



**DURHAM CATHOLIC
DISTRICT SCHOOL BOARD**
Learning and Living in Faith

Memorandum

To: Board of Trustees
From: Tracy Barill, Director of Education
Date: December 19, 2022
Subject: **2021/2022 Audited Financial Statements**
Origin: Marie Hammond, Chief Financial Officer

Recommendation

Moved by _____, seconded by _____

“THAT the Durham Catholic District School Board approve the 2021/2022 Audited Financial Statements”

Rationale

Attached are the 2021/2022 Audited Financial Statements for the year ending August 31, 2022. The financial statements and related audit report were reviewed in detail at the November 14, 2022 Audit Committee meeting.

Over the past two years, the Board has intentionally utilized its operating reserves to support lower class sizes, address remote learning options, purchase additional technology, hire additional support staff and promote enhanced cleaning measures. This was supplemented by ministry stabilization funding made available to Board's that had depleted their reserves supporting pandemic related costs. Therefore, as anticipated, the Board has ended the year with an operating accumulated surplus (reserve) of \$NIL.

The board does have \$3.8M in deferred operating revenues and \$14.5M in deferred capital grants to help support board activities in 2022/2023 and beyond.

The attached financial statements do not include the consolidation of the Ontario School Boards' Insurance Exchange (OSBIE). Correspondence received from the Ministry of Education on October 26, 2022 deferred the requirement to consolidate until the 2023 March Reporting cycle.

TB/MH/II

Attachment: 2021/2022 Year End Financial Statements



**DURHAM CATHOLIC
DISTRICT SCHOOL BOARD**
Learning and Living in Faith

Durham Catholic District School Board

Consolidated Financial Statements

For the year ended August 31, 2022

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Durham 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.

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

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

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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly KDN 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 and
Chief Executive Officer

Superintendent of Business,
Finance and Facility Services

December 19, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Durham Catholic District School Board (“the Board”), which comprise the consolidated statement of financial position as at August 31, 2022, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2022, and results of its consolidated operations, changes in consolidated net financial 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

Without modifying our opinion, 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements 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, and for such internal controls 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 consolidated 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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
TBD

**Durham Catholic District School Board
Consolidated Statement of Financial Position**

August 31

2022

2021

Financial assets

Cash and cash equivalents	\$ 10,130,838	\$ 17,225,242
Temporary investments (Note 2)	15,495	14,710
Accounts receivable - Other (Note 3)	17,555,549	15,332,037
Accounts receivable - Government of Ontario - Approved Capital (Note 4)	35,290,212	42,763,606
Assets held for sale (Note 5)	<u>21,008,977</u>	<u>21,008,977</u>
	<u>84,001,071</u>	<u>96,344,572</u>

Financial liabilities

Bank indebtedness (Note 6)	10,000,000	16,027,195
Accounts payable and accrued liabilities	9,923,328	18,448,974
Accrued interest on long term debt	381,177	449,301
Deferred revenue (Note 7)	18,448,288	9,791,127
Deferred capital contributions (Note 8)	265,100,308	264,660,314
Retirement and other employee future benefits (Note 9)	4,303,361	4,189,909
Debenture Debt and Capital Loans (Note 10)	<u>27,510,456</u>	<u>32,616,863</u>
	<u>335,666,918</u>	<u>346,183,683</u>

Net debt (Page 9)

(251,665,847) (249,839,111)

Non-financial assets

Prepaid expenses	2,286,144	1,677,864
Tangible capital assets (Note 14)	<u>322,114,314</u>	<u>318,303,359</u>
	<u>324,400,458</u>	<u>319,981,223</u>

Accumulated Surplus (Note 15)

\$ 72,734,611 \$ 70,142,112

Contractual obligations and contingent liabilities (Note 17)

Approved by

Director of Education and
Chief Executive Officer

Superintendent of Business, Finance and
Facility Services

See accompanying notes to the consolidated financial statements.

