Consolidated Financial Statements

Niagara Catholic District School Board

August 31, 2023

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Management Report
August 31, 2023

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

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

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

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

The consolidated financial statements have been audited by Grant Thornton 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/Secretary Treasurer

Mr. Camillo Cipriano

November 28, 2023

Superintendent of Business and
Financial Services
Mr. Giancarlo Vetrone

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Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Niagara Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations 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.

In our opinion, the accompanying consolidated financial statements present, in all material respects, the financial position of Niagara Catholic District School Board as at August 31, 2023, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004: B2 and Ontario Regulation 395/11 of the Financial Administration Act.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – 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 consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

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

Grant Thornton LLP

Port Colborne, Canada
November 28, 2023

Chartered Professional Accountants
Licensed Public Accountants

Niagara Catholic District School Board
Consolidated Statement of Financial Position

As at August 31		2023		2022 (Restated-Note 2)
Financial assets				
Cash and cash equivalents	$	**3,645,757**	$	8,683,014
Portfolio investments (Note 3)		**22,000,000**		20,000,000
Accounts receivable		**9,591,909**		8,394,812
Accounts receivable – Province of Ontario (Note 4)		**64,535,258**		68,620,641
Assets held for sale (Note 5)		**-**		523,282
Total financial assets		**99,772,924**		106,221,749
Liabilities				
Temporary borrowing (Note 13)		**4,961,499**		6,996,737
Accounts payable and accrued liabilities		**19,917,635**		17,318,063
Deferred revenue (Note 6)		**17,379,999**		20,670,469
Retirement and other employee future benefits (Note 11)		**5,746,235**		5,971,976
Net long-term debt (Note 12)		**50,157,003**		55,581,864
Deferred capital contributions (Note 7)		**203,314,073**		190,269,100
Asset retirement obligations (Note 8)		**4,093,663**		3,545,252
Total liabilities		**305,570,107**		300,353,461
Net debt		**(205,797,183)**		(194,131,712)
Non-financial assets				
Tangible capital assets (Note 19)		**229,204,692**		216,048,159
Prepaid expenses		**1,566,139**		2,077,456
Inventories of supplies		**250,066**		250,066
Total non-financial assets		**231,020,897**		218,375,681
Accumulated surplus (Note 20)	$	**25,223,714**	$	24,243,969

Contractual obligations and contingent liabilities (Note 23)

Commitments (Note 24)

Signed on behalf of the Board:

Chairperson of the Board

Director of Education/Secretary Treasurer

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board
Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended August 31	Budget 2023 (Restated-Note 25)	**Actual 2023**	Actual 2022 (Restated-Note 2)
Revenues			
Grants for student needs (Note 16)	$ 254,434,163	**$ 259,524,687**	$ 247,424,358
Provincial grants – other	4,446,151	**5,139,973**	13,197,778
Federal grants and fees	733,588	**753,658**	879,748
Other fees and revenues	3,880,100	**3,563,217**	4,409,949
Investment income	350,000	**347,287**	309,245
School fundraising	8,480,000	**7,789,532**	4,746,971
Amortization of deferred capital contributions	14,936,828	**15,510,001**	14,172,794
Total revenues	287,260,830	**292,628,355**	285,140,843
Expenses (Note 18)			
Instruction	217,228,595	**215,767,381**	218,063,902
Administration	8,618,901	**8,628,652**	7,893,985
Transportation	11,742,417	**12,611,036**	12,476,708
Pupil accommodation	41,565,615	**44,685,543**	42,180,678
Other	117,487	**2,461,073**	117,487
School funded activities	8,480,000	**7,494,925**	4,756,700
Total expenses	287,753,015	**291,648,610**	285,489,460
Annual surplus (deficit)	(492,185)	**979,745**	(348,617)
Accumulated surplus, beginning of year			
As previously stated	26,802,592	**24,243,969**	26,838,201
PSAS adjustments (Note 2)	(2,245,615)	**-**	(2,245,615)
Accumulated surplus, beginning of year			
As restated	24,556,977	**24,243,969**	24,592,586
Accumulated surplus, end of year	$ 24,064,792	**$ 25,223,714**	$ 24,243,969

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board
Consolidated Statement of Cash Flows

