Consolidated financial statements of
Durham District School Board

August 31, 2023

Management Report

Year ended August 31, 2023

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Durham District School Board are the responsibility of the School 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 financial statements.

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

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

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

The consolidated financial statements have been audited by Deloitte 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 School Board's consolidated financial statements.

Director of Education and Secretary to the Board	Associate Director of Corporate Services and Treasurer of the Board

November 20, 2023

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Independent Auditor's Report

To the Board of Trustees of the Durham District School Board

Opinion

We have audited the consolidated financial statements of the Durham District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2023, and the results of its operations, changes in its net debt, and its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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

Without modifying our opinion, we draw attention to Note 1 of the 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. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as described in Note 1 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 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 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board 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.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 20, 2023

Durham District School Board
Consolidated statement of financial position
As at August 31, 2023

	Notes	2023 $	2022 Restated (Note 2) $
Assets			
Cash and cash equivalents		**59,641,597**	79,234,731
Accounts receivable		**29,999,582**	25,046,307
Account receivable – Government of Ontario	4	**318,089,312**	299,594,921
Other investments	3	**30,000,000**	30,000,000
		437,730,491	433,875,959
Liabilities			
Temporary borrowing	10	**57,500,000**	36,600,000
Accounts payable and accrued liabilities	11, 20	**66,697,065**	49,707,547
Capital loans	9,11	**192,120,430**	203,313,302
Deferred revenue	5	**64,306,133**	73,244,634
Retirement and other employee future benefits liabilities	8	**31,115,858**	32,163,951
Deferred capital contributions	6	**779,887,696**	771,766,891
Asset retirement obligations	7	**33,030,091**	29,319,335
		1,224,657,273	1,196,115,660
Net debt		**(786,926,782)**	(762,239,701)
Non-financial assets			
Prepaid expenses and other assets	22	**15,764,197**	12,618,185
Tangible capital assets	14	**1,072,311,302**	1,040,920,186
		1,088,075,499	1,053,538,371
Commitments and contingencies	18		
Accumulated surplus	15	**301,148,717**	291,298,670

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

Approved on behalf of the Board

___________________________________, Chair of the Board

___________________________________, Director of Education and Secretary to the Board

Durham District School Board

Consolidated statement of operations and accumulated surplus

Year ended August 31, 2023

	Notes	2023 Budget $	2023 Actual $	2022 Actual Restated (Note 2) $
Revenue				
Grants for student needs				
Provincial legislative grants	12	**682,808,389**	**688,653,994**	640,766,206
Education property tax	12	**181,023,383**	**197,471,634**	184,457,338
Amortization of deferred capital contributions	6	**47,649,605**	**51,519,399**	50,921,342
Other	22	**6,924,784**	**20,134,616**	33,947,040
Federal grants and fees	17	**608,732**	**2,737,942**	2,888,231
School generated funds		**8,662,939**	**13,391,861**	7,032,311
Individual tuition fees		**323,706**	**622,668**	462,236
Investment income		**800,000**	**4,272,751**	1,421,524
Other fees and revenue		**14,802,638**	**18,816,192**	23,975,216
		943,604,176	**997,621,057**	945,871,444
Expenses	13			
Instruction		**733,302,378**	**750,551,260**	717,523,484
Administration		**24,441,228**	**24,148,483**	22,959,499
Transportation		**25,512,635**	**24,555,626**	24,848,523
Pupil accommodation		**138,326,213**	**151,391,398**	141,085,298
School generated funds		**8,662,940**	**13,133,237**	6,758,405
Other	22	**14,516,673**	**23,991,006**	22,412,647
		944,762,067	**987,771,010**	935,587,856
Annual (deficit) surplus		**(1,157,891)**	**9,850,047**	10,283,588
Accumulated surplus, as previously stated, beginning of year		**295,687,288**	**291,298,670**	300,456,246
Accummulated surplus PSAS adjustments	2	**(20,114,763)**	**—**	(19,441,164)
Accummulated surplus, as restated, beginning of year		**275,572,525**	**291,298,670**	281,015,082
Accumulated surplus, end of year	15	**274,414,634**	**301,148,717**	291,298,670

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

Durham District School Board

Consolidated statement of changes in net debt

Year ended August 31, 2023

	Notes	2023 Budget $	2023 Actual $	2022 Actual Restated (Note 2) $
Annual (deficit) surplus		**(1,157,891)**	**9,850,047**	10,283,588
Tangible capital asset activities				
Purchase of tangible capital assets and addition of tangible capital assets asset retirement obligation, net of disposals		**(125,072,019)**	**(86,650,787)**	(69,347,095)
Amortization of tangible capital assets		**54,639,257**	**59,332,067**	59,060,416
Changes in estimate of tangible capital asset asset retirement obligation		**—**	**(4,072,396)**	—
		(70,432,762)	**(31,391,116)**	(10,286,679)
Other non-financial asset activities				
Change in prepaid expenses and other assets		**—**	**(3,146,012)**	(9,432,548)
Change in net debt		**(71,590,653)**	**(24,687,081)**	(9,435,639)
Net debt, as previously stated, beginning of year		**(723,484,727)**	**(762,239,701)**	(723,484,727)
PSAS adjustments to net debt	2	**—**	**—**	(29,319,335)
Net debt, as restated, beginning of year		**(723,484,727)**	**(762,239,701)**	(752,804,062)
Net debt, end of year		**(795,075,380)**	**(786,926,782)**	(762,239,701)

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

Durham District School Board
Consolidated statement of cash flows
Year ended August 31, 2023

	Notes	2023 $	2022 Restated (Note 2) $
Operating activities			
Annual surplus		**9,850,047**	10,283,588
Items not involving cash			
Amortization of tangible capital assets	14	**58,510,832**	57,043,383
(Gain) loss on tangible capital assets' disposal	14	**(268,415)**	1,243,146
Amortization of tangible capital assets asset retirement obligation	14	**930,493**	773,887
Asset retirement obligation liability (excl settlements)	7	**4,097,607**	—
Tangible capital assets asset retirement obligation (excl amortization)	14	**(4,083,516)**	—
Amortization of deferred capital contributions	6	**(51,519,399)**	(50,921,342)
Changes in non-cash assets and liabilities			
Accounts receivable		**(4,953,275)**	4,210,807
Prepaid expenses and other assets		**(3,146,012)**	(9,432,548)
Accounts payable and accrued liabilities		**16,989,518**	(31,915,929)
Deferred revenue – operating	5	**(401,491)**	3,356,076
Retirement and other employee future benefits payable		**(1,048,093)**	(3,863,779)
Settlement of asset retirement obligation		**(386,851)**	—
		24,571,445	(19,222,711)
Capital activities			
Proceeds on sale of tangible capital assets	5	**268,415**	—
Purchase of tangible capital assets, net of disposals	14	**(86,748,925)**	(69,347,095)
		(86,480,510)	(69,347,095)
Investing activity			
Acquisition of investments, net		**—**	30,000,000
Financing activities			
(Increase) decrease in account receivable – Government of Ontario, net		**(18,494,391)**	7,248,791
Temporary borrowing		**20,900,000**	(2,400,000)
Capital loan repayments	11	**(11,192,872)**	(10,707,717)
Additions to deferred capital contributions	6	**59,640,204**	54,005,043
Change in deferred revenue – capital	5	**(8,537,010)**	44,075,997
		42,315,931	92,222,114
Decrease in cash and cash equivalents		**(19,593,134)**	(26,347,692)
Cash and cash equivalents, beginning of year		**79,234,731**	105,582,423
Cash and cash equivalents, end of year		**59,641,597**	79,234,731
Cash and cash equivalents consist of			
Cash		**59,641,597**	79,234,731
Cash equivalents		**—**	—
		59,641,597	79,234,731

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 (the "Ministry") 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 (the "Province"). A directive was provided by the Ministry 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, Accounting Policies and Practices Public Entities ("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 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 taxation revenue.

1. Significant accounting policies (continued):

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

(i) 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 PS 3410, Government Transfers;

(ii) 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 PS 3100, Restricted Assets and Revenues; and

(iii) property taxation revenue be reported as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510, Tax Revenue.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenue 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, expenses and accumulated surplus of the reporting entity. The reporting entity comprises all organizations accountable for the administration of their financial affairs and resources to Durham District School Board (the "Board") and which are controlled by the Board.

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

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

(c) Trust funds:

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

1. Significant accounting policies (continued):

(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.

(e) Cash and cash equivalents:

Cash and cash equivalents comprise 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 90 days or less.

1. Significant accounting policies (continued):

(f) Other 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.

The Board has other investments in guaranteed investment certificates, which 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 expenses are incurred or services 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, are recorded as deferred capital contributions when the asset has been acquired as required by Regulation 395/11. These amounts are recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same period that the related tangible capital asset is amortized. The following items fall under this category:

(i) government transfers received or receivable for capital purposes;

(ii) other restricted contributions received or receivable for capital purposes; and

1. Significant accounting policies (continued):

(iii) property taxation revenues which were historically used to fund capital assets.

(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 benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts ("ELHTs") were established in 2016-2017: Elementary Teachers' Federation of Ontario ("ETFO"), ETFO-EW and Ontario Secondary School Teachers' Federation ("OSSTF"). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees ("CUPE"), Education Workers' Benefits Trust ("EWBT") 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 and retired individuals from the school board's participation date into the ELHTs. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board no longer administers 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.

1. Significant accounting policies (continued):

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

The Board has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012, at which time, the plan was curtailed, and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pension, is the employer's contribution due to the plan during the year.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

1. Significant accounting policies (continued):

(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, construction, development or betterment of the asset 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:

Land improvements with finite lives	15 years
Buildings	20 years and 40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 - 10 years
Buildings - leasehold improvements	Remaining term of lease

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.

1. Significant accounting policies (continued):

(k) 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 that 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.

(l) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the year 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 and recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

(m) Investment income:

Investment income earned is reported as revenue in the fiscal year earned.

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

(n) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees (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.

1. Significant accounting policies (continued):

(o) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

(i) an environmental standard exists;

(ii) contamination exceeds the environmental standard;

(iii) the Board is directly responsible or accepts responsibility for the liability;

(iv) future economic benefits will be given up; and

(v) a reasonable estimate of the liability can be made.

(p) 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 (the "Province"). As a result, education property tax revenue received from the municipalities is recorded as part of grants for student needs revenue.

(q) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations and accumulated surplus in the year in which they become known. Estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. In addition, the Board's implementation of Public Sector Accounting Standard PS 3150, Tangible Capital Assets, requires management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

1. Significant accounting policies (continued):

(q) Use of estimates (continued):

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $33,030,091. 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.

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.

PS 1201 – Financial Statement Presentation

PS 1201 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 and accumulated surplus. 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

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

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.

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

PS 3450 – Financial Instruments

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. 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.

As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Board, a statement of remeasurement gains and losses has not been prepared.

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

PS 3280 – Asset Retirement Obligations

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. 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. 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 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 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.

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

PS 3280 – Asset Retirement Obligations (continued):

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, an asset retirement obligation of $33,030,091 (2022 – $29,319,335) was recognized as a liability in the consolidated 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 modified retro approach. The adoption of PS 3280 ARO was applied to the comparative period as follows:

August 31, 2022	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible capital assets (incl ARO)	$1,031,815,902	$ 9,104,284	$1,040,920,186
Asset retirement obligation	$ -	$(29,319,335)	$ (29,319,335)
Accumulated surplus	$ 311,513,721	$(20,215,051)	$ 291,298,670
Statement of Changes in Net Debt			
Annual surplus	$ 11,057,475	$ (773,887)	$ 10,283,588
Amortization of TCA (incl TCA-ARO)	$ 58,286,529	$ 773,887	$ 59,060,416
Change in net debt	$ (9,435,639)	$ -	$ (9,435,639)
Statement of Operations and Accumulated Surplus			
Amortization of TCA-ARO	$ -	$ 773,887	$ 773,887
Annual surplus for the year	$ 11,057,475	$ (773,887)	$ 10,283,588

3. Other investments:

Investments consist of GICs and are recorded at amortized cost on the consolidated statement of financial position. The terminology for investments has changed as at September 1, 2022 and the terms Temporary Investments and Investments are discontinued as of August 31, 2022. Other investments consist of the following:

August 31, 2023	Issue Date	Maturity Date	Interest Rate (%)	Principal Amount ($)
GIC, 2 years	December 14, 2021	December 14, 2023	1.61	$15,000,000
GIC, 3 years	December 14, 2021	December 16, 2024	1.85	$15,000,000
				$30,000,000

August 31, 2022	Issue Date	Maturity Date	Interest Rate (%)	Principal Amount ($)
GIC, 2 years	December 14, 2021	December 14, 2023	1.61	$15,000,000
GIC, 3 years	December 14, 2021	December 16, 2024	1.85	$15,000,000
				$30,000,000

4. Accounts receivable – Government of Ontario:

The Province 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 accounts receivable.