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

Year ended August 31	Budget 2022 (Unaudited)	Actual 2022	Actual 2021
Revenues			
Provincial grants - Grants for Student Needs (Note 12)	\$ 252,095,429	\$ 251,229,614	\$ 246,215,895
Provincial grants - Other	10,688,248	15,944,605	12,243,626
School generated funds	3,500,000	3,773,008	971,307
Federal grants and fees	769,137	719,361	1,197,425
Investment income	-	72,398	87,452
Recovery of transportation costs (Note 18)	24,747,814	22,621,456	22,595,664
Amortization of deferred capital contributions (Note 8)	14,005,516	13,630,731	11,949,424
Education development charges	901,676	3,205,586	8,150,931
Other fees and revenues	3,995,509	3,168,949	2,650,396
	<u>310,703,329</u>	<u>314,365,708</u>	<u>306,062,120</u>
Expenditures			
Instruction	227,335,825	228,408,544	219,522,298
Administration	7,986,425	7,267,313	7,038,736
Transportation (Note 18)	33,667,517	31,142,279	31,303,714
Pupil accommodation	39,582,153	41,379,665	40,423,335
School generated funds	3,500,000	3,575,408	1,943,344
	<u>312,071,920</u>	<u>311,773,209</u>	<u>300,231,427</u>
Annual surplus (deficit)	(1,368,591)	2,592,499	5,830,693
Accumulated surplus, beginning of year	<u>70,142,112</u>	<u>70,142,112</u>	<u>64,311,419</u>
Accumulated surplus, end of year	<u>\$ 68,773,521</u>	<u>\$ 72,734,611</u>	<u>\$ 70,142,112</u>

See accompanying notes to the consolidated financial statements.

**Durham Catholic District School Board
Consolidated Statement of Cash Flows**

Year ended August 31

2022

2021

Operating activities

Annual surplus	\$ 2,592,499	\$ 5,830,693
Non-cash charges to operations		
Amortization expense	13,962,422	13,540,306
Amortization of deferred capital contributions	(13,630,731)	(11,949,424)
Retirement and other employee future benefits	113,452	(657,604)
Sources (uses) of cash		
Accounts receivable - other	(2,223,512)	3,055,906
Prepaid expenses	(608,280)	1,858,512
Accounts payable and accrued liabilities	(8,525,646)	(3,581,227)
Accrued interest on long term debt	(68,124)	(64,699)
Deferred revenue - operating	641,167	732,384
Cash (applied to) provided by operating activities	<u>(7,746,753)</u>	<u>8,764,847</u>

Investing activities

Change in temporary investments	<u>(785)</u>	<u>295,703</u>
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Financing activities

Principal repayment on net debt and capital loans	(5,106,407)	(4,860,244)
Additions to deferred capital contributions	14,070,725	21,838,157
Increase in deferred revenue - capital	8,015,994	802,954
Decrease in accounts receivable - Government of Ontario - Approved Capital	<u>7,473,394</u>	<u>3,127,973</u>
Cash provided by financing activities	<u>24,453,706</u>	<u>20,908,840</u>

Capital activities

Purchase of tangible capital assets	<u>(17,773,377)</u>	<u>(22,468,127)</u>
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Net (decrease) increase in cash and cash equivalents

(1,067,209) 7,501,263

Cash and cash equivalents, beginning of year

1,198,047 (6,303,216)

Cash and cash equivalents, end of year

\$ 130,838 \$ 1,198,047

Cash and cash equivalents consists of:

Cash and cash equivalents	\$ 10,130,838	\$ 17,225,242
Bank indebtedness	<u>(10,000,000)</u>	<u>(16,027,195)</u>
Total cash and cash equivalents	<u>\$ 130,838</u>	<u>\$ 1,198,047</u>

See accompanying notes to the consolidated financial statements.