For the Year Ended August 31	2023	2022 (Restated-Note 2)
Operating transactions		
Annual surplus (deficit)	**$ 979,745**	$ (348,617)
Sources and (uses)		
Non-cash items including:		
Amortization of tangible capital assets, including ARO	**16,028,499**	14,641,360
Amortization of deferred capital contributions (Note 7)	**(15,510,001)**	(14,172,794)
Loss on disposal of tangible capital assets	-	49,929
Transfer to financial assets	**-**	523,282
Increase in tangible capital assets – ARO	**(630,058)**	**-**
(Decrease) in retirement and other employee future benefits	**(225,741)**	(635,110)
Increase in accounts receivable	**(1,197,097)**	(1,444,130)
Decrease (increase) in assets held for sale	**523,282**	(523,282)
Decrease (increase) in prepaid expenses	**511,317**	(550,960)
Increase in inventories of supplies	**-**	(250,066)
Increase in accounts payable and accrued liabilities	**2,599,572**	2,687,520
(Decrease) increase in deferred revenue	**(3,290,470)**	164,632
Increase in asset retirement obligation	**548,411**	143,058
Cash provided by operating transactions	**337,459**	284,822
Capital transactions		
Acquisition of tangible capital assets (Note 19)	**(28,554,974)**	(26,399,574)
Net additions to deferred capital contributions (Note 7)	**28,554,974**	18,240,420
Cash applied to capital transactions	**-**	(8,159,154)
Investing transactions		
Increase in portfolio investments	**(2,000,000)**	-
Cash applied to investing transactions	**(2,000,000)**	-
Financing transactions		
Decrease (increase) in accounts receivable – Province of Ontario	**4,085,383**	(7,041,149)
Issuance of temporary borrowing and long-term debt	**-**	13,625,954
Repayments of temporary borrowing and long-term debt (Note 14)	**(7,460,099)**	(5,121,621)
Cash (applied to) provided by financing transactions	**(3,374,716)**	1,463,184
Change in cash and cash equivalents	**(5,037,257)**	(6,411,148)
Cash and cash equivalents, beginning of year	**8,683,014**	15,094,162
Cash and cash equivalents, end of year	**$ 3,645,757**	$ 8,683,014

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board
Consolidated Statement of Changes in Net Debt

For the Year Ended August 31	Budget (Restated-Note 25)	**2023**	2022 (Restated-Note 2)
Annual surplus (deficit)	$ (492,185)	**$ 979,745**	$ (348,617)
Non-financial asset activity			
Acquisition of tangible capital assets	(19,960,000)	**(28,554,974)**	(26,399,574)
Amortization of tangible capital, including ARO	15,455,323	**16,028,499**	14,641,360
Loss on disposal of tangible capital assets	-	-	49,929
Change in estimate of tangible capital assets – ARO	-	**(643,639)**	**-**
Disposals of tangible capital assets – ARO	-	**13,581**	-
Transfer to assets held for sale	-	**-**	523,282
Change in prepaid expenses	-	**511,317**	(550,960)
Change in inventories of supplies	-	**-**	(250,066)
Increase in net debt	(4,996,862)	**(11,665,471)**	(12,334,646)
Net debt, beginning of year	(194,131,712)	**(194,131,712)**	(178,394,872)
PSAS adjustments	-	-	(3,402,194)
Net debt, end of year	$ 199,128,574	**$ (205,797,183)**	$ (194,131,712)

See accompanying notes to the consolidated financial statements.

1. Significant accounting policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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

As a result, revenue recognized in the Consolidated Statement of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

1. Significant accounting policies (continued)

(b) Reporting entity

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

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

The Board's consolidated financial statements reflect the proportionate consolidation of the Niagara Student Transportation Services whereby they include the assets that the Consortium controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

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

(c) Trust funds

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

(d) Financial instruments

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

Financial Instrument	Measurement Method
Cash and cash equivalents	Amortized cost
Portfolio investments - bonds	Cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

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

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

1. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits.

(f) Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the Consolidated 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 portfolio investments in bonds that have been reported at cost in the financial statements as opposed to amortized cost. These investments do not have a guaranteed return, therefore do not hold an effective interest rate. Returns are calculated at maturity based on performance of the bonds over the course of the term.

(g) Deferred revenue

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

(h) 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 capital assets received or receivable for use in providing services, shall be recognized as a deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized.

The following items fall under this category:

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

(i) 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.

1. Significant accounting policies (continued)

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE 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), other school board staff and retired individuals up to 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. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the Non-Union employee group.

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

- 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, health care cost 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 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 accumulated over the periods of service provided by employees, such as 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, 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;

- The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period;

- The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

1. Significant accounting policies (continued)

(j) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction and legally or contractually required retirement activities.

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

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

Asset Class	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Equipment	5-15
First–time equipping of schools	10
Furniture	10
Computer hardware	3
Computer software	5
Vehicles	5
Leasehold improvements	5

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

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

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

(k) School fundraising and other revenue

School fundraising and other revenue are reported as revenue in the period earned.

(l) Government transfers

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

1. Significant accounting policies (continued)

(l) Government transfers (continued)

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

(m) Investment income

Investment income is reported as revenue in the period earned.

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

(n) 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.

(o) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include liability for contaminated sites, asset retirement obligations, retirement and other future employee benefits and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $ 4,093,663. 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.

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

(q) Non-monetary transactions

Non-monetary transactions include the exchange of non-monetary assets, liabilities or services for other non-monetary assets, liabilities or services with little or no monetary consideration involved. It also includes transactions where non-monetary assets, liabilities or services are transferred without any consideration given in return. Non-monetary transactions that lack commercial substance are measured at their carrying value.

2. Change in accounting policy – adoption of new accounting standards

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

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

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

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

<u>Establishing fair value</u>

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.

<u>Fair value hierarchy</u>

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).

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

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

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

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. It has reported obligations for closure and post closure activities related to landfill sites as the landfill site’s capacity was used (if applicable). The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. 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 revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

As a result of applying this accounting standard, an asset retirement obligation of $ 4,093,663 (2022 – $ 3,545,252) 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 retirement and demolition costs related to portable structures. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

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

	As previously reported	Adjustments	As restated
Consolidated Statement of Financial Position			
Tangible capital assets including ARO	$ 215,061,530	$ 986,629	$ 216,048,159
Asset retirement obligation liability	-	3,545,252	3,545,252
Accumulated surplus	26,802,592	2,558,623	24,243,969
Consolidated Statement of Change in Net Debt			
Annual surplus (deficit)	(35,609)	(313,008)	(348,617)
Amortization of tangible capital assets, including ARO	14,471,410	169,950	14,641,360
Change in net debt	(12,191,588)	(143,058)	(12,334,646)
Consolidated Statement of Operations			
Amortization of tangible capital assets, including ARO	14,471,410	169,950	14,641,360
Accretion – asset retirement obligation	-	143,058	143,058
Annual surplus (deficit)	(35,609)	(313,008)	(348,617)

3. Investments

Investments consist of $ 22,000,000 in bonds. The investments are carried 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.

Portfolio investments are carried at amortized cost if not actively traded on the open market. The following portfolio investments have been reported at cost in the Consolidated Statement of Financial Position as opposed to amortized cost. These investments do not have a guaranteed return, therefore do not hold an effective interest rate. Returns are calculated at maturity based on performance of the bonds over the course of the term.

	2023		2022	
	Cost	**Fair Value**	Cost	Fair Value
2.41% Guaranteed investment certificate (matured September 2022)	**$ -**	**$ -**	$ 2,500,000	$ 2,500,000
2.71% Guaranteed investment certificate (matured November 2022)	**-**	**-**	5,000,000	5,000,000
Principal protected notes - RBC (matures November 2027)	**7,500,000**	**6,436,500**	7,500,000	6,378,000
Principal protected notes - CIBC (matures July 2028)	**2,500,000**	**2,104,375**	2,500,000	2,120,300
Principal protected notes - NBC (matures July 2028)	**2,500,000**	**2,174,250**	2,500,000	2,016,750
Principal protected notes - CIBC (matures October 2027)	**2,500,000**	**2,468,675**	-	-
Principal protected notes - RBC (matures November 2029)	**5,000,000**	**4,177,000**	-	-
Principal protected notes - BNS (matures June 2030)	**2,000,000**	**1,907,000**	-	-
Balance, end of year	**$ 22,000,000**	**$ 19,267,800**	$ 20,000,000	$ 18,015,050

These investments are assessed regularly for impairment and are written down if a permanent impairment exists.

4. Accounts receivable - Province of Ontario

The Province 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 recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province as at August 31, 2023 of $ 52,318,664 (2022 - $ 50,453,691) with respect to capital grants.

4. Accounts receivable – Province of Ontario (continued)

The Ministry of Education (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 Province at August 31, 2023 is $ 5,092,621 (2022 - $ 6,639,729).

5. Assets held for sale

As of August 31, 2022, $ 518,382 related to buildings and $ 4,900 related to land were recorded as assets held for sale.

During 2022-23, one school property was sold with a net book value of $ 523,282. Net proceeds of $ 1,994,559 were received on the sale of this property, resulting in a gain of $ 1,471,277. The full amount of this gain was deferred for future capital asset purposes according to Ontario Regulation 193/10.

6. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

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

	Balance as at August 31, 2022	Externally restricted revenue and investment income	Revenue and adjustments recognized in the period	Transfers to deferred capital contributions	**Balance as at August 31, 2023**
SEA formula based funding	$ 3,179,128	$ 842,507	$ (804,699)	$ -	**$ 3,216,936**
ABA training	177,575	62,988	(3,047)	-	**237,516**
ASSD Funding	64,403	77,116	(997)	-	**140,522**
Library staff	68,498	138,281	(137,526)	-	**69,253**
Student achievement	1,076,810	1,046,956	(961,016)	-	**1,162,750**
Indigenous education	316,860	436,398	(545,841)	-	**207,417**
Mental health workers envelope	-	884,710	(804,324)	-	**80,386**
Priorities and partnerships fund	1,770,240	3,156,760	(3,206,578)	(785,089)	**935,333**
In-kind grant (PPE, RAT)	250,066	-	-	-	**250,066**
Tuition	525,750	730,762	(616,462)	-	**640,050**
Miscellaneous	979,255	550,038	(590,404)	(500,000)	**438,889**
School renewal	3,864,551	3,845,573	(1,208,617)	(6,501,507)	**-**
Experiential learning	447,764	1,127,587	(971,349)	-	**604,002**
Retrofitting school spaces for child care	1,662,093	-	-	-	**1,662,093**

6. Deferred revenue (continued)

	Balance as at August 31, 2022	Externally restricted revenue and investment income	Revenue and adjustments recognized in the period	Transfers to deferred capital contributions	**Balance as at August 31, 2023**
Energy efficient schools					
- operating	10,522	-	-	-	**10,522**
- capital	222,470	-	-	-	**222,470**
School generated funds	243,481	60,814	-	-	**304,295**
Proceeds of disposition	5,292,621	1,994,559	-	(89,681)	**7,197,499**
Assets held for sale	518,382	-	(518,382)	-	**-**
Education development charges	-	992,000	(992,000)	-	**-**
Total deferred revenue	$ 20,670,469	$ 15,947,049	$(11,361,242)	$ (7,876,277)	**$ 17,379,999**

7. 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	**$ 190,269,100**	$ 186,201,474
Additions to deferred capital contributions	**28,554,974**	18,758,802
Revenue recognized in the period	**(15,510,001)**	(14,172,794)
Transfer to financial assets	**-**	(518,382)
Balance, end of year	**$ 203,314,073**	$ 190,269,100

8. Asset retirement obligations

The Board has recorded ARO as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The Board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2023, all liabilities for asset retirement obligations are reported at discounted cost with accretion. An average discount rate of 4.10% was used in this calculation.

8. Asset retirement obligations (continued)

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

	2023	2022
Liabilities for asset retirement obligations, beginning of year	**$ 3,545,252**	$ -
Opening adjustments for PSAB adjustment	**-**	3,402,194
Liabilities disposed during the year	**(43,464)**	-
Increase in liabilities reflecting changes in the estimate of liabilities	**643,639**	-
Increase in liabilities due to accretion	**143,058**	143,058
Liabilities settled during the year	**(194,822)**	-
Liabilities for asset retirement obligations, end of year	**$ 4,093,663**	$ 3,545,252

9. 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.

10. Financial instruments

Risks arising from financial instruments and risk management

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

Credit risk

The Board's principal financial assets are cash and cash equivalents, accounts receivable and portfolio investments, 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.

Market risk

The Board is exposed to interest rate risk and price risk with regard to its short and long-term investments and interest rate risk on its long-term debt, all of which are regularly monitored.

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

11. Retirement and other employee future benefits

	Retirement Benefits	Other Employee Benefits	Total Employee Benefits 2023	Total Employee Benefits 2022
Accrued employee future benefit obligations	**$ 1,956,227**	**$ 3,699,999**	**$ 5,656,226**	$ 5,954,401
Unamortized actuarial gains	**90,009**	**-**	**90,009**	17,575
Employee future benefits liability	**$ 2,046,236**	**$ 3,699,999**	**$ 5,746,235**	$ 5,971,976

	Retirement Benefits	Other Employee Benefits	Total Employee Benefits 2023	Total Employee Benefits 2022
Current year benefit cost	**$ -**	**$ 1,009,667**	**$ 1,009,667**	$ 747,976
Interest on accrued benefit obligation	**83,687**	**114,444**	**198,131**	105,663
Recognized actuarial gains (losses)	**17,256**	**(131,852)**	**(114,596)**	61,498
Employee future benefits expenses	**$ 100,943**	**$ 992,259**	**$ 1,093,202**	$ 915,137

Employee future benefits expenses excludes contributions to the Ontario Municipal Employees Retirement Systems, a multi-employer pension plan, described below.

Actuarial assumptions

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

	2023 %	2022 %
Inflation		
WSIB	**2.5**	2.7
All other benefits	**2.0**	2.0
Discount rate		
WSIB	**4.4**	3.9
All other benefits	**4.4**	3.9
Wage and salary escalation	**Nil**	Nil
Health and dental care cost escalation		
WSIB	**4.0**	4.0
Health care for all other benefits	**5.0**	5.0
Dental care for all other benefits	**5.0**	5.0

11. Retirement and other employee future benefits (continued)

Retirement benefits

(i) Ontario Teacher's Pension Plan ("OTPP")

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

(ii) Ontario Municipal Employees Retirement System ("OMERS")

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 contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed $ 4,009,169 (2022 - $ 3,756,674) 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 health care benefits

The Board provides dental and health care to certain employee groups after retirement until the members reach 65 years of age, with one exception to age 75. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, ELHTs were established in 2016-18 for all employee groups. Retirees belonging to the principal, vice-principal and non-union employee groups have transitioned to the ELHT. After retirees transition to the ELHT, the Board continued to be responsible for its share of cost of benefits based on the cost sharing agreement prior to the transition to the ELHT.

Other employee future benefits

(i) Workplace Safety and Insurance Board obligations

The Board is a Schedule II employer under the Workplace Safety and Insurance Act ("WSIB") 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.

11. Retirement and other employee future benefits (continued)

Retirement benefits (continued)

(ii) Compensated absences

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements relating to this are $ 140,640 (2022 - $ 299,086).

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 and is based on the average daily salary, and banked sick days of employees as at August 31, 2023.

12. Net long-term debt

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

	2023	2022
BNY Mellon debenture, interest at 6.55%, due October 19, 2026	**$ 4,575,143**	$ 5,703,673
BNY Mellon debenture, interest at 5.90%, due October 11, 2027	**6,953,957**	8,267,358
BNY Mellon debenture, interest at 5.80%, due November 7, 2028	**1,943,237**	2,235,474
BNY Mellon debenture, interest at 4.789%, due August 8, 2030	**3,658,663**	4,089,257
OFA debenture, interest at 4.56%, due November 17, 2031	**6,592,577**	7,214,887
OFA debenture, interest at 4.90%, due March 3, 2033	**5,592,547**	6,028,120
OFA debenture, interest at 5.062%, due March 13, 2034	**2,752,806**	2,939,802
OFA debenture, interest at 3.564%, due March 9, 2037	**863,032**	910,660
OFA debenture, interest at 4.833%, due March 11, 2036	**5,392,652**	5,690,406
OFA debenture, interest at 3.564%, due March 9, 2037	**2,138,712**	2,256,739
OFA debenture, interest at 3.663%, due June 25, 2038	**686,763**	720,264
OFA debenture, interest at 2.993%, due March 9, 2040	**88,205**	92,190
	41,238,294	46,148,830
CIBC demand instalment loan, interest at 2.176%, due April 1, 2026	**2,767,563**	2,955,302
CIBC demand instalment loan, interest at 4.332%, due April 1, 2027	**6,151,146**	6,477,732
	$ 50,157,003	$ 55,581,864

12. Net long-term debt (continued)

Principal and interest payments relating to net debenture debt and capital loans of $ 50,157,003 outstanding as at August 31, 2023 are due as follows:

	Principal	Interest Payments	**Total**
2024	$ 5,717,031	$ 2,355,043	**$ 8,072,074**
2025	6,025,510	2,046,570	**8,072,080**
2026	6,351,250	1,722,844	**8,074,094**
2027	5,953,275	1,377,051	**7,330,326**
2028	4,609,865	1,086,232	**5,696,097**
Thereafter	21,500,072	3,308,859	**24,808,931**
Total	$ 50,157,003	$ 11,896,599	**$ 62,053,602**

13. Temporary borrowing

The Board has credit facilities available to a maximum of $ 25,000,000 to bridge capital expenditures.

