St. Clair Catholic District School Board
Consolidated Financial Statements
For the Year Ended August 31, 2023

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Management's Responsibility for the Consolidated Financial Statements

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

A summary of the significant accounting policies is presented 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 management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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

Amy Janssen

Director of Education

Associate Director -

Corporate Services and Treasurer

November 14, 2023

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Independent Auditor's Report

To the Board of Trustees of the St. Clair Catholic District School Board

Opinion

We have audited the consolidated financial statements of St. Clair Catholic District School Board and its controlled entities (the Board) which comprise the consolidated statement of financial poition as at August 31, 2023, 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 of the Board as at and for the year ended August 31, 2023, are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *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 of 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 the consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

November 14, 2023
Windsor, Ontario

St. Clair Catholic District School Board
Consolidated Statement of Financial Position

August 31	2023	2022 (Note 2 - Restated)
Financial assets		
Cash and cash equivalents	$ 12,622,523	$ 8,380,546
Accounts receivable	7,111,842	6,519,428
Accounts receivable - Government of Ontario (Note 3)	30,552,824	22,907,285
Accounts receivable - Government of Ontario Delayed Grant (Note 3)	8,269,249	7,050,444
Investments (Note 4)	1,672,122	1,673,136
	60,228,560	46,530,839
Financial liabilities		
Temporary Borrowing (Note 5)	$ 11,391,544	$ 3,094,747
Accounts payable and accrued liabilities	12,397,534	8,368,349
Deferred revenue (Note 6)	10,080,392	9,432,095
Retirement and other employee future benefits (Note 7)	3,710,074	3,976,086
Long-term debt (Note 8)	13,910,858	14,790,541
Deferred capital contributions (Note 9)	147,808,899	120,852,128
Asset retirement obligation (Note 16)	11,876,366	11,345,128
	211,175,667	171,859,074
Net debt	(150,947,107)	(125,328,235)
Non-financial assets		
Prepaid expenses	987,042	1,026,895
Tangible capital assets (Note 10)	166,970,073	140,186,864
	167,957,115	141,213,759
Accumulated surplus (Note 2)	$ 17,010,008	$ 15,885,524

On behalf of the Board:

Chairperson

Director of Education

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

St. Clair Catholic District School Board
Consolidated Statement of Operations and Accumulated Surplus

For the year ended August 31	2023 Budget (Unaudited)	2023 Actual	2022 Actual (Note 2 - Restated)
Revenue			
Provincial grants - grants for student needs (Note 11)	$120,644,825	$123,748,329	$ 119,711,669
Provincial grants - other	1,049,833	1,785,293	6,173,415
School generated funds	2,790,000	2,526,577	1,159,528
Federal grants and fees	151,143	935,728	753,263
Other fees and revenue	569,793	719,632	738,381
Investment income	100,000	771,915	249,004
	125,305,594	130,487,474	128,785,260
Expenses			
Instruction	92,613,761	93,932,251	93,368,049
Pupil accommodation	17,328,104	19,757,011	19,465,845
Transportation	7,241,667	7,913,419	7,997,866
Administration	4,702,409	4,477,381	4,550,808
Other expenses	1,139,795	993,320	1,463,898
School generated funds	2,790,000	2,289,608	1,212,370
	125,815,736	129,362,990	128,058,836
Annual surplus	(510,142)	1,124,484	726,424
Accumulated surplus, beginning of the year	15,885,524	15,885,524	25,328,750
Change in accounting standard (Note 2)	-	-	(10,169,650)
Accumulated surplus, beginning of the year, restated	-	-	15,159,100
Accumulated surplus, end of the year	$ 15,375,382	$ 17,010,008	$ 15,885,524