**Durham Catholic District School Board
Consolidated Statement of Change in Net Debt**

Year ended August 31	2022	2021
Annual surplus	\$ <u>2,592,499</u>	\$ <u>5,830,693</u>
Tangible capital asset activity		
Acquisition of tangible capital assets	(17,773,377)	(22,468,127)
Amortization of tangible capital assets	13,962,422	13,540,306
Transfer to assets held for sale	-	21,008,977
	<u>(3,810,955)</u>	<u>12,081,156</u>
Other non-financial asset activity		
Increase (decrease) in prepaid expenses	<u>(608,280)</u>	<u>1,858,512</u>
(Increase) decrease in net debt	(1,826,736)	19,770,361
Net debt, beginning of year	<u>(249,839,111)</u>	<u>(269,609,472)</u>
Net debt, end of year	\$ <u>(251,665,847)</u>	\$ <u>(249,839,111)</u>

See accompanying notes to the consolidated financial statements.

August 31, 2022

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

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

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

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

August 31, 2022

- Education property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510; and
- Budget figures be presented on the consolidated statement of change in net debt.

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.

b) Reporting Entity

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

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

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

c) Cash and Cash Equivalents

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

d) Temporary Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at cost.

e) 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. Deferred revenue includes an operating and a capital component:

August 31, 2022

- (i) Operating deferred revenue amounts are recognized as revenue in the fiscal year the related expenses are incurred or service performed.
- (ii) Capital deferred revenue represents capital contributions received that remain unspent as at year end. These amounts are recognized as deferred capital contributions in the year the amounts are spent.

f) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as 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 purpose; and
- Education property taxation revenues which were historically used to fund capital assets.

g) Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario – Education Workers (ETFO-EW) and Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Education Workers' Alliance of Ontario (EWAO), Canadian Union of Public Employees (CUPE), ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding 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. Upon transition of the employee groups' health, dental and life benefits plans to the

August 31, 2022

ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for some retirees who are retired under these plans.

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

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

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

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System 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.

August 31, 2022

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

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

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

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

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

August 31, 2022

i) Government Transfers

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

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

j) Investment Income

Investment income is reported as revenue in the period earned.

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

k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.

l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1a 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 employee future benefits, estimated useful lives of tangible capital assets and historical cost of tangible capital assets. Actual results could differ from these estimates.

August 31, 2022

m) Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

n) 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 Provincial Grants for Student Needs.

o) Revenue Recognition

- (i) **Recovery of Transportation Costs:** Recovery of transportation costs are recognized as revenue in accordance with the terms of the Durham Student Transportation Services Consortium agreement.
- (ii) **School Generated Funds:** School generated funds revenues consist of revenues for various school activities and are recognized as revenue in the year the activities occur.
- (iii) **Education Development Charges:** Education development charges are recognized as revenue in the period in which the related eligible expenditures are recorded.

2. Temporary Investments

Temporary investments are comprised as follows:

	2022		2021	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Money Market Funds	15,495	15,495	14,710	14,710

August 31, 2022

3. Accounts Receivable – Other

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in Accounts Receivable - Other at August 31, 2022 is \$2,461,703 (2021 - \$2,444,545).

4. Accounts Receivable – Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Durham Catholic District School 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 of Ontario of \$35,290,212 as at August 31, 2022 (2021 - \$42,763,606) with respect to capital grants.

5. Assets Held For Sale

As of August 31, 2022, \$21,008,977 (2021 - \$21,008,977) related to vacant land was recorded as assets held for sale. The Board declared the vacant Brooklin secondary school site and the vacant Ajax-Audley elementary school site as surplus to its needs and not required for the purposes of the Board.

6. Bank Indebtedness

The Board has lines of credit available to the maximum of \$90,000,000 to address operating requirements and to bridge capital expenditures.

Interest on these credit facilities are at the bank's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.

As at August 31, 2022 the amount drawn under these facilities was \$10,000,000 (2021 - \$16,027,195). In addition, the Board has outstanding letters of credit in the amount of \$247,607 (2021 - \$247,607) as at August 31, 2022.