The balance of capital grants included in the accounts receivable balance from the Government of Ontario as at August 31, 2023 is $216,191,550 (2022 - $222,755,093).

4. Accounts receivable – Government of Ontario (continued):

The Ministry 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 $81,594,084 (2022 - $51,892,453).

5. Deferred revenue:

Revenue received that has been set aside for specific purposes by legislation, regulation or agreement is included in deferred revenue and reported in the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2023 is summarized below:

August 31, 2023	Deferred revenue, beginning of year	Increase	Decrease	Deferred revenue, end of year
Education development charges	$ –	$ 11,265,766	$ 11,265,766	$ -
Proceeds of disposition, including interest allocation	48,003,392	268,415	7,006,964	41,264,843
Other:				
Capital	13,085,233	46,517,609	48,316,070	11,286,772
Operating	12,156,009	129,200,144	129,601,635	11,754,518
	$73,244,634	$187,251,934	$196,190,435	$64,306,133

5. Deferred revenue (continued):

August 31, 2022	Deferred revenue, beginning of year	Increase	Decrease	Deferred revenue, end of year
Education development charges	$ –	$ 18,279,732	$ 18,279,732	$ -
Proceeds of disposition, including interest allocation	1,972,702	47,263,139	1,232,449	48,003,392
Other:				
Capital	15,039,926	43,515,667	45,470,360	13,085,233
Operating	8,799,933	134,505,254	131,149,178	12,156,009
	$25,812,561	$243,563,792	$196,131,719	$73,244,634

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 useful life of the asset acquired.

	2023	2022
Balance, beginning of year	$ 771,766,891	$ 768,683,190
Additions to deferred capital contributions	59,640,204	54,005,043
Revenue recognized in the year	(51,519,399)	(50,921,342)
Balance, end of year	$ 779,887,696	$ 771,766,891

7. Asset retirement obligations:

The Board has recorded ARO’s 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 without discounting.

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

7. Asset retirement obligations (continued):

	2023	2022
Balance, beginning of year	$ -	$ -
Opening adjustments for PSAS adjustment	29,319,335	29,319,335
Liabilities incurred during the year	11,120	-
Increase in liabilities reflecting changes in the estimate of liabilities[1]	4,086,487	-
Liabilities settled during the year	(386,851)	-
Balance, end of year	$ 33,030,091	$ 29,319,335

[1] As a result of recent high levels of inflation, liability balances based on previous cost estimates have been increased by the Board through an inflation adjustment 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 cost assumptions in the costing models in order to be reflective of March 31, 2023 costs.

8. Retirement and other employee future benefits:

Retirement and other employee future benefits liabilities:

August 31, 2023	Retirement benefits	Other employee future benefits	Total employee future benefits
Accrued benefit obligation	$ 19,192,621	$ 11,718,217	$ 30,910,838
Unamortized actuarial gain	205,020	-	205,020
Retirement and other employee future benefits liabilities	$ 19,397,641	$ 11,718,217	$ 31,115,858

August 31, 2022	Retirement benefits	Other employee future benefits	Total employee future benefits
Accrued benefit obligation	$ 21,593,088	$ 11,380,148	$ 32,973,236
Unamortized actuarial loss	(809,285)	-	(809,285)
Retirement and other employee future benefits liabilities	$ 20,783,803	$ 11,380,148	$ 32,163,951

8. Retirement and other employee future benefits (continued):

Retirement and other employee future benefits expense:

August 31, 2023	Retirement benefits	Other employee future benefits	Total employee future benefits
Current year benefit cost	$ -	$ 3,150,509	$ 3,150,509
Interest on accrued benefit obligation	789,665	367,636	1,157,301
Amortized actuarial loss	514,722	(72,234)	442,488
Employee future benefits expense[1]	$ 1,304,387	$ 3,445,911	$ 4,750,298

August 31, 2022	Retirement benefits	Other employee future benefits	Total employee future benefits
Current year benefit cost	$ -	$ 1,630,017	$ 1,630,017
Interest on accrued benefit obligation	590,008	190,739	780,747
Amortized actuarial loss	794,393	115,330	909,723
Employee future benefits expense[1]	$ 1,384,401	$ 1,936,086	$ 3,320,487

(1)Excluding pension contributions to OMERS, a multi-employer pension plan described below.

(a) Retirement benefits:

(i) Ontario Teachers' Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no cost 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 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's contributions equal the employee's contributions to the plan. During the year ended August 31, 2023, the Board contributed $12,110,297 (2022 - $11,239,665) 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.

8. Retirement and other employee future benefits (continued):

(a) Retirement benefits (continued):

(iii) Retirement gratuities:

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

(iv) Retirement life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. 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.

(b) Other employee future benefits:

(i) 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 $542,895 (2022 - $842,417).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2023 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2023.

8. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

(ii) Workplace Safety and Insurance Board ("WSIB") obligations:

The Board is a Schedule 2 employer under the *Workplace Safety and Insurance Board Act* (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4-1/2 years for employees receiving payments from WSIB, where the collective agreement negotiated prior to 2012 included such a provision.

(iii) Long-term disability:

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on actuarial assumptions of future events determined for accounting purposes as of August 31, 2023 and based on updated average daily salary and banked sick days as at August 31, 2023. These valuations take into account the plan changes outlined above and assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates:

	2023	2022
Inflation	2.00%	2.00%
Wages and salary escalation	2.00%	2.00%
Insurance and health care cost escalation	5.00%	3.00% - 5.00%
Discount on accrued benefit obligations	4.40%	3.90%

9. Capital loans:

Capital loans reported on the consolidated statement of financial position comprises the following:

August 31	2023	2022
Capital loan - Good Places to Learn:		
4.56%, 25-year amortizing loan for $25,375,026 held with Ontario Financing Authority, maturing November 2031	$ 11,949,059	$ 13,076,997
4.90%, 25-year amortizing loan for $14,996,927 held with Ontario Financing Authority, maturing March 2033	8,102,904	8,733,994
5.06%, 25-year amortizing loan for $15,944,350 held with Ontario Financing Authority, maturing March 2034	9,372,340	10,008,997
5.232%, 25-year amortizing loan for $34,865,412 held with Ontario Financing Authority, maturing April 2035	22,129,611	23,440,558
4.83%, 25-year amortizing loan for $17,404,657 held with Ontario Financing Authority, maturing March 11, 2036	11,477,027	12,110,727
Capital loan - New Pupil Places:		
4.86%, 25-year amortizing loan for $16,000,000 held with Ontario Financing Authority, maturing June 2033	8,880,046	9,545,596
5.047%, 25-year amortizing loan for $74,957,615 held with Ontario Financing Authority, maturing November 2034	45,906,704	48,790,742
3.97%, 25-year amortizing loan for $1,772,255 held with Ontario Financing Authority, maturing March 2036	1,180,375	1,245,366
3.564%, 25-year amortizing loan for $13,710,012 held with Ontario Financing Authority, maturing March 2037	9,067,820	9,568,239
4.003%, 25-year amortizing loan for $12,786,341 held with Ontario Financing Authority, maturing March 2039	9,512,790	9,936,782
2.993%, 25-year amortizing loan for $35,634,064 held with Ontario Financing Authority, maturing March 2040	26,864,138	28,077,688
3.242%, 25-year amortizing loan for $25,580,732 held with Ontario Financing Authority, maturing March 2041	20,296,413	21,126,061
3.594%, 25-year amortizing loan for $8,867,856 held with Ontario Financing Authority, maturing March 2042	7,381,203	7,651,555
	$192,120,430	$203,313,302

9. Capital loans (continued):

Principal and interest payments relating to capital loans of $192,120,430 (2022 - $203,313,302) outstanding as at August 31, 2023 and 2022 are due as follows:

2023	Principal	Interest	Total
2023 - 2024	$ 11,700,700	$ 8,225,630	$ 19,926,330
2024 - 2025	12,232,284	7,694,045	19,926,329
2025 - 2026	12,788,763	7,137,566	19,926,329
2026 - 2027	13,371,329	6,555,000	19,926,329
2027 - 2028	13,981,234	5,945,095	19,926,329
Thereafter	128,046,120	24,927,702	152,973,822
	$ 192,120,430	$ 60,485,038	$ 252,605,468

2022	Principal	Interest	Total
2022 - 2023	$ 11,192,875	$ 8,733,457	$ 19,926,332
2023 - 2024	11,700,700	8,225,630	19,926,330
2024 - 2025	12,232,284	7,694,045	19,926,329
2025 - 2026	12,788,763	7,137,566	19,926,329
2026 - 2027	13,371,329	6,555,000	19,926,329
Thereafter	142,027,351	30,872,797	172,900,148
	$ 203,313,302	$ 69,218,495	$ 272,531,797

10. Temporary borrowing:

The Board has a line of credit available to the maximum of $115,000,000 to address operating requirements and/or to bridge capital expenditures.

Interest on the operating facilities is the bank's prime lending rate minus 0.50%, while CDOR facility is the CDOR rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdraft.

As at August 31, 2023, the amount drawn under the bankers' acceptance facility was $57,500,000 (2022 - $36,600,000) at a rate of 6.120% (2022 - 3.795%).

11. Debt charges and interest on capital loans and leases:

	2023	2022
Capital loan principal repayments	$ 11,192,872	$ 10,707,717
Interest on capital loan	8,733,457	9,218,613
Interest on temporary financing	3,002,849	925,529
	$ 22,929,178	$ 20,851,859

12. Grants for student needs:

School boards in Ontario receive the majority of their funding from the Province. 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. The Province provides additional funding up to the level set by the education funding formulas. 87 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	$ 688,653,994	$ 640,766,206
Education property tax	197,471,634	184,457,338
Grants for student needs	$ 886,125,628	$ 825,223,544

13. Expenses by object:

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

	Budget 2023 (Note 19)	Actual 2023	Actual 2022 (Restated) (Note 2)
Salary and wages	$ 656,268,107	$ 661,538,708	$ 649,378,064
Employee benefits	111,243,321	113,694,342	103,601,094
Staff development	1,065,093	1,320,785	1,071,882
Supplies and services	52,236,788	59,637,147	47,102,812
Interest	9,340,881	11,598,969	10,014,580
Rental expenses	312,774	342,802	310,880
Fees and contract services	36,149,976	36,225,376	35,065,490
Other	14,069,043	30,951,257	23,224,233
School funded activities	8,662,940	13,123,691	6,758,405
Amortization, write-down and loss on disposal of TCA and TCA-ARO	55,413,144	59,337,933	59,060,416
	$ 944,762,067	$ 987,771,010	$ 935,587,856

14. Tangible capital assets:

Cost	Balance at August 31, 2022	Adjustment for PS 3280	Opening Balance Adjusted	Additions and Transfers	Disposals	Revaluation of TCA-ARO	Balance at August 31, 2023
Land	$ 190,860,274	$ -	$ 190,860,274	$26,878,796	$ (1)	$ -	$ 217,739,069
Land improvements	17,481,830	28,136	17,509,966	3,241,025	-	3,953	20,754,944
Buildings – 40 years	1,280,510,267	29,190,911	1,309,701,178	30,953,760	(112,358)	4,068,443	1,344,611,023
Buildings – 20 years	1,732,114	-	1,732,114	-	-	-	1,732,114
Buildings – leasehold improvements	15,651	-	15,651	-	-	-	15,651
Portable structures	30,009,330	-	30,009,330	4,158,424	(476,400)	-	33,691,354
First-time equipping of schools	12,099,483	-	12,099,483	12,193	(451,439)	-	11,660,237
Furniture	526,017	-	526,017	130,708	-	-	656,725
Equipment	6,987,147	-	6,987,147	862,368	(504,953)	-	7,344,562
Computer hardware	50,596,341	-	50,596,341	6,944,134	(7,509,216)	-	50,031,259
Computer software	595,742	-	595,742	-	(161,928)	-	433,814
Vehicles	1,058,384	-	1,058,384	-	(217,432)	-	840,952
Assets under construction	2,044,176	-	2,044,176	13,578,637	-	-	15,622,813
Total	$1,594,516,756	$29,219,047	$1,623,735,803	$86,760,045	$(9,433,727)	$4,072,396	$1,705,134,517

14. Tangible capital assets (continued):

Accumulated Amortization	Balance at August 31, 2022	Adjustment for PS 3280	Opening Balance Adjusted	Amortization	Disposals, Write-offs, and Transfers	Revaluation of TCA-ARO	Balance at August 31, 2023
Land improvements	$ 5,831,954	$ 6,565	$ 5,838,519	$ 1,301,103	$ -	$ -	$ 7,139,622
Buildings – 40 years	505,685,900	20,108,198	525,794,098	40,887,705	(3,101)	-	566,678,702
Buildings – 20 years	414,865	-	414,865	86,606	-	-	501,471
Buildings – leasehold improvements	15,651	-	15,651	-	-	-	15,651
Portable structures	10,058,852	-	10,058,852	1,585,327	(476,400)	-	11,167,779
First-time equipping of schools	6,436,654	-	6,436,654	1,122,521	(451,439)	-	7,107,736
Furniture	258,914	-	258,914	57,972	-	-	316,886
Equipment	3,210,320	-	3,210,320	656,440	(504,953)	-	3,361,807
Computer hardware	29,479,517	-	29,479,517	13,482,009	(7,509,216)	-	35,452,310
Computer software	517,621	-	517,621	54,139	(161,928)	-	409,832
Vehicles	790,606	-	790,606	98,245	(217,432)	-	671,419
Total	$562,700,854	$20,114,763	$582,815,617	$59,332,067	$(9,324,469)	$ -	$632,823,215

14. Tangible capital assets (continued):

Net book value as at August 31	2023	2022
Land	$217,739,069	$ 190,860,274
Land improvements	13,615,322	11,671,447
Buildings - 40 years	777,932,321	783,907,080
Buildings - 20 years	1,230,643	1,317,249
Buildings - leasehold improvements	-	-
Portable structures	22,523,575	19,950,478
First-time equipping of schools	4,552,501	5,662,829
Furniture	339,839	267,103
Equipment	3,982,755	3,776,827
Computer hardware	14,578,949	21,116,824
Computer software	23,982	78,121
Vehicles	169,533	267,778
Assets under construction	15,622,813	2,044,176
Total	$1,072,311,302	$ 1,040,920,186

(a) Assets under construction:

Assets under construction, consisting of new schools and expansions of existing schools, have a value of $15,622,813 (2022 - $2,044,176) and have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down and disposal of tangible capital assets:

During the year, tangible capital assets, including land with a net book value of $1 (2022 - $562,044) and buildings with a net book value of $109,257 (2022 - 1,503,145) were disposed of for proceeds of $268,416 (2022 - $47,787,683), resulting in a gain of $268,415 (2022 - $45,722,494). In accordance with Ontario Regulation 193/10, the full proceeds were deferred for future tangible capital asset purchases.

(c) Assets permanently removed from service:

The Board has not identified any land or building properties that qualify as assets permanently removed from service.

15. Accumulated surplus:

Accumulated surplus consists of the following:

August 31	2023	2022 (Restated) (Note 2)
Working funds	$ 45,137,256	$ 35,473,719
Amounts restricted for future use of Board:		
Retirement benefits	19,300,000	20,700,000
WSIB	11,103,099	10,653,061
School block budget	5,261,237	8,627,873
Transportation	798,478	798,478
Continuing education	250,000	250,000
Outdoor education	600,550	600,557
Special education	120,413	350,414
Committed capital projects	16,250,592	17,240,023
	53,684,369	59,220,406
Amounts to be recovered:		
Employee future benefits	(3,846,095)	(4,418,758)
Interest accrual	(2,719,061)	(2,719,061)
Asset retirement obligation	(20,785,947)	(20,215,051)
Committed sinking fund interest earned	46,176,660	51,948,711
	18,825,557	24,595,841
Other:		
School-generated funds	8,446,678	8,229,482
Revenue recognized for land	175,054,857	163,779,222
	183,501,535	172,008,704
Total accumulated surplus	$ 301,148,717	$ 291,298,670

According to the *Education Act*, most of the specific restricted amounts described below can only be used for the purposes for which they were created. If it is determined that the need for a specific fund is no longer required, such as due to legislative changes or discontinuance in benefits programs, then these funds are transferred to Working Funds. The Board has limited discretionary authority to utilize restricted funds for purposes other than those for which they were created.

(a) Working funds:

This fund can be used to provide for unexpected contingencies and cash flow requirements.

(b) Retirement benefits:

This fund is drawn on for the payment of retirement gratuities.

15. Accumulated surplus (continued):

(c) Other employee future benefits:

The Board is self-insured for Workplace Safety Insurance and has a liability set up that equals the estimate provided by the Board's Actuary. This fund is used to cover claims against the Board.

(d) School block budget:

This fund represents the net surplus/deficit of all schools at year-end and is allocated back to each in the following year.

(e) Transportation:

This fund was created to assist with increased operating costs for student transportation, as a consequence of fuel price increases.

(f) Continuing education:

This fund was created to assist with increased operating costs associated with continuing education programs.

(g) Outdoor education:

This fund represents fees from the after-hours programs operating at the various centres and is intended to cover future maintenance and equipment purchases.

(h) Special education:

This fund can only be used for special education requirements.

(i) Committed capital projects:

This fund represents the net book value of tangible capital assets where there have not been any capital contributions from the Province and therefore no offsetting deferred capital contributions have been set up.

16. Ontario School Board Insurance Exchange:

The school board is a member of the Ontario School Board Insurance Exchange (“OSBIE”), a reciprocal insurance company licensed under the *Insurance Act of Ontario*. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022, were $1,421,667 (2021 - $1,406,905). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, the current one of which will end on December 31, 2026.

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 Trustees determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of OSBIE, 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 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 Trustees to buy out such liability.

17. Mississaugas of Scugog Island First Nation:

The Mississaugas of Scugog Island First Nation paid tuition fees of $164,730 to the Board (2022 - $182,574).

18. Commitments and contingencies:

The Board had in previous years entered into contracts for several major projects under the Board's School Improvement and Accommodation Plan. These projects relate to the construction and upgrading of several schools. As at August 31, 2023, the Board has contracts outstanding for capital work valued at approximately $61,368,594 (2022 - $10,203,768).

19. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Board on June 20, 2022. 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 and accumulated surplus.

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 consolidated statement of operations and accumulated surplus, the budget figures in the consolidated statement of changes 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.

	Budget 2023	Adjustments	Budget 2023 As restated
Revenue	$ 943,604,176	$ -	$ 943,604,176
Expenses	$ 943,988,180	$ -	$ 943,988,180
Amortization of TCA-ARO	-	773,887	773,887
Annual deficit	$ (384,004)	(773,887)	$ (1,157,891)
Accumulated surplus, beginning of year	$ 295,687,288	$ -	$ 295,687,288
Accumulated deficit PSAS adjustments	-	-	(20,114,763)
Accumulated surplus, as restated, beginning of year	275,572,525	-	275,572,525
Accumulated surplus, end of year	$ 275,188,521	$ (773,887)	$ 274,414,634

20. Durham student transportation services:

On December 19, 2005, the Board entered into a consortium agreement with Durham Catholic District School Board (DCDSB) in order to provide common administration of student transportation in the Durham Region. This agreement was executed in an effort to increase delivery efficiency and cost-effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Durham transportation consortium are shared. No party is in a position to exercise unilateral control.

Each school board participates in the shared costs associated with this service for the transportation of their respective students through the Durham transportation consortium. The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro rata share of revenues and expenses. The Board's pro-rata share of expenditures for 2023 is 68.9% (2022 – 67.8%) based on the number of transported students.

Year-ended August 31	DDSB	DCDSB	2023	2022
Student transportation	$21,788,618	$ 6,873,519	$ 28,662,137	$28,431,355
Administrative costs	2,031,599	921,388	2,952,987	3,701,463
Total expenditures	23,820,217	7,794,907	31,615,124	32,132,818
Administrative costs paid directly	(974,146)	-	(974,146)	(910,404)
	$22,846,071	$ 7,794,907	$ 30,640,978	$31,222,414

21. Trust funds:

The trust fund balances administered by the Board amount to $1,891,902 (2022 - $1,916,180) and have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

22. In-Kind transfers from the Ministry of Public and Business Service Delivery (MPBSD):

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 MPBSD. The amounts recorded were calculated based on the weighted average cost of the supplies as determined by the MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is $1,709,670 (2022 - $7,050,000), included in grants for student needs – other revenue, with expenses, included in other expenses, based on use of $1,709,670 (2022 - $7,050,000) for a net impact of nil.

23. 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.