The loans bear interest at prime less 0.5% and stamping fees calculated at 75 basis points per annum. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes.

As at August 31, 2023, the amount drawn under the bankers' acceptance facility was $ 4,961,499 (2022 - $ 6,996,737).

14. Debt charges and capital loans and leases interest

The expenditure for debt charges and capital loan interest includes principal, sinking fund contributions and interest payments as follows:

	2023	2022
Principal payments on debt charges	**$ 7,460,099**	$ 5,121,621
Interest payments on debt charges	**2,888,936**	2,757,550
	$ 10,349,035	$ 7,879,171

15. Credit facilities

The Board has seven credit facilities available for use at any time.

Credit facility #1 is a revolving demand operating credit available in the amount if $ 12,000,000 for use for current expenditures only and bears interest at prime less 0.5%.

Credit facility #2 is a revolving demand instalment loan in the amount of $ 500,000 to finance capital expenditures which would bear interest at prime.

Credit facility #3 is a demand instalment loan in the amount of $ 9,661,538 to finance EDC site purchases and related soft costs associated with the Niagara South/Welland and Lincoln sites and bears interest at prime less 0.5%.

Credit facility #4 is a demand bridge loan in the amount of $ 12,131,275 to finance various capital projects under the School Condition Improvement ("SCI") Program and bears interest at prime less 0.5% and stamping fees calculated at 75 basis points per annum.

Credit facility #5 is a demand bridge loan in the amount of $ 6,965,577 to finance various capital projects under the COVID-19 Resilience Infrastruture Stream ("CVRIS") – Education Related Program and bears interest at prime less 0.5% and stamping fees calculated at 75 basis points per annum.

Credit facility #6 is a demand bridge loan in the amount of $ 4,345,261 to finance various capital projects under the Capital Priorities – Capital Renewal Program ("CP") and bears interest at prime less 0.5% and stamping fees calculated at 75 basis points per annum.

Credit facility #7 is a demand bridge loan in the amount of $ 1,557,887 to finance various capital projects under the Capital Priorities – Other Capital Funding Program ("CC") and bears interest at prime less 0.5% and stamping fees calculated at 75 basis points per annum.

Further, the Board has a $ 230,000 Corporate VISA and $ 900,000 VISA purchase card credit facility available.

As at August 31, 2023, $ 807,744 has been drawn upon by way of letters of credit as per Note 23 against credit facility #1, no balance against credit facility #2, $ 8,918,695 has been drawn against credit facility #3 for the site purchases in Niagara South/Welland and Lincoln, $ 3,066,419 has been drawn against credit facility #4 for various SCI related capital projects, $ 1,881,067 has been drawn against credit facility #5 for various CVRIS related capital projects, no balance has been drawn against credit facility #6 for various CP related capital projects, and $ 14,013 has been drawn against credit facility #7 for various child care related capital projects. Security is by way of executed by-laws in compliance with applicable legislative requirements.

16. Grants for students 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. 89% 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	**$ 220,703,557**	$ 209,343,633
Education property tax	**38,821,130**	38,080,725
	$ 259,524,687	$ 247,424,358

17. Liability for contaminated sites

The Board reports environmental liabilities related to the management and remediation of any contaminated sites where the Board is obligated or likely obligated to incur such costs.

A contaminated sites liability of $ 665,000 has been recorded based on the estimated future remediation costs. Remediation is expected to be occur in 2023-24.

The Board's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Board's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

18. Expenses by object

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

	2023 Budget (Restated-Note 25)	**2023 Actual**	2022 Actual (Restated-Note 2)
Salary and wages	$ 189,631,598	**$ 190,904,409**	$ 190,288,622
Employee benefits	32,226,698	**32,924,760**	31,453,134
Staff development	316,350	**630,966**	344,085
Supplies and services	19,753,884	**19,837,178**	19,423,388
Interest charges	2,986,799	**2,888,936**	2,757,550
Rental expenses	751,200	**688,853**	701,415
Fees and contract services	15,281,177	**16,854,803**	16,065,321
Other	2,231,478	**2,770,577**	4,373,088
Transfer to other boards	495,450	**481,646**	491,809
Amortization of tangible capital assets, including loss on disposal and ARO	15,455,323	**16,028,499**	14,691,289
Accretion and other expenses on ARO	143,058	**143,058**	143,058
School funded activities	8,480,000	**7,494,925**	4,756,701
Total expenses	$ 287,753,015	**$ 291,648,610**	$ 285,489,460

19. Tangible capital assets

	Cost					
	Balance at September 1, 2022	**Adjustment for PS3280 (Note 2)**	**Additions and transfers**	**Disposals**	**Revaluation of TCA-ARO**	**Balance at August 31, 2023**
Land	$ 20,552,343	$ -	$ -	$ -	$ -	**$ 20,552,343**
Land improvements	26,895,708	-	8,290,200	(16,438)	-	**35,169,470**
Buildings	332,569,944	2,988,963	22,974,627	(43,464)	643,639	**359,133,709**
Portable structures	-	556,289	-	-	-	**556,289**
Furniture and equipment	6,278,221	-	1,300,131	(1,536,479)	-	**6,041,873**
Vehicles	370,161	-	-	(136,421)	-	**233,740**
Construction in progress	5,812,972	-	(4,095,565)	-	-	**1,717,407**
Leasehold improvements	62,307	-	85,581	-	-	**147,888**
Total	**$ 392,541,656**	**$3,545,252**	**$ 28,554,974**	**$ (1,732,802)**	**$ 643,639**	**$ 423,552,719**

19. Tangible capital assets (continued)

	Accumulated Amortization				
	Balance at September 1, 2022	**Adjustment for PS3280 (Note 2)**	**Amortization**	**Disposals**	**Balance at August 31, 2023**
Land	$ -	$ -	$ -	$ -	**$ -**
Land improvements	8,878,133	-	2,118,993	(16,438)	**10,980,688**
Buildings	164,721,695	2,197,035	12,120,129	(29,883)	**179,008,976**
Portable structures	-	361,588	27,814	-	**389,402**
Furniture and equipment	3,631,921	-	1,684,432	(1,536,479)	**3,779,874**
Vehicles	242,146	-	60,390	(136,421)	**166,115**
Leasehold improvements	6,231	-	16,741	-	**22,972**
Total	**$ 177,480,126**	**$ 2,558,623**	**$ 16,028,499**	**$ (1,719,221)**	**$ 194,348,027**

	Net Book Value	
	Balance at September 1, 2022	**Balance at August 31, 2023**
Land	$ 20,552,343	**$ 20,552,343**
Land improvements	18,017,575	**24,188,782**
Buildings	168,640,177	**180,124,733**
Portable structures	194,701	**166,887**
Furniture and equipment	2,646,300	**2,261,999**
Vehicles	128,015	**67,625**
Construction in progress	5,812,972	**1,717,407**
Leasehold improvements	56,076	**124,916**
Total	**$ 216,048,159**	**$ 229,204,692**

Assets under construction having a value of $ 1,717,407 (2022 - $ 5,812,972) have not been amortized. Amortization of these assets will commence when the asset is put into service.

20. Accumulated surplus

	2023	2022 (Restated-Note 2)
Accumulated surplus consists of the following:		
Available for compliance	**$ 7,492,994**	$ 7,619,096
Available for compliance – internally appropriated	**4,446,040**	4,461,308
Unavailable for compliance		
Interest accrued	**(646,223)**	(734,395)
School activities fund	**2,635,065**	2,340,457
Committed capital	**-**	348,544
Asset retirement obligation	**(2,646,927)**	(2,558,623)
Revenues recognized for land purchases	**13,942,765**	12,767,582
Total unavailable for compliance	**13,284,680**	12,163,565
Total accumulated surplus	**$ 25,223,714**	$ 24,243,969

21. Trust funds

Trust funds administered by the Board, which have not been included on the Consolidated Statement of Financial Position nor have their operations been included on the Consolidated Statement of Operations and Accumulated Surplus, are comprised of the following:

	2023	2022
Larkin Award Fund	**$ 30,268**	$ 28,327
Kristen French Scholarship Fund	**115,955**	113,628
Marion Oakley Fund	**6,387**	6,110
Nicole Longe Memorial Fund	**6,095**	6,023
James and Anna McGarrey	**8,723**	8,443
Teachers Finance Leave Plan	**825,391**	1,110,407
Michael and Isabelle Moran	**49,574**	47,913
Hugo and Corrinne Massotti	**56,286**	54,815
Total trust funds	**$ 1,098,679**	$ 1,375,666

22. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act 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 $ 851,550 (2021 - $ 728,822). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the 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.

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

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

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

23. Contractual obligations and contingent liabilities

Contingent liabilities

The Board has certain legal claims outstanding. It is management's assertion that adequate defenses and insurance coverages are in for the settlement of these claims, if necessary.

Letters of credit

The Board has authorized letters of credit in favour of the City of St. Catharines in the amount of $ 216,972, the City of Niagara Falls in the amount of $ 246,313, the City of Port Colborne in the amount of $ 51,591, the Town of Fort Erie in the amount of $ 65,610, the City of Thorold in the amount of $ 139,648 and the Town of Grimsby in the amount of $ 87,611. All of these letters of credit relate to site plan deposits. These letters of credit are covered under the security as described under credit facilities in Note 15.

24. Commitments

Capital expenditures

The Board is committed to spending approximately $ 18,550,000 on capital projects in the following year.

Lease obligations

The Board is committed to make the following minimum future lease payments under several operating leases over the next five years:

2024	$	690,221
2025		596,687
2026		511,236
2027		467,414
2028		323,613

25. 2022-23 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.

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.

25. 2022-23 budget reconciliation (continued)

Consolidated Statement of Operations (Simplified)
For the year ended August 31

	2022-23 Budget	Change	Restated 2022-23 Budget
Revenue	$ 287,260,830	-	$ 287,260,830
Expenses	287,440,007	-	287,440,007
Amortization of TCA-ARO	-	169,950	169,950
Accretion expense - ARO	-	143,058	143,058
Annual deficit	**(179,177)**	**(313,008)**	**(492,185)**
Accumulated surplus, beginning of year	26,802,592	-	26,802,592
ARO adjustments	-	(2,245,615)	(2,245,615)
Adjusted accumulated surplus, beginning of year	**26,802,592**	**(2,245,615)**	**24,556,977**
Accumulated surplus, end of year	**$ 26,623,415**	**$ (2,558,623)**	**$ 24,064,792**

26. Partnership in transportation consortium

On March 9, 2007, Niagara Student Transportation Services (“NSTS”) was incorporated under the Corporations Act of Ontario. On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara (“DSBN”) in order to provide common administration of student transportation in the Region of Niagara. 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 NSTS was established, decisions related to the financial and operating activities of NSTS 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 NSTS. 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 33.4% (2022 – 34.1%). Inter-organizational transactions and balances have been eliminated.

26. Partnership in transportation consortium (continued)

The following provides condensed financial information:

	2023 Total	**2023 Board Portion**	2022 Total	2022 Board Portion
Transportation services	**$ 35,060,501**	**$ 11,699,554**	$ 32,879,835	$ 11,163,789
Administrative expenses	**1,697,561**	**566,985**	1,687,748	577,625
Grant expenditures	**2,686**	**-**	10,103	-
Amortization	**2,030**	**-**	1,766	-
	$ 36,762,778	**$ 12,266,539**	$ 34,579,452	$ 11,741,414

27. Related party transactions

Related party transactions during the year not separately disclosed in the consolidated financial statements include the following:

Included in net long term debt on the Statement of Financial Position are debentures in the amount of $ 24,107,295 (2022 - $ 25,853,068) payable to the Ontario Financing Authority (OFA), a provincial agency of the Crown responsible for managing the Province's debt. The debentures bear interest at rates ranging from 2.425% to 5.062% with maturity dates ranging from November, 2031 to March, 2040.

An amount of $ 21,535 has been paid to the Niagara Foundation for Catholic Education (2022 - $ 1,107 received) and recorded net of related expenditures.

28. 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 for these transfers, recorded in Provincial grants - other, is $ Nil (2022 - $ 3,897,203) with expenses based on use of $ Nil (2022 - $ 3,897,203), recorded in instruction expenses, for a net impact of $ Nil.

29. 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.

(i) 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 1, 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.