August 31, 2022

7. 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, 2022 is comprised of:

	Balance as at August 31, 2021	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to (from) deferred capital contributions	Balance as at August 31, 2022
Legislative Grants	\$2,343,351	\$37,294,914	\$37,764,643	\$-	\$1,873,622
Other Ministry Grants	654,583	10,266,074	9,445,069	-	1,475,588
Other Provincial Grants	-	474,139	455,246	-	18,893
Other	234,413	1,070,179	799,181	-	505,411
Total Deferred Revenue - Operating	3,232,347	49,105,306	48,464,139	-	3,873,514
School Renewal	3,733,056	3,106,303	1,062,706	2,247,043	3,529,610
Other Ministry Grants	364,022	1,935,375	1,609,176	-	690,221
Education Development Charges	-	11,098,827	3,205,586	-	7,893,241
Proceeds of Disposition	2,461,702	-	-	-	2,461,702
Total Deferred Revenue – Capital	6,558,780	16,140,505	5,877,468	2,247,043	14,574,774
Total Deferred Revenue	\$9,791,127	\$65,245,811	\$54,341,607	\$2,247,043	\$18,448,288

August 31, 2022

8. Deferred Capital Contributions

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

	2022	2021
Balance, beginning of year	\$264,660,314	\$254,771,581
Additions to deferred capital contributions	14,070,725	21,838,157
Revenue recognized in the period	(13,630,731)	(11,949,424)
Balance as at August 31	\$265,100,308	\$264,660,314

August 31, 2022

9. Retirement and Other Employee Future Benefits

Retirement and Other Employee Future Benefit Liabilities	2022			2021
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	\$768,180	\$3,533,394	\$4,301,574	\$4,192,991
Unamortized Actuarial (Loss) at August 31	(1,787)	-	(1,787)	(3,082)
Employee Future Benefits Liability at August 31	\$769,967	\$3,533,394	\$4,303,361	\$4,189,909
Change in Retirement and Other Employee Future Benefit Obligations	2022			2021
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost ¹	\$-	\$1,308,159	\$1,308,159	\$293,397
Interest on Accrued Benefit Obligation	17,150	45,551	62,701	61,105
Change due to plan amendment	-	-	-	108,192
Recognized Actuarial Gains	(81,898)	-	(81,898)	(173,010)
Benefit Payments	(229,984)	(1,037,054)	(1,267,038)	(947,288)
	\$(294,732)	\$408,184	\$113,452	\$(657,604)

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

August 31, 2022

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the Board contributed \$3,883,055 (2021 - \$3,955,721) 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 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. 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.

(iv) Retirement Life Insurance and Health Care Benefits

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

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Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 requires school boards 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 previously negotiated collective agreements included such provision.

(ii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to all employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick Leave Top-up Benefits

As a result of changes made in 2013 to the 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 and disability plan in that year. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

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, 2022 and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

August 31, 2022

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2022. 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:

	2022	2021
	%	%
Inflation	2.00	1.80
Insurance and health care cost escalation	3.00-5.00	4.50-7.25
Discount on accrued benefit obligations	3.90	1.80

August 31, 2022

10. Debenture Debt and Capital Loans

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

	2022	2021
CIBC Mellon Global Series 2000 – A1 debenture, repayable semi-annually at \$944,244 principal and interest, with an effective interest rate of 7.20%, maturing June 2025	\$5,014,971	\$6,463,694
Ontario Financing Authority, term loan, repayable semi-annually at \$93,943 principal and interest at 4.56% due November 2031	1,435,545	1,553,907
Ontario Financing Authority, term loan, repayable semi-annually at \$86,308 principal and interest at 4.95%, due March 2033	1,433,899	1,532,612
Ontario Financing Authority, term loan, repayable semi-annually at \$25,973 principal and interest at 5.28%, due April 2035	483,112	508,771
Ontario Financing Authority, term loan, repