**	(1,057)
Prepaid expenses		**(855)**	(1,778)
Inventories of supplies		**2,998**	(6,932)
Settlement of asset retirement liability through abatement		**(192)**	-
Net change in cash from operating activities		**(5,357)**	(132,676)
Capital transactions			
Proceeds on sale of tangible capital assets	15	**-**	20,000
Acquisition of tangible capital assets		**(50,737)**	(45,326)
Net change in cash from capital activities		**(50,737)**	(25,326)
Financing transactions			
Increase in temporary borrowing	11	**24,403**	56,482
Debt principal repaid	12	**(27,646)**	(27,392)
Increase in obligations under capital lease		**1,159**	843
(Decrease) increase in deferred revenue – capital		**(9,894)**	29,554
Deferred capital contributions received and change in accounts receivable – Province of Ontario		**68,075**	59,453
Net change in cash from financing activities		**56,097**	118,940
Change in cash		**3**	(39,062)
Cash, beginning of year		**8,790**	47,852
Cash, end of year		**8,793**	8,790

The accompanying notes are an integral part of the consolidated financial statements.

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 consolidated 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 requires that:

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- Property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards (“PSAS”).

(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.

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

The reporting entity is comprised of:

- The Dufferin-Peel Catholic District School Board
- School Generated Funds

All material interdepartmental and inter-organizational transactions and balances between these organizations are eliminated on consolidation.

(c) Trust funds

Trust funds and their related operations administered by the board amounting to $1,680 ($2,227 in 2022) are not included in the consolidated financial statements. Specifically, the Trust Funds include both student scholarships and awards and deferred salary leaves.

(d) Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Derivatives	Fair Value
Portfolio Instruments in equity	Fair Value
Bonds	Amortized Cost*
Treasury Bills	Amortized Cost*
Guaranteed Investment Certificates	Amortized Cost*
Term Deposits	Cost

*Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

1. Significant accounting policies (continued)

(e) Cash

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

(f) Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the Statement of Remeasurement Gains and Losses.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

Portfolio investments in bonds and treasury bills are recorded at amortized cost using the effective interest rate method.

Other investments in guaranteed investment certificates are recorded at amortized cost using the effective interest rate method.

(g) Derivatives

Derivatives are securities with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. The contract is settled at a future date, requires no initial net investment and the value of the contract changes over the life of the contract based on a term in the contract.

(h) 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 qualifying expenses are incurred, or services are performed.

(i) 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Amounts previously recognized as property taxation revenues which were historically used to fund tangible capital assets

1. Significant accounting policies (continued)

(j) 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, dental benefits, retirement gratuity, worker's compensation, accumulated sick leave and long-term disability benefits.

Employee Life and Health Trusts

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 English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE), Education Workers' Benefits Trust (EWBT), Educational Workers' Alliance of Ontario (EWAO), Ontario Council of Educational Workers (OCEW) and Ontario Non-union Education Trust (ONE-T) 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 provide benefits to individuals who retired prior to the Board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. 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 retired individuals that were previously represented by the following associations: Principals and Vice-Principals and Non-Union employees.

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 that vested or accumulated over the periods of service provided by the employee is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and 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.

(ii) For self-insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such 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.

(iii) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term

1. Significant accounting policies (continued)

(j) Retirement and other employee future benefits (continued)

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.

(iv) The board's contribution to multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.

(v) The costs of insured benefits for active employees reflected in these consolidated financial statements are the board's portion of insurance premiums owed for coverage of employees during the period.

(k) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, design, construction, development or betterment of the asset, as well as interest related to financing during construction and legally or contractually required retirement activities. 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 class	Estimated useful life in years
Land improvements	15
Building and building improvements	40
Portable structures	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Leased equipment	Over the lease term
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. One-half of the annual amortization is charged in the year of acquisition and the year of disposal.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

Buildings permanently removed from service 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.

1. Significant accounting policies (continued)

(l) 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.

(m) 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.

(n) Long-term Debt

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

(o) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by 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. The budget figures have been adjusted reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

(p) Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and as adjustments become necessary, they are reported in the period in which they become known. Accounts subject to significant estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable, long-term disability benefits payable, liability for contaminated sites and the useful life of tangible capital assets.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $13.5 million. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g., asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

1. Significant accounting policies (continued)

(q) Education 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, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.

(r) Contaminated sites

The board is required to record a liability in the consolidated financial statements if the board has a contaminated site that meets the requirements as set out in the Canadian public sector accounting standard PS 3260 Liability for Contaminated Sites (the "standard"). Based on the board's review of its sites, no liability has been identified in respect of this standard.

2. Change in Accounting Policy – adoption of new accounting standards

The board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation,* PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with

2. Change in Accounting Policy – adoption of new accounting standards (continued)

the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022, on a modified retroactive basis with prior period restatement.

In the past, the board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. It has reported obligations for closure and post closure activities related to landfill sites as the landfill site's capacity was used (if applicable). The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings and closure and post closure

2. Change in Accounting Policy – adoption of new accounting standards (continued)

activities related to landfill sites (if applicable). The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a tangible capital asset.

The board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of $13,500 (2022 – $13,692) was recognized as a liability in the statement of financial position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The board has restated the prior period based on a simplified approach, using the ARO liabilities, for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

(In thousands of dollars)

2. Change in Accounting Policy – adoption of new accounting standards (continued)

2022

	As previously reported	Adjustments $	As restated $
Statement of Financial Position			
Tangible Capital Assets including ARO	1,216,210	-	1,216,210
Asset retirement obligation liability	-	13,692	13,692
Accumulated Surplus (deficit)	251,031	(13,692)	237,339
Statement of Change in Net Debt			
Annual Surplus (deficit)	251,031	(13,692)	237,339
Amortization of TCA (incl TCA-ARO)	47,987	-	47,987
Change in Net Debt	(980,763)	(13,692)	(994,455)
Statement of Operations			
Surplus (deficit) for the year	251,031	(13,692)	237,339

(In thousands of dollars)

3. Accounts receivable - Province of Ontario

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 the board 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 from the Government of Ontario included in the Accounts receivable – Province of Ontario balance at August 31, 2023 is $23,066 (2022 - $6,269).

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The board received a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the capital programs existing at the time. The board will receive 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 reported receivable from the Province of Ontario, as Accounts receivable – Province of Ontario – Approved Capital, of $215,622 as at August 31, 2023 (2022 - $232,740) with respect to capital grants.

4. Assets held for sale

During the year, no land was sold (2022 – one piece). Net proceeds of $Nil (2022 - $20,000) were received on the sale of this property, which had a carrying value of $Nil (2022 - $2,024), resulting in a gain of $Nil (2022 - $17,976).

5. Deferred revenue

(i) Deferred revenue externally restricted for specific purposes by legislation, regulation or agreement as at August 31 is comprised of the following:

	2023	2022
	$	$
Proceeds from disposition	**2,647**	24,171
Deferred revenue – other		
Restricted Provincial capital grants received	**14,429**	8,329
Restricted Provincial operating grants received	**7,737**	14,547
Other – tuition fees, permits	**32,256**	26,794
	57,069	73,841

(ii) The continuity of deferred revenue of the board is summarized below:

	2023	2022
	$	$
Balance, beginning of year	**73,841**	36,749
Increase in deferred revenue	**172,733**	236,480
Interest earned	**1**	17
Transferred to deferred capital contributions	**(9,201)**	(5,621)
Deferred revenue recognized in the year	**(180,305)**	(193,784)
Balance, end of year	**57,069**	73,841

(In thousands of dollars)

6. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2023	2022
	$	$
Balance, beginning of year	**897,796**	909,269
Deferred capital contributions received	**50,957**	35,458
Revenue recognized in the year	**(47,328)**	(46,931)
Balance, end of year	**901,425**	897,796

7. Asset retirement obligations

The board has recorded ARO as of the September 1, 2022, implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts. As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
	$	$
Liabilities for Asset Retirement Obligations at Beginning of Year	**13,692**	-
Opening Adjustments for PSAB Adjustment	**-**	13,692
Liabilities Settled During the Year	**(192)**	-
Liabilities for Asset Retirement Obligations at End of Year	**13,500**	13,692

8. Revaluation of asset retirement obligations liability

As a result of recent high levels of inflation, liability balances based on previous cost estimates have been adjusted to increase the estimated ARO liability. These inflationary impacts were based on the Consumer Price Index (CPI) as per Statistics Canada and future forecasted CPI values determined by management.

Further evaluation was done on the board's liability balances as at August 31, 2023. An adjustment was recorded to account for the carrying value of the liability for remediation costs based on consultant's estimates and the demographic composition of board-owned buildings as at August 31, 2023.

(In thousands of dollars)

9. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement gratuity	Other employee future benefits	2023 Total	2022 Total
	$	**$**	**$**	$
Accrued employee future benefit obligations at August 31	**75**	**10,178**	**10,253**	10,028
Unamortized actuarial gains at August 31	**3**	**-**	**3**	2
Employee future benefits liability at August 31	**78**	**10,178**	**10,256**	10,030

Retirement and other employee future benefit expense

	Retirement gratuity	Other employee future benefits	2023 Total	2022 Total
	$	**$**	**$**	$
Current year benefit	**-**	**3,215**	**3,215**	2,036
Amortization of actuarial (gains)	**(2)**	**(511)**	**(513)**	(18)
Interest on accrued benefit obligation	**3**	**306**	**309**	160
Employee future benefits expense *	**1**	**3,010**	**3,011**	2,178

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

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2023. 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:

	2023	2022
	%	%
Wage and salary escalation	**2.0**	2.0
Insurance and health care cost escalation	**5.0**	5.0
Dental care cost escalation	**5.0**	5.0
Discount on accrued benefit obligation	**4.4**	3.9

9. Retirement and other employee future benefits (continued)

Retirement benefits

(i) Retirement Gratuities

The board provides retirement gratuities to certain groups of employees. The academic staff is the largest group. Employee eligibility is determined based on the date the individual commenced employment with the board. Employees commencing employment after December 31, 1979, are not eligible for the retirement gratuity. The benefit costs and liabilities related to this plan are included in the board's consolidated financial statements.

The benefit costs in these consolidated financial statements are $1 ($1 recovered in 2022). Based on the actuarial estimate, the liability for retirement gratuities of $78 ($78 in 2022) is included in retirement and other employee future benefits in the consolidated statement of financial position.

(ii) Retirement Life Insurance and Health Care Benefits

The board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until age 65. The premiums are based on the board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions, unless specified by contractual obligations.

The coverage is provided for various terms up to a maximum age of 65. The benefit costs recovered in the consolidated financial statements are $4 ($7 expensed in 2022).

Based on the actuarial valuation for accounting purposes as at August 31, 2023, the total liability of all post-retirement benefits accrued to-date is $156 ($219 in 2022) and is included in retirement and other employee future benefits in the consolidated statement of financial position.

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations ("WSIB")

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 liability for payments under WSIB are recognized at the time the event obligating the board to pay occurs. 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 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. At August 31, 2023 the board has a liability of $9,223 ($8,804 in 2022) in respect of WSIB obligations. The benefit costs expensed during the year in the consolidated financial statements are $2,716 ($1,260 in 2022).

As at August 31, 2023, the board has a Workplace Safety and Insurance Board reserve of $Nil ($790 in 2022).

9. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

(ii) 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 illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the statement of operations are $290 ($927 in 2022) and included as a liability in retirement and other employee future benefits in the consolidated statement of financial position are $798 ($929 in 2022).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2023. This actuarial valuation is based on assumptions about future events determined as at August 31, 2023 and is based on the average daily salary and banked sick days of employees as at August 31, 2023.

Additional Retirement Benefits

(i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the board contributed $13,085 ($13,808 in 2022) 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.

Each year, an independent actuary determines the funding status of OMERS Primary Pension by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2022. The results of this valuation disclosed total actuarial liability as at that date of $130,306 in respect of benefits accrued for service with actuarial assets as at that date of $123,628 indicating an actuarial deficit of $6,678. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the board does not recognize any share of the OMERS pension deficit.

(In thousands of dollars)

10. Net long-term debt

(a) Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

Debenture	Interest rate %	Maturity	**2023 $**	2022 $
OSBFC By-Law #99	7.20	June 9, 2025	**9,647**	13,982
OSBFC By-Law #103	6.55	October 19, 2026	**21,710**	27,066
OSBFC By-Law #111	5.48	November 26, 2029	**51,915**	58,403
OSBFC By-Law #113	4.79	August 8, 2030	**10,677**	11,933
OFA By-Law #124	3.94	September 19, 2025	**9,195**	12,862
OFA By-Law #116	4.56	November 15, 2031	**6,239**	6,828
OSBFC By-Law #118	5.38	June 25, 2032	**61,043**	66,197
OFA By-Law #120	4.90	March 3, 2033	**2,698**	2,908
OFA By-Law #123	5.23	April 13, 2035	**9,975**	10,566
Balance as at August 31			**183,099**	210,745

(b) Payments relating to net long-term debt of $183,099 outstanding as at August 31, 2023 are due as follows:

	Principal $	Interest $	Total $
2023/2024	29,237	9,639	38,876
2024/2025	30,623	7,955	38,578
2025/2026	24,294	6,051	30,345
Thereafter	98,945	15,603	114,548
Net long-term debt	183,099	39,248	222,347

11. Temporary borrowing

In accordance with Section 243(1) of the Education Act, the board has two resolutions to authorize the borrowing, by way of promissory note, bankers' acceptance or operating overdraft, up to a maximum of $150,000 (2022 - $150,000) for operating purposes and $65,000 (2022 - $65,000) for capital purposes. The outstanding amount at any given time would substantially represent the unreceived or uncollected balance of the estimated revenues.

The board has two available credit facilities which include a $60,000 (2022 - $60,000) general operating facility and a $60,000 (2022 - $60,000) capital facility to provide interim funding for capital projects pending receipt of the Ministry of Education capital grants. Due to cash flow requirements, the general operating facility was temporarily increased to $80,000 until September 7, 2023. At year-end, the general operating facility had $60,292 outstanding (2022 - $56,482) and the capital facility had $20,593 outstanding (2022 - $Nil). The interest on temporary borrowings, when drawn, would be at the bank's prime lending rate minus 0.75%, or bankers' acceptance facility at the bankers' acceptance rate plus 0.75%. Any temporary borrowings would be unsecured and due on demand.

The board also has $121 (2022 - $121) in renewable, irrevocable standby letters of credit with a Canadian chartered bank. The letters of credit provide security for capital construction being done on behalf of the board. There is an annual service fee of 1.0% until they are either utilized or cancelled upon completion of the project.

(In thousands of dollars)

12. Debt charges

Debt charges for the year include principal and interest payments as follows:

	2023 $	2022 $
Principal payments on long-term debt	**27,646**	27,392
Interest payments on long-term debt	**11,239**	12,757
Total	**38,885**	40,149

13. Grants for Student Needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 90.1 percent (2022 – 92.5 percent) of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023 $	2022 $
Provincial Legislative Grants	**659,990**	640,659
Education Property Tax	**227,931**	234,219
Other	**15,584**	61,070
Grants for Student Needs	**903,505**	935,948

14. Expenses by object

The following is a summary of the expenses reported on the consolidated statement of financial operations by object:

	2023 Budget $	2023 Actual $	2022 $
Operating expenses			
Salary and wages	**671,799**	**674,649**	689,607
Employee benefits	**145,750**	**143,875**	158,405
Staff development	**2,541**	**1,436**	1,296
Supplies and services	**50,624**	**54,448**	58,806
Interest charges on capital	**10,831**	**10,850**	12,410
Rental expenses	**3,207**	**1,405**	1,407
Fees and contractual services	**44,224**	**52,318**	46,447
School generated funds	**7,200**	**18,831**	8,497
Other	**4,612**	**15,976**	17,338
Amortization and write downs and net Loss on disposal - TCA and TCA-ARO	**48,000**	**48,369**	47,987
Total operating expenses	**988,788**	**1,022,157**	1,042,200

(In thousands of dollars)

15. Tangible Capital Assets

	Cost				
	Opening September 1, 2022	TCA Adjustments to Opening Balance	TCA Additions	TCA Disposals	**Closing August 31, 2023**
	$	$	$	$	**$**
Land	303,830	—	15	—	**303,845**
Land improvements	46,806	—	5,512	—	**52,318**
Building and building improvements	1,550,101	530	38,649	—	**1,589,280**
Portable structures	4,762	—	—	—	**4,762**
First time equipping	3,677	—	69	(1,167)	**2,579**
Furniture	675	—	11	(45)	**641**
Equipment 5 years	1,019	—	177	(51)	**1,145**
Equipment 10 years	9,549	—	149	(131)	**9,567**
Equipment 15 years	546	—	—	—	**546**
Computer hardware	16,839	—	2,229	(96)	**18,972**
Computer software	196	—	—	(98)	**98**
Vehicles <10,000	76	—	11	—	**87**
Vehicles >10,000	141	—	—	—	**141**
Pre-acquisition					**—**
cost - land	30	—	—	—	**30**
Pre-acquisition cost - Building	635	(530)	1,290	—	**1,395**
Leased tangible capital assets	2,896	—	2,625	(464)	**5,057**
Total	**1,941,778**	**—**	**50,737**	**(2,052)**	**1,990,463**

(In thousands of dollars)

15. Tangible Capital Assets (Continued)

	Accumulated amortization			
	Opening September 1, 2022	Accumulated Amortization - Amortization Exp	Disposals/ Deemed Disposals	**Closing August 31, 2023**
	$	$	$	**$**
Land	—		—	**—**
Land improvements	24,815	2,794	—	**27,609**
Building and building improvements	683,757	36,235	—	**719,992**
Portable structures	1,046	238	—	**1,284**
First time equipping	2,662	313	(1,167)	**1,808**
Furniture	293	66	(45)	**314**
Equipment 5 years	285	216	(51)	**450**
Equipment 10 years	3,337	956	(131)	**4,162**
Equipment 15 years	60	36	—	**96**
Computer hardware	7,959	5,970	(96)	**13,833**
Computer software	156	29	(98)	**87**
Vehicles <10,000	51	17	—	**68**
Vehicles >10,000	91	14	—	**105**
Pre-acquisition cost - land	—	—	—	**—**
Pre-acquisition cost - Building	—	—	—	**—**
Leased tangible capital assets	1,056	1,485	(464)	**2,077**
Total	**725,568**	**48,369**	**(2,052)**	**771,885**

(In thousands of dollars)

15. Tangible Capital Assets (Continued)

	Net book value Closing August 31, 2023	Opening Balance September 1, 2022
	$	$
Land	**303,845**	303,830
Land improvements	**24,709**	21,991
Building and building improvements	**869,288**	866,344
Portable structures	**3,478**	3,716
First time equipping	**771**	1,015
Furniture	**327**	382
Equipment 5 years	**695**	734
Equipment 10 years	**5,405**	6,212
Equipment 15 years	**450**	486
Computer hardware	**5,139**	8,880
Computer software	**11**	40
Vehicles <10,000	**19**	25
Vehicles >10,000	**36**	50
Pre-acquisition cost - land	**30**	30
Pre-acquisition cost - Building	**1,395**	635
Leased tangible capital assets	**2,980**	1,840
Total	**1,218,578**	**1,216,210**

a) Assets under construction
Assets under construction having a value of $1,395 (2022 - $635) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of tangible capital assets
The write-down of tangible capital assets during the year was $Nil (2022 - $Nil).

c) Asset inventories for resale (assets permanently removed from service)
The board has identified no land or building properties that qualify as “assets permanently removed from service”. $Nil related to land and $Nil related to building have been included in the net book value ending balance as of August 31, 2023.

(In thousands of dollars)

16. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022 (Restated) Note 2
	$	$
Invested in non-depreciable tangible capital assets	**303,877**	303,861
School generated funds	**8,246**	8,175
Employee future benefits	**(18,279)**	(18,279)
Interest accrual	**(3,013)**	(3,492)
Asset retirement obligation	**(13,500)**	(13,692)
Accumulated deficit – unappropriated	**(75,536)**	(60,159)
Accumulated surplus – internally appropriated	**8,770**	13,254
Sinking fund interest	**6,976**	7,671
Accumulated surplus	**217,541**	237,339

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the board received $45,226 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 to 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. The flow-through of $3,369 (2022 - $3,369) in grants in respect of the above agreement for the year ended August 31, 2023, is recorded in these consolidated financial statements.

