Consolidated Financial Statements of

# SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

And Independent Auditor's Report thereon

Year ended August 31, 2023

# MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Sudbury Catholic District School with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements have been audited by KPMG 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.

Director of Education

Superintendent of Business

November 21, 2023

**KPMG LLP**
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# INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Sudbury Catholic District School Board

## *Opinion*

We have audited the consolidated financial statements of Sudbury Catholic District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2023, and its consolidated results of operations, 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 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 Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 - Financial Reporting Framework*

We draw attention to note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

### *Other Matter – Comparative Information*

As part of our audit of the financial statements for the year ended August 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended August 31, 2022, as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

In preparing the 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.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

KPMG



- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the 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
Sudbury, Canada
November 21, 2023

# SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2023, with comparative information for 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| | | | | (restated - note 2) |
| **Financial assets** | | | | |
| Cash and cash equivalents | $ | 3,099,822 | $ | 3,849,463 |
| Accounts receivable (note 3) | | 13,774,060 | | 13,496,827 |
| Accounts receivable - Approved Capital Funding (note 4) | | 25,038,310 | | 31,122,610 |
| Total financial assets | | 41,912,192 | | 48,468,900 |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities (note 5) | | 6,110,368 | | 10,044,912 |
| Net long-term liabilities (note 12) | | 22,430,788 | | 23,940,983 |
| Deferred revenue (note 7) | | 5,355,462 | | 5,900,368 |
| Deferred capital contributions (note 8) | | 91,195,676 | | 90,486,355 |
| Retirement and other employee future benefits (note 11) | | 1,067,623 | | 1,306,022 |
| Asset retirement obligation (note 9) | | 2,234,010 | | 1,966,234 |
| Total financial liabilities | | 128,393,927 | | 133,644,874 |
| Net debt | | (86,481,735) | | (85,175,974) |
| **Non-financial assets** | | | | |
| Prepaid expenses | | 1,841,193 | | 1,804,442 |
| Tangible capital assets (note 14) | | 99,200,205 | | 97,490,515 |
| Total non-financial assets | | 101,041,398 | | 99,294,957 |
| Commitments (note 17) | | | | |
| Contingent liabilities (note 18) | | | | |
| Accumulated surplus (note 15) | $ | 14,559,663 | $ | 14,118,983 |

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Director of Education

Chair of the Board

# SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2023, with comparative information for 2022

| | 2023 Budget | 2023 Actual | 2022 Actual (restated - note 2) |
|---|---|---|---|
| Revenue: | | | |
| Government of Ontario grants: | | | |
| - Grants for Student Needs (note 20) | $ 105,083,736 | $ 103,177,948 | $ 97,557,211 |
| - Other | 2,901,162 | 2,131,309 | 4,665,197 |
| - COVID-19 | - | - | 991,654 |
| Federal grants and fees | 593,105 | 613,112 | 661,037 |
| Other revenue - school boards | 400,000 | 457,733 | 354,000 |
| Other fees and revenue | 1,011,918 | 1,611,908 | 1,060,881 |
| Investment income | 111,880 | 132,424 | 111,875 |
| School generated funds | 1,880,058 | 3,093,669 | 1,880,059 |
| Total revenue | 111,981,859 | 111,218,103 | 107,281,914 |
| Expenses: (note 13) | | | |
| Instruction | 80,958,668 | 79,110,201 | 75,195,660 |
| Administration | 5,318,230 | 5,288,753 | 4,400,061 |
| Transportation | 6,896,874 | 7,219,667 | 7,078,118 |
| Pupil accommodation | 16,767,019 | 15,249,154 | 16,400,851 |
| School funded activities | 1,754,962 | 2,860,756 | 1,754,962 |
| Other | 1,158,701 | 1,048,892 | 860,781 |
| Total expenses | 112,854,454 | 110,777,423 | 105,690,433 |
| Annual surplus (deficit) | (872,595) | 440,680 | 1,591,481 |
| Accumulated surplus, beginning of year | 14,118,983 | 14,118,983 | 13,697,117 |
| Adjustment for asset retirement obligation | - | - | (1,169,615) |
| Accumulated surplus, end of year | $ 13,246,388 | $ 14,559,663 | $ 14,118,983 |

See accompanying notes to the consolidated financial statements.

# SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Changes in Net Debt

Year ended August 31, 2023, with comparative information for 2022

| | 2023 Budget | 2023 Actual | 2022 Actual (restated - note 2) |
|---|---|---|---|
| Annual surplus (deficit) | $ (872,595) | $ 440,680 | $ 1,591,481 |
| Tangible capital assets: | | | |
| Acquisition of tangible capital assets | (9,806,760) | (7,557,829) | (12,477,776) |
| Amortization of tangible capital assets | 7,212,409 | 6,065,284 | 7,212,409 |
| Amortization of tangible capital assets - ARO | 59,111 | 59,111 | - |
| Revaluation of tangible capital assets - ARO | - | (276,256) | - |
| | (2,535,240) | (1,709,690) | (5,265,367) |
| Prepaid expenses: | | | |
| Use of prepaid expenses | (36,751) | (36,751) | 528,585 |
| | (36,751) | (36,751) | 528,585 |
| Increase in net debt | (3,444,586) | (1,305,761) | (3,145,301) |
| Net debt, beginning of year | (85,175,974) | (85,175,974) | (80,064,439) |
| Adjustment for asset retirement obligation | - | - | (1,966,234) |
| Net debt, end of year | $ (88,620,560) | $ (86,481,735) | $ (85,175,974) |

See accompanying notes to consolidated financial statements.

# SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Operating transactions: | | |
| Annual surplus | $ 440,680 | $ 1,591,481 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 6,065,284 | 7,212,409 |
| Amortization of deferred capital contributions | (6,047,049) | (7,205,027) |
| Amortization of tangible capital assets - ARO | 59,111 | - |
| | 518,026 | 1,598,863 |
| Change in non-cash assets and liabilities: | | |
| Increase in accounts receivable | (277,233) | (210,115) |
| Decrease in accounts payable and accrued liabilities | (3,934,544) | (591,198) |
| Decrease in deferred revenue | (544,906) | (337,075) |
| Decrease in employee future benefits | (238,399) | (182,817) |
| Decrease (increase) in prepaid expenses | (36,751) | 528,585 |
| Decrease in asset retirement obligation | (8,480) | - |
| Cash provided by operating transactions | (4,522,287) | 806,243 |
| Capital transactions: | | |
| Cash used to acquire tangible capital assets | (7,557,829) | (12,477,776) |
| Cash applied to capital transactions | (7,557,829) | (12,477,776) |
| Financing transactions: | | |
| Long-term debt repaid | (1,510,195) | (1,443,884) |
| Decrease (increase) in accounts receivable - Approved Capital | 6,084,300 | (420,287) |
| Additions to deferred capital contributions | 6,756,370 | 12,469,642 |
| Cash provided by financing transactions | 11,330,475 | 10,605,471 |
| Decrease in cash | (749,641) | (1,066,062) |
| Cash and cash equivalents, beginning of year | 3,849,463 | 4,915,525 |
| Cash and cash equivalents, end of year | $ 3,099,822 | $ 3,849,463 |

See accompanying notes to consolidated financial statements.

The Sudbury Catholic District School Board is an English Catholic school board formed in January of 1999 from the English Language sections of four separate school boards. The School Board, which covers Greater Sudbury and the southern Sudbury District in Ontario, has one adult learning, four secondary and thirteen elementary schools under its jurisdiction.

## 1. Significant accounting policies:

The consolidated financial statements of the Sudbury Catholic District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(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 and accumulated surplus 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 amortization, 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 Ontario Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

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

**1. Significant accounting policies (continued):**

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus 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, including:

i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

ii) Sudbury Student Services Consortium/Consorteum de Services Aux Elèves de Sudbury ("SSSC') is accounted for using the consolidation method of accounting and reporting, whereby the Board's pro-rated share of net assets, revenues and expenses are combined in the statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

(c) Trust funds:

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

(d) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

Fair value

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 Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

**1. Significant accounting policies (continued):**

(d) Financial instruments (continued):

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

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

The following chart shows the measurement method for each type of financial instrument:

| Financial instrument | Measurement method |
| --- | --- |
| Cash and cash equivalents | Amortized cost |
| Accounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Long-term debt | Amortized cost |

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

(e) Cash and cash equivalents:

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

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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 performed.

**1. Significant accounting policies (continued):**

(f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into 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
- Property taxation revenues which were historically used to fund capital assets

(g) Retirement and other employee future benefits:

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the Ontario English Catholic Teachers Association (“OECTA”) employee group. ELHTs for the following employee groups were established in 2017-18: Canadian Union of Public Employees (“CUPE”) and 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 and retired individuals after a school board’s participation date into 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.

The Board has adopted the following accounting 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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee’s salary, banked sick days and years of service as at August 31, 2012 and management’s best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services 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.

**1. Significant accounting policies (continued):**

(g) Retirement and other employee future benefits (continued):

(i) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, 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 ("OMERS") 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.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Tangible capital assets:

Tangible capital assets ("TCA") 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 and legally or contractually required retirement activities. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost 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, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Land improvements with finite lives | 15 years |
| Buildings | 40 years |
| Portable structures | 20 years |
| First time equipping | 10 years |
| Furniture and equipment | 5 - 15 years |
| Vehicles | 5 - 10 years |
| Computer hardware and software | 3 years |

Amortization is taken at 50% of the above rates in the year of acquisition.

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

**1. Significant accounting policies (continued):**

(h) Non-financial assets (continued):

i) Tangible capital assets (continued):

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.

ii) Prepaid expenses:

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(i) Government transfers:

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

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

(j) Investment income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as proceeds of disposition, special education, transition, distance schools and school renewal forms part of the respective deferred revenue balances.

(k) Budget figures:

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

The Board approves its budget annually. The approved operating budget for 2022-2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on December 13, 2022.

**1. Significant accounting policies (continued):**

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities and estimated costs and timing of asset retirement obligations.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $2,234,010. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used, indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(m) Education property tax revenue:

Under 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 Grants for Student Needs, under Education Property Tax.

**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.

**2. Change in accounting policy – adoption of new accounting standards (continued):**

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 the counterparties at the reported borrowing date.

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.

Asset retirement obligation

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 a prior period restatement upon adoption of this standard.

**2. Change in accounting policy – adoption of new accounting standards (continued):**

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. 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. 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. 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.

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.

As a result of applying this accounting standard, as of August 31, 2023, an asset retirement obligation of $2,234,010 (2022 – $1,966,234) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization 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.

**2. Change in accounting policy – adoption of new accounting standards (continued):**

The adoption of PS 3280 ARO was applied to the comparative period as follows:

| | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Tangible Capital Assets including ARO | $ 96,693,896 | $ 796,619 | $ 97,490,515 |
| Asset retirement obligation liability | – | 1,966,234 | 1,966,234 |
| Accumulated Surplus (deficit) | 15,288,598 | (1,169,615) | 14,118,983 |
| **Statement of Change in Net Debt** | | | |
| Adjustment for asset retirement obligation | – | (1,966,234) | (1,966,234) |
| Net debt | (83,209,740) | (1,966,234) | (85,175,974) |
| **Statement of Operations** | | | |
| Adjustment for asset retirement obligation | – | (1,169,615) | (1,169,615) |
| Accumulated surplus | 15,288,598 | (1,169,615) | 14,118,983 |

**3. Accounts receivable:**

| | 2023 | 2022 |
|---|---|---|
| Government of Canada | $ 1,312,974 | $ 1,729,523 |
| Government of Ontario | 9,878,620 | 10,082,179 |
| Municipalities | 1,280,402 | 1,302,305 |
| Other | 1,302,064 | 382,820 |
| | $ 13,774,060 | $ 13,496,827 |

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2023 is $7,278,576 (2022 - $9,110,992).

**4. Accounts receivable – Approved Capital Funding:**

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 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 $25,038,310 as at August 31, 2023 (2022 - $31,122,610) with respect to capital grants.

## 5. Accounts payable and accrued liabilities:

| | 2023 | 2022 |
|---|---|---|
| Trade payables and accrued liabilities | $ 4,527,025 | $ 8,492,609 |
| Payroll related | 1,583,343 | 1,552,303 |
| | $ 6,110,368 | $ 10,044,912 |

## 6. Temporary borrowing:

The Board has an operating line of credit available to a maximum of $4,000,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate, is unsecured and is due on demand.

The Board has an authorized revolving term credit available to a maximum of $8,500,000 to bridge ongoing capital expenditures. This credit facility bears interest at the bank's prime lending rate less 0.75% and is unsecured.

As at August 31, 2023, the amount drawn from the operating line of credit was $Nil (2022 - $Nil). The amount drawn from the revolving term credit was $Nil (2022 - $Nil).

The Board has various letters of credit outstanding totaling $24,000 (2022 - $74,000).

## 7. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

| | Balance at August 31, 2022 | Externally restricted revenue and investment income | Revenue recognized in the period | Transfers (to) deferred capital contributions | Balance at August 31, 2023 |
|---|---|---|---|---|---|
| Amounts restricted by legislation, regulation or agreement: | | | | | |
| Internal audit | $ 763,596 | $ 447,630 | $ (531,979) | $ – | 679,247 |
| Proceeds of disposition | 325,923 | – | – | – | 325,923 |
| Special education | 1,939,520 | 13,636,108 | (14,374,573) | – | 1,201,055 |
| School renewal | 397,116 | 4,871,214 | (2,987,252) | (1,495,600) | 785,478 |
| Other | 2,474,213 | 6,608,439 | (6,718,893) | – | 2,363,759 |
| Total | $ 5,900,368 | $ 25,563,391 | $ (24,612,697) | $ (1,495,600) | $5,355,462 |

**8. 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 | $ 90,486,355 | $ 85,221,740 |
| Additions relating to school renewal | 1,495,600 | 3,191,554 |
| Other additions to deferred capital contributions | 5,260,770 | 9,278,088 |
| Revenue recognized during the year | (6,047,049) | (7,205,027) |
| Balance, end of year | $ 91,195,676 | $ 90,486,355 |

**9. Asset retirement obligations:**

The Board has recorded an asset retirement obligation 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 | $ 1,966,234 | $ – |
| Liabilities incurred during the year | – | 1,966,234 |
| Increase in liabilities reflecting changes in the estimate of liabilities[1] | 276,256 | – |
| Liabilities settled during the year | (8,480) | – |
| | $ 2,234,010 | $ 1,966,234 |

[1] Reflecting changes in the estimated cash flows.

**10. Revaluation of asset retirement obligations liability:**

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

**11. Employee future benefits:**

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

a) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Government 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 $1,552,836 (2022 - $1,380,558) 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.

(iii) Retirement gratuities:

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

(iv) Retirement life insurance, dental and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be 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.

**11. Employee future benefits (continued):**

b) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not yet members of an ELHT. 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.

(iii) Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $59,361 (2022 - $121,980).

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.

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

| | 2023 | 2022 |
|---|---|---|
| | % | % |
| Inflation | 2.0 | 2.0 |
| Inflation - WSIB | 2.5 | 2.7 |
| Discount on accrued benefit obligations | 4.4 | 3.9 |
| Discount on accrued benefit obligations - WSIB | 4.4 | 3.9 |

## 11. Employee future benefits (continued):

Assumed health care cost trend rates:

| | 2023 | 2022 |
|---|---|---|
| Health care cost escalation | Increase by a flat rate of 5.0% | Increase by a flat rate of 5.0% |
| Dental care cost escalation | Increase by a flat rate of 5.0% | Increase by a flat rate of 5.0% |
| Insurance and health care cost escalation - WSIB | 4.0% | 4.0% |

Information with respect to the Board's retirement and other employee future benefit liability is as follows:

| Accrued benefit obligation | | | 2023 | 2022 |
|---|---|---|---|---|
| | Retirement Benefits | Other Employee Future Benefits | Total Employee Future Benefits | Total Employee Future Benefits |
| Accrued employee future benefit obligations | $ 112,220 | $ 935,634 | $1,047,854 | $ 1,311,563 |
| Unamortized actuarial losses (gains) | – | 19,769 | 19,769 | (5,541) |
| | $ 112,220 | $ 955,403 | $1,067,623 | $ 1,306,022 |

| Employee future benefit expenses | | | 2023 | 2022 |
|---|---|---|---|---|
| | Retirement Benefits | Other Employee Future Benefits | Total Employee Future Benefits | Total Employee Future Benefits |
| Current year benefit cost | $ – | $ 27,319 | $ 27,319 | $ 213,182 |
| Interest on accrued benefit obligation | 6,682 | 36,451 | 43,133 | 22,787 |
| Benefit payments | (87,946) | (166,057) | (254,003) | (424,787) |
| Amortization of actuarial (gains) losses | (21,831) | (32,196) | (54,027) | 6,001 |
| Employee future benefits expenses[1] | $ (103,095) | $ (134,483) | $ (237,578) | $ (182,817) |

[1] Excluding pension contributions to multi-employer pension plans, described in note 11(b).

## 12. Net long-term liabilities:

The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Board. The Board has certain financing arrangements entered into the OFA as disclosed below:

| | 2023 | 2022 |
|---|---|---|
| Ontario Financing Authority Debentures – amortizing, payable in semi-annual instalments of $1,260,805 including interest at rates ranging from 3.56% to 5.80%, final installment due between November 2028 and March 2038 | $ 22,430,788 | $ 23,940,983 |

Payments relating to the net long-term liabilities outstanding as at August 31, 2023 are due as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2023-2024 | $ 1,579,756 | $ 936,391 | $ 2,516,147 |
| 2024-2025 | 1,652,574 | 863,908 | 2,516,482 |
| 2025-2026 | 1,728,860 | 787,970 | 2,516,830 |
| 2026-2027 | 1,808,784 | 708,411 | 2,517,195 |
| 2027-2028 | 1,892,527 | 625,049 | 2,517,576 |
| Thereafter | 13,768,287 | 2,556,102 | 16,324,389 |
| | $ 22,430,788 | $ 6,477,831 | $ 28,908,619 |

Interest on long-term debt amounted to $1,005,583 (2022 – $1,071,636).

## 13. Expenses by object:

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

| | 2023 Budget | 2023 Actual | 2022 Actual |
|---|---|---|---|
| Current expenses: | | | |
| Salary and wages | $ 70,261,472 | $ 68,933,709 | $ 66,185,073 |
| Employee benefits | 12,451,025 | 12,102,346 | 10,892,730 |
| Staff development | 477,259 | 309,914 | 205,340 |
| Supplies and services | 5,987,970 | 5,826,453 | 5,929,857 |
| Interest | 1,018,340 | 997,300 | 1,059,449 |
| Rentals | 66,942 | 53,721 | 72,840 |
| Fees and contract services | 11,484,470 | 12,446,492 | 11,404,015 |
| Other | 2,080,494 | 1,109,738 | 973,758 |
| Amortization , write downs and net loss on disposal of tangible capital assets | 7,212,409 | 6,054,431 | 7,212,409 |
| Amortization of asset retirement obligation | 59,111 | 59,111 | – |
| Transfer to other boards | – | 23,452 | – |
| School funded activities | 1,754,962 | 2,860,756 | 1,754,962 |
| | $ 112,854,454 | $ 110,777,423 | $ 105,690,433 |

**14. Tangible capital assets:**

| Cost | Balance at August 31, 2022 (restated - note 2) | Additions | Revaluation of ARO | Balance at August 31, 2023 |
|---|---|---|---|---|
| Land | $ 5,535,522 | $ - | $ - | $ 5,535,522 |
| Land improvements | 3,281,270 | - | - | 3,281,270 |
| Buildings | 152,017,604 | 6,250,096 | 276,256 | 158,543,956 |
| First-time equipping | 1,117,147 | - | - | 1,117,147 |
| Furniture and equipment | 1,044,544 | 152,804 | - | 1,197,348 |
| Vehicles | 88,668 | - | - | 88,668 |
| Computer hardware | 2,956,805 | 354,409 | - | 3,311,214 |
| Computer software | 469,878 | - | - | 469,878 |
| Portable structures | - | 800,520 | - | 800,520 |
| Total | $ 166,511,438 | $ 7,557,829 | $ 276,256 | 174,345,523 |

| Accumulated amortization | Balance at August 31, 2022 (restated - note 2) | Amortization Expense | Amortization Expense - Revaluation | Balance at August 31, 2023 |
|---|---|---|---|---|
| Land | $ - | $ - | $ - | $ - |
| Land improvements | 1,421,313 | 209,071 | - | 1,630,384 |
| Buildings | 64,061,233 | 4,812,586 | 10,053 | 68,883,872 |
| First-time equipping | 908,562 | 72,093 | - | 980,655 |
| Furniture and equipment | 383,851 | 170,878 | - | 554,729 |
| Vehicles | 88,668 | - | - | 88,668 |
| Computer hardware | 1,821,230 | 759,254 | - | 2,580,484 |
| Computer software | 336,066 | 90,460 | - | 426,526 |
| Portable structures | - | - | - | - |
| Total | $ 69,020,923 | $ 6,114,342 | $ 10,053 | $ 75,145,318 |

| | Net book value, August 31, 2022 (restated - note 2) | Net book value, August 31, 2023 |
|---|---|---|
| Land | $ 5,535,522 | $ 5,535,522 |
| Land improvements | 1,859,957 | 1,650,886 |
| Buildings | 87,956,371 | 89,660,084 |
| First-time equipping | 208,585 | 136,492 |
| Furniture and equipment | 660,693 | 642,619 |
| Vehicles | - | - |
| Computer hardware | 1,135,575 | 730,730 |
| Computer software | 133,812 | 43,352 |
| Portable structures | - | 800,520 |
| Total | $ 97,490,515 | $ 99,200,205 |

## 15. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Available for compliance – unappropriated: | | |
| Total operating accumulated surplus | $ 8,342,651 | $ 8,865,496 |
| Available for compliance – internally appropriated: | | |
| Reserve funds | 781,243 | – |
| Unavailable for compliance – externally appropriated: | | |
| Employee future benefits | (652,782) | (652,782) |
| Accrued interest | (349,628) | (349,628) |
| School generated funds | 2,122,903 | 1,889,990 |
| Revenues recognized for land | 5,535,522 | 5,535,522 |
| Asset retirement obligation | (1,220,246) | (1,169,615) |
| | 5,435,769 | 5,253,487 |
| Total accumulated surplus | $ 14,559,663 | $ 14,118,983 |

## 16. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $27 million per occurrence.

The premiums over a five-year period are based on the reciprocals 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 policy expires December 31, 2023.

Premiums paid to OSBIE for the policy year ending December 31, 2022 amounts to $134,314 (2022 - $149,787).

## 17. Commitments:

The Board has entered into contracts for various projects. As at August 31, 2023, there was approximately $1,386,233 (2022 - $2,270,325) of work remaining to be completed.

## 18. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

## 19. Debt charges:

The expenditure for debt charges includes principal and interest payments as follows:

| | 2023 | 2022 |
|---|---|---|
| Principal payments on long-term debt | $ 1,510,244 | $ 1,443,884 |
| Interest payment on long-term debt | 1,005,583 | 1,071,636 |
| | $ 2,515,827 | $ 2,515,520 |

## 20. 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. 81.2% 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 | $ 86,614,118 | $ 79,940,828 |
| Education property tax | 10,516,781 | 10,411,356 |
| Amortization of deferred capital contributions | 6,047,049 | 7,205,027 |
| Grants for student needs | $ 103,177,948 | $ 97,557,211 |

## 21. Transportation consortium:

On July 18, 2009, the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC") was incorporated under the *Corporations Act* of Ontario. On January 1, 2001, the Board entered into an agreement with four local boards 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 created at the time SSSC was established, decisions related to the financial and operating activities of SSSC are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through SSSC. This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. The Board's pro-rata share for 2023 is 23% (2022 – 22%). Inter-organizational transactions and balances have been eliminated.

## 21. Transportation consortium (continued):

The following provides condensed financial information:

| | 2023 | 2022 |
|---|---|---|
| **Statement of Financial Position** | | |
| Financial Assets | $ 1,617,705 | $ 1,606,093 |
| Liabilities | (1,656,458) | (1,336,177) |
| Non-Financial Assets | 281,223 | 401,199 |
| Accumulated surplus | $ 242,470 | $ 671,115 |
| **Operations** | | |
| Revenues | $ 24,483,727 | $ 24,411,831 |
| Expenses | (24,595,477) | (24,622,375) |
| Annual deficit | $ (111,750) | $ (210,544) |

| | 2023 | 2022 |
|---|---|---|
| **Board Portion:** | | |
| **Statement of Financial Position** | | |
| Financial Assets | $ 372,072 | $ 353,340 |
| Liabilities | (380,985) | (293,959) |
| Non-Financial Assets | 64,681 | 88,264 |
| Accumulated surplus | $ 55,768 | $ 147,645 |
| **Operations** | | |
| Revenues | $ 5,631,257 | $ 5,370,603 |
| Expenses | (5,656,960) | (5,416,923) |
| Annual deficit | $ (25,703) | $ (46,320) |

## 22. Trust funds:

Trust funds administered by the Board amounting to $10,802 (2022 - $173,847) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 23. 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 $23,452 with expenses based on use of $23,452 for a net impact of $Nil.

## 24. Board performs duties of a municipal council:

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2023 in respect of performing duties of municipal council is reported by area in a separate statement.

Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

## 25. Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received $6,156,190 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt

## 26. Budget reconciliation:

The audited budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

Where amounts were not budgeted for (ARO amortization and accretion expenses), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

As school boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the Board. This is an amendment to make the 2023 budget information more comparable.

| | 2022-23 Budget | Change | 2022-23 Budget – Restated and Unaudited |
|---|---|---|---|
| Revenues | $ 111,981,859 | $ – | $ 111,981,859 |
| Expenses | 112,795,343 | – | 112,795,343 |
| Amortization of TCA-ARO | – | 59,111 | 59,111 |
| Annual surplus | (813,484) | 59,111 | (872,595) |
| Accumulated surplus, beginning of year | 14,118,983 | – | 14,118,983 |
| Adjusted accumulated surplus, at beginning of year | 14,118,983 | – | 14,118,983 |
| Accumulated surplus, at end of year | $ 13,305,499 | $ 59,111 | $ 13,246,388 |

**27. Comparative information:**

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

**28. 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 for 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.

**29. 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.

(a) Credit risk:

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

(b) Market risk:

The Board is exposed to interest rate risk on its long-term debt, which is regularly monitored.

The Board's financial instruments consist of cash and cash equivalents, 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.

**29. Risk management (continued):**

(c) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term debt are disclosed in note 12. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

| As at August 31, 2023 | Within 6 months | 6 - 12 months | 1 - 4 years | 4+ years | Total |
|---|---|---|---|---|---|
| Accounts payable | $ 6,110,368 | $ - | $ - | $ - | $ 6,110,368 |
| Long-term debt | 789,878 | 789,878 | 7,082,745 | 13,768,287 | 22,430,788 |
| | $ 6,900,246 | $ 789,878 | $ 7,082,745 | $ 13,768,287 | $ 28,541,156 |

| As at August 31, 2022 | Within 6 months | 6 - 12 months | 1 - 4 years | 4+ years | Total |
|---|---|---|---|---|---|
| Accounts payable | $ 10,044,912 | $ - | $ - | $ - | $ 10,044,912 |
| Long-term debt | 755,122 | 755,122 | 6,769,975 | 15,660,764 | 23,940,983 |
| | $ 10,800,034 | $ 755,122 | $ 6,769,975 | $ 15,660,764 | $ 33,985,895 |