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

St. Clair Catholic District School Board
Consolidated Statement of Cash Flows

For the year ended August 31	2023	2022 (Note 2 - Restated)
Operating activities		
Annual surplus	$ 1,124,484	$ 726,424
Sources and (uses):		
Non-cash items		
Amortization on tangible capital assets	7,937,675	7,503,980
Accretion on asset retirement obligations	531,238	509,284
Gain on sale of property and equipment	(2,350)	(2,075)
Revenue recognized in period for deferred capital contributions	(7,601,728)	(7,172,699)
Accounts receivable	(592,414)	(697,752)
Prepaid expenses	39,854	(46,309)
Accounts payable and accrued liabilities	4,029,185	(1,106,027)
Deferred revenue	(4,900)	(51,174)
Retirement and other employee future benefits	(266,012)	(722,724)
Assets held for sale	-	10,000
Gain on disposal of restricted assets	(902,591)	-
	4,292,441	(1,049,072)
Capital transactions		
Proceeds on disposal of tangible capital assets	1,659,134	2,075
Acquisition of tangible capital assets	(35,475,079)	(14,749,804)
	(33,815,945)	(14,747,729)
Investing transactions		
Investments	1,015	(48,346)
Financing activities		
Repayment of long-term debt	(879,683)	(838,714)
Proceeds (repayment) of temporary borrowing	8,296,797	(781,399)
Accounts receivable capital - Government of Ontario	(8,864,344)	(1,508,760)
Additions to deferred revenues - capital	34,558,499	12,859,347
Increase in deferred revenues - capital	653,197	859,855
	33,764,466	10,590,329
Net increase (decrease) in cash	4,241,977	(5,254,818)
Cash, beginning of the year	8,380,546	13,635,364
Cash, end of the year	$ 12,622,523	$ 8,380,546

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

St. Clair Catholic District School Board
Consolidated Statement of Change in Net Debt

For the year ended August 31	2023 Budget	2023 Actual	2022 Actual (Note 2 - Restated)
Annual surplus	$ (510,142)	$ 1,124,484	$ 726,424
Tangible capital asset activity			
Acquisition of tangible capital assets and asset retirement obligation	(27,184,128)	(35,475,078)	(15,415,998)
Amortization of tangible capital assets and asset retirement obligation	6,986,500	7,937,675	7,503,980
Gain on disposition of tangible capital assets	-	(2,350)	(2,075)
Proceeds on disposition of tangible capital assets	-	1,659,134	993,862
Deferred gain on disposal of restricted assets	-	(902,591)	(991,787)
	(20,197,628)	(26,783,210)	(7,912,018)
Other non-financial asset activity			
Acquisition of prepaid expenses	-	(845,303)	(891,127)
Use of prepaid expenses	-	885,157	844,818
	-	39,854	(46,309)
Net increase in net debt	(20,707,770)	(25,618,872)	(7,231,903)
Net debt, beginning of the year	(125,328,235)	(125,328,235)	(107,926,682)
Change in accounting standard adjustment	-	-	(10,169,650)
Net debt, beginning of the year restated (Note 2)	(125,328,235)	(125,328,235)	(118,096,332)
Net debt, end of the year	$(146,036,005)	$(150,947,107)	$ (125,328,235)

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

1. Significant Accounting Policies

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 PS 3410;
- 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; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS 3510.

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

1. Significant Accounting Policies (continued)

Reporting entity	The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board. School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements. Chatham-Kent Lambton Administrative School Services is jointly controlled and the Board accounts for its interest in this entity using proportionate consolidation (refer to Note 13). Consolidated entities include: • St. Clair District Catholic Education Foundation • School Generated Funds • Chatham-Kent Lambton Administrative School Services Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.
Trust funds	Trust funds and their related operations administered by the Board are not included in the consolidated financial statements, as the Board does not control them.
Cash and cash equivalents	Cash and cash equivalents are comprised of cash on hand and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.
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. The board has portfolio investments in government bonds, which are recorded at fair value.

1. Significant Accounting Policies (continued)

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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

	Rate
Land improvements with finite lives	15 years
Buildings	40 years
Buildings – other	20 years
Portable structures	20 years
First time equipping	10 years
Furniture	10 years
Equipment	5 – 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 – 10 years

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

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

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.

1. Significant Accounting Policies (continued)

Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: OECTA, and CUPE. The following ELHT was established in 2017-18: 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 being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

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

(i) The cost of retirement gratuities and other employee future benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, discount rates and other actuarial assumptions. 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 accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

1. Significant Accounting Policies (continued)

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

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

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

Deferred capital contributions

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

(i) Government transfers received or receivable for capital purpose.

(ii) Other restricted contributions received or receivable for capital purpose.

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

Government transfers

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

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

Education property tax revenue

Under Canadian Public Sector Accounting Standards, The Province of Ontario records property taxes levied as property tax revenue. As a result, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.

1. Significant Accounting Policies (continued)

Investment income

Investment income earned is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on externally restricted funds is added to the respective deferred revenue balances.

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.

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting policy that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used by actuaries to determine employee future benefit costs (Note 7). Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations. 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.

Asset retirement obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs would flow through the statement of operations.

1. Significant Accounting Policies (continued)

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
Cash	Fair value
Equities	Fair value
Government bonds	Fair value
Accounts receivable	Amortized Cost
Temporary borrowing	Amortized Cost
Accounts payable	Amortized Cost
Long-term debt	Amortized Cost

Fair Value

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

Cost

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

2. Change in accounting policy

Effective September 1, 2022 the Board adopted new Public Sector Accounting Handbook Standard, 3280 Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires a liability to be recognized as there is a legal obligation to incur retirement costs. This change in accounting policy has been applied using the modifed retrospective approach with restatement of prior periods. In addition to this, the Board also adopted new Public Sector Accounting Handbook Standard, 3450 Financial instruments which 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.

The impact of adoption of these standards was as follows:

2022	As Previously Reported	Adjustments	As Restated
Statement of Financial Position			
Tangible Capital Assets Including ARO	$ 139,569,043	$ 617,821	$ 140,186,864
Asset Retirement Obligation Liability	$ -	$ 11,345,128	$ 11,345,128
Accumulated Surplus	$ 26,612,831	$ (10,727,307)	$ 15,885,524
Statement of Change in Net Debt			
Annual Surplus (Deficit)	$ 1,284,081	$ (557,657)	$ 726,424
Acquisition of of TCA (including TCA - ARO)	$ (14,749,805)	$ (666,193)	$ (15,415,998)
Amortization of TCA (including TCA - ARO)	$ 7,455,608	$ 48,372	$ 7,503,980
Net Debt at Beginning of Year	$ 118,096,332	$ (10,169,650)	$ 107,926,682
Net Debt at End of Year	$ 113,983,107	$ 11,345,128	$ 125,328,235
Statement of Operations			
Amortization of TCA-ARO	$ -	$ 48,372	$ 48,372
Accretion - ARO	$ -	$ 509,284	$ 509,284
Surplus/(Deficit) for the Year	$ 1,284,081	$ (557,657)	$ 726,424
Accumulated Surplus (Deficit) - beginning of the year	$ 25,328,750	$ (10,169,650)	$ 15,159,100

3. Accounts receivable

a) Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario as at August 31, 2023 of $30,552,824 (2022 - $22,907,285) with respect to capital grants.

b) Accounts Receivable - Government of Ontario Delayed Grant

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry will delay a portion 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 Board has an account receivable from the Province of Ontario as at August 31, 2023 of $8,269,249 (2022 - $7,050,444) with respect to Delayed Grant payments.

4. Investments

The carrying amounts of portfolio investments are comprised of the following:

	2023		2022	
	Cost	Fair value	Cost	Fair value
Cash	$ 58,457	$ 58,457	$ 56,625	$ 56,625
Government bonds	130,933	124,027	130,933	129,444
Equities	1,482,732	1,703,063	1,485,578	1,625,637
	$ 1,672,122	$ 1,885,547	$ 1,673,136	$ 1,811,706

Included in investments is a $1,000,000 (2022 - $1,000,000) endowment from the Ursuline Religious of the Diocese of London in Ontario. Income earned on the endowment is to be used for scholarships, bursaries and discretionary spending. The deferral of the endowment is included with deferred revenue (Note 6).

5. Temporary borrowing

The Board has credit facilities available to a maximum of $10,000,000 to address operating requirements. All loans are due on demand and carry an interest rate of prime less 1 percent. As at August 31, 2023, the amount drawn was nil (2022 - nil).

The Board has demand interim bridge credit available to the maximum of $54,629,333 (2022 - $44,582,977) to bridge finance capital project expenditures. All loans are due on demand and are in the form of bankers' acceptance notes. Interest on the operating facilities carry an interest rate of prime lending rate minus 0.75 percent.

As at August 31, 2023, the amount drawn under the bankers' acceptance facility was $11,391,544 (2022 - $3,094,747).

6. Deferred revenue

Revenues received that are restricted 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 at August 31, 2022	Contributions received	Transferred to revenue	Transfers to deferred capital contributions	Balance at August 31, 2023
School Renewal	$ 3,325,891	$ 1,231,920	$ (207,441)	$ (2,081,969)	$ 2,268,401
Interest on Capital	-	1,602,337	(1,602,337)	-	-
Temporary Accommodation	-	488,893	(313,160)	-	175,733
Rural and Northern Education	39,247	260,516	(299,763)	-	-
Minor Tangible Capital Assets	-	2,882,969	(1,730,034)	(1,152,935)	-
Experiential Learning Envelope	116,968	342,260	(401,758)	(23,084)	34,386
Proceeds of Disposition	2,007,440	1,656,784	-	-	3,664,224
Special Education Allocation	1,459,388	14,651,335	(14,267,098)	-	1,843,625
Special Education Equipment (SEA)	142,787	360,963	(490,200)	-	13,550
ABA Training Funding	33,912	26,989	(29,437)	-	31,464
Special Education - ASSD Funding	-	61,863	(61,863)	-	-
Library Staff	-	95,197	(95,197)	-	-
Targeted Student Supports Envelope	188,937	377,000	(368,838)	-	197,099
Indigenous Education	-	348,953	(345,153)	-	3,800
Mental Health Workers Envelope	-	158,471	(158,471)	-	-
Student Mental Health Envelope	-	469,361	(469,361)	-	-
FSL Areas of Intervention Component	-	90,402	(60,700)	-	29,702
PPF	557,720	1,096,536	(1,422,981)	-	231,275
Other(Note 4)	1,559,805	197,744	(170,416)	-	1,587,133
	$ 9,432,095	$ 26,400,493	$ (22,494,208)	$ (3,257,988)	$ 10,080,392

7. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

				2023	2022
	Retirement benefits	Other employee future benefits	Workers' safety insurance benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations, end of year	$ 2,555,264	$ 350,518	$ 759,188	$ 3,664,970	$ 4,064,120
Unamortized actuarial gain (loss)	45,104	-	-	45,104	(88,034)
	$ 2,600,368	$ 350,518	$ 759,188	$ 3,710,074	$ 3,976,086

Retirement and other employee future benefit expenses

				2023	2022
	Retirement benefits	Other employee future benefits	Workers' safety insurance benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	$ -	$ 86,138	$ 157,297	$ 243,435	$ 368,502
Amortized loss (gain)	98,506	(25,558)	-	72,948	162,388
Interest on accrued benefit obligation	105,479	10,902	25,657	142,038	81,663
	$ 203,985	$ 71,482	$ 182,954	$ 458,421	$ 612,553

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, as described on the next page.

7. Retirement and other employee future benefits (continued)

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. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023	2022
Inflation	2.0 %	2.0 %
Interest	4.4 %	3.9 %
Health care cost escalation	5.0 %	5.0 %
Dental care cost escalation	5.0 %	5.0 %
Wage and salary escalation	2.0 %	2.0 %

Retirement benefits

i) Ontario Teacher's Pension Plan

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

ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan, and contribution rates are directed by OMERS. The Board does not have direct access to information regarding the deficit calculation of the fund nor its impact on the contribution rates, except as disclosed periodically by OMERS. As of December 31, 2022 the funded ratio for the OMERS plan was 95% (2022 – 97%). During the year ended August 31, 2023, the Board contributed $1,927,642 (2022 - $1,773,450) 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 up to August 31, 2012.

7. Retirement and other employee future benefits (continued)

iv) Retirement life insurance and health care benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees (excluding employees with personal services contracts) retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

Other employer future benefits

v) Workplace Safety and Insurance Board obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

vi) Sick leave top-up benefits

Under short term sick leave and disability plan, 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 financial statements are $56,710 (2022 - $121,504). The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2023. This actuarial valuation is based on assumptions about future events and is based on the average daily salary and banked sick days of employees at August 31, 2023.

vii) Long-term disability life insurance and health care benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave to all permanent employees through the ELHT. The employee is responsible for the payment of long term disability insurance premiums and the costs of life insurance, dental and health care benefits is covered by the ELHT.The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in this plan.

8. Net long-term liabilities

	2023	2022
Promissory note, 4.833%, maturing March 2036	$ 9,206,429	$ 9,714,758
Promissory note, 4.56%, maturing November 2031	1,751,522	1,916,858
Promissory note, 4.90%, maturing March 2033	1,244,127	1,341,025
Promissory note, 5.062%, maturing March 2034	908,146	969,836
Promissory note, 5.232%, maturing April 2035	800,634	848,064
Long-term portion of debt	$ 13,910,858	$ 14,790,541

Principal repayments on long-term debt over the next five years are as follows:

	Principal	Interest	Total
2024	$ 922,799	$ 662,637	$ 1,585,436
2025	967,729	617,543	1,585,272
2026	1,015,007	570,285	1,585,292
2027	1,064,598	520,694	1,585,292
2028	1,116,614	468,658	1,585,272
Thereafter	8,824,111	2,668,579	11,492,690
	$ 13,910,858	$ 5,508,396	$ 19,419,254

On June 1, 2003, the Board received $2,663,000 from the “55 School Board Trust” for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. As a result of the agreement the liability in respect of the not permanently financed (NPF) debt is no longer reflected in the Board’s financial position.

Interest on long-term debt amounted to $695,008 (2022 - $736,784).

9. 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	$120,852,128	$ 115,165,480
Additions to deferred capital contributions	35,226,180	12,859,347
Disposals and transfers to financial assets	(667,681)	-
Revenue recognized in the year	(7,601,728)	(7,172,699)
Balance, end of year	$147,808,899	$ 120,852,128

10. Tangible capital assets

Cost	Opening balance	Additions and transfers	Disposals and writedowns	Transfer to assets held for sale	Closing balance
Land	$ 14,124,565	$ 207,530	$ 55,000	$ -	$ 14,277,095
Land improvements	7,224,218	1,537,689	-	-	8,761,907
Buildings - 40 yr	180,547,369	3,596,875	2,002,030	-	182,142,214
Buildings - 20 yr	84,703	-	-	-	84,703
Portable structures	587,826	-	-	-	587,826
Equipment	921,699	60,549	-	-	982,248
First time equipping	1,441,063	-	110,260	-	1,330,803
Furniture	13,226	-	-	-	13,226
Computer hardware	3,466,881	980,644	1,162,104	-	3,285,421
Computer software	222,781	82,343	10,216	-	294,908
Vehicles	360,923	52,483	21,397	-	392,009
Construction in progress	6,610,169	28,644,368	-	-	35,254,537
Pre-acquisition costs	88,960	312,598	-	-	401,558
Asset Retirement Obligation	2,243,801	-	-	-	2,243,801
	$217,938,184	$ 35,475,079	$ 3,361,007	$ -	$250,052,256

10. Tangible capital assets (continued)

Accumulated amortization	Opening balance	Amortization adjustments	Disposals and write-downs	Transfers to assets held for sale	Closing balance
Land	$ -	$ -	$ -	$ -	$ -
Land improvements	2,759,963	491,377	-	-	3,251,340
Buildings - 40 yr	69,188,164	5,903,333	1,302,836	-	73,788,661
Buildings - 20 yr	74,115	4,235	-	-	78,350
Portable structures	587,826	-	-	-	587,826
Equipment	532,988	94,911	-	-	627,899
First time equipping	971,272	139,498	110,260	-	1,000,510
Furniture	8,009	1,323	-	-	9,332
Computer hardware	1,760,623	1,140,879	1,162,104	-	1,739,398
Computer software	45,876	51,770	10,216	-	87,430
Vehicles	196,504	61,978	21,397	-	237,085
Construction in progress	-	-	-	-	-
Pre-acquisition costs	-	-	-	-	-
Asset Retirement Obligation	1,625,980	48,372	-	-	1,674,352
Total	$ 77,751,320	$ 7,937,676	$ 2,606,813	$ -	$ 83,082,183

Net book value	2023	2022 (Note 2)
Land	$ 14,277,095	$ 14,124,565
Land improvements	5,510,567	4,464,255
Buildings - 40 yr	108,353,553	111,359,205
Buildings - 20 yr	6,353	10,588
Portable structures	-	-
Equipment	354,349	388,711
First time equipping	330,293	469,791
Furniture	3,894	5,217
Computer hardware	1,546,023	1,706,258
Computer software	207,478	176,905
Vehicles	154,924	164,419
Construction in progress	35,254,537	6,610,169
Pre-acquisition costs	401,558	88,960
Asset Retirement Obligation	569,449	617,821
Total	$166,970,073	$ 140,186,864

Assets under construction having a value of $35,254,537 (2022 - $6,610,169) have not been amortized. Amortization of these assets will commence when the asset is put into service.

11. Grants for student needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 83% (2022 - 82%) 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	$108,854,937	$ 105,194,620
Education property tax	14,893,392	14,517,049
	$123,748,329	$ 119,711,669

12. Debt charges and capital loans interest

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

	2023	2022
Principal payments on long-term liabilities contributions to sinking funds	$ 879,683	$ 838,714
Interest payments on long-term liabilities	705,609	746,578
	$ 1,585,292	$ 1,585,292

13. Partnership in Chatham-Kent Lambton Administrative School Services (CLASS)

Transportation, community use of school services, supervision of child care services and energy and environmental services for the Board are provided by CLASS which was incorporated on February 22, 2006. On that day the Board formalized an agreement with the Lambton Kent District School Board to provide common administration of student transportation and other services deemed beneficial to the boards in their shared jurisdiction. This agreement was executed in an effort to increase efficiency and cost effectiveness for each of the boards. Under the agreement created at the time CLASS was established, decisions related to the financial and operating activities of CLASS are shared. Neither partner is in a position to exercise unilateral control.

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. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

	2023		2022	
	Total	Board portion	Total	Board portion
Financial position				
Financial assets	$ 2,916,770	$ 1,044,117	$ 3,130,197	$ 1,064,649
Financial liabilities	(2,916,770)	(1,044,117)	(3,130,197)	(1,064,649)
	$ -	$ -	$ -	$ -
Operations				
Revenues	$24,501,451	$ 8,770,792	$21,133,520	$ 7,195,964
Expenses	(24,501,451)	(8,770,792)	(21,133,520)	(7,195,964)
	$ -	$ -	$ -	$ -

14. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $2,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2023 were $126,209 (2022 - $135,328). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

The ultimate premiums over a five year period are based on the reciprocal’s and the Board’s actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2026.

15. Contractual obligations and contingent liabilities

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2023 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board’s financial position or results of operations.

The Board is committed to capital expenditures in the amount of $16,421,412 (2022 - $47,131,389).

16. Asset Retirement Obligation

The Board’s financial statements include an asset retirement obligation for the remediation of asbestos that had been used in construction of the Board's buildings throughout its course of operations and the removal of geothermal units. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.70% (2022 – 4.70%). The estimated total undiscounted future expenditures are $11,876,366 (2022 - $11,345,128), which are to be incurred over the remaining useful life of the buildings. The liability is expected to be settled as the buildings are renovated or sold as is.

The carrying amount of the liability is as follows:

	2023	2022 (Note 2)
Asset retirement obligation, beginning of year	$11,345,128	$ 10,835,844
Increase due to accretion expense	531,238	509,284
Asset retirement obligation, end of year	$11,876,366	$ 11,345,128

This change in accounting policy has been accounted for using the modified retrospective approach and the comparative statements for the prior year have been restated.

17. Expenses by Object

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

	2023 Budget (Unaudited)	2023 Actual	2022 Actual
Salary and wages	$ 81,475,937	$ 82,732,549	$ 82,118,065
Employee benefits	14,689,556	15,213,327	14,710,140
Supplies and services	-	7,547,870	10,014,414
Fees and other contract services	8,827,166	9,469,119	9,503,740
Amortization, writedowns and disposal of tangible capital assets	6,986,500	7,889,304	7,455,608
School generated funds	2,790,000	2,289,608	1,212,370
Interest charges on capital debt	755,609	1,576,628	802,440
Other	1,234,401	1,071,193	656,022
Staff development	1,029,201	665,130	610,577
Rental expense	516,523	328,652	417,803
Accretion expense	-	531,238	509,285
Amortization and net loss - ARO	-	48,372	48,372
	$118,304,893	$129,362,990	$ 128,058,836

18. In-Kind transfers from the Ministry of Public and Business Service Delivery

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is $161,281 (2022 - $919,666) with expenses based on use of $161,281 (2022 - $919,666) for a net impact of nil.

19. Financial Instruments

Financial Instrument Risk Management

The Board is exposed to credit risk, liquidity risk, market risk and interest rate risk from its financial instruments. This note describes the Board’s objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board is exposed to credit risk through its cash and accounts receivable.

The Board manages its credit risk through credit approval procedures and by holding cash at federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The Board measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Board's historical experience regarding collection. There are no amounts deemed impaired at year-end.

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to liquidity risk through its accounts payable and long-term debt.

The Board manages its liquidity risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk and risk management strategies are described below.

19. Financial Instruments (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Consequently, some assets are exposed to foreign exchange fluctuations.

The Board considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk through its temporary borrowing, long-term debt, employee future benefits liability, and asset retirement obligation.

The Board manages its interest rate risk by monitoring the change in interest rates and using fixed interest rates when appropriate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its investments in quoted shares.

The Board manages other price risk through asset allocation and maintaining a portfolio that is well diversified.

There have been no changes to the Boards financial instrument risk exposure from the prior year.