(In thousands of dollars)

18. Obligation under capital leases

The Board has obligations under various capital leases with expiries ranging from 2023 to 2026 and interest rates ranging from 1.55% to 2.66%. Principal and interest payments relating to capital lease obligations of $3,030 ($1,871 in 2022) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	$	$	$
2023/2024	1,344	61	1,405
2024/2025	1,359	34	1,393
2025/2026	327	7	334
	3,030	102	3,132

19. 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. The school board entered into this agreement on January 01, 2023. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000 per occurrence.

The 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, 2026.

Premiums paid to OSBIE for the policy year ending December 31, 2023 amounted to $4,089 (2022 - $3,479), of which $2,726 (2022 - $3,365) was expensed.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the board of directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

In the event that a board or other board organization ceases to participate in the exchange of contracts of insurance within an Underwriting Group or within the Exchange, it shall continue to be liable for any Assessment(s) arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made with in the board of directors to buy out such liability.

(In thousands of dollars)

20. Contractual obligations and contingent liabilities

(a) The board enters into contracts for the capital construction and renovation of various new and existing schools. The following summarizes the board's commitment under these contracts as at August 31, 2023:

	Contract value	Incurred to date	Amount remaining
	$	**$**	**$**
Construction of schools	**22,468**	**17,200**	**5,268**

(b) The board is committed to various operating leases for premises and equipment expiring in fiscal 2030/2031. The aggregate minimum lease payments are as follows:

	Minimum lease payments
	$
2023/2024	927
2024/2025	899
2025/2026	899
Thereafter	2,554
Total	5,279

(c) The board has committed a contract to purchase natural gas into the future. The contract end on October 31, 2023, and have a minimum daily purchase volume of 906 gigajoules (GJ) of gas at the Twin Eagle Resource Management of Canada LLC. Arithmetic Average price per GJ, plus $3.040 per GJ respectively for transportation.

21. Contractual rights and contingent assets

The board leases space to childcare operators to operate childcare centres and before-and-after school programming.

(In thousands of dollars)

22. Partnership in Student Transportation of Peel Region (STOPR) Transportation Consortium

On December 14, 2007, the board entered into an agreement with the Peel District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery, efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of the STOPR Transportation Consortium are shared. Neither board is in a position to exercise unilateral control.

The board's consolidated financial statement reflects its share of the Ministry transportation grants and related expenses.

The following provides condensed financial information:

		2023		2022
	Total	**Board portion**	Total	Board portion
	$	**$**	$	$
Revenue	**77,398**	**23,611**	74,735	22,740
Expenses	**84,788**	**24,529**	80,700	24,480
Annual deficit	**(7,390)**	**(918)**	(5,965)	(1,740)

The board is also a member of Wellington-Dufferin Student Transportation Services Consortia. The board is not actively involved in the management of this consortia. For the 2023 fiscal year, transportation costs of $2,077 (2022 - $2,219) have been expensed in the consolidated financial statements.

23. Related Party Disclosures

The board has a financing relationship with the Ontario Financing Authority (OFA) and the Ontario School Boards Financing Corporation (OSBFC) for long-term debt. These debt instruments are disclosed in Note 10.

24. In-kind transfers from the Ministry of Public and Business Service Delivery

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is $3,308 (2022 - $12,984) with expenses based on use of $3,308 (2022 - $12,984) for a net impact of $Nil (2022 - $Nil).

25. Future Accounting Standard adoption

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board as of September 1, 2023 for the year ending August 31, 2024):

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

26. Risks arising from financial instruments and risk management

The board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

<u>Credit risk</u>

The board's principal financial assets are cash and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the board's maximum credit exposure as at the Statement of Financial Position date.

<u>Liquidity risk</u>

Liquidity risk is the risk that the board will encounter difficulty in meeting obligations associated with financial liabilities. The board is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term debt. The board manages its liquidity by monitoring expected outflows through budgeting.

<u>Market risk</u>

The board is exposed to interest rate risk with regard to short-term borrowing through credit facilities which is regularly monitored. The risk is due to the variable rate on the credit facility agreement.

The board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

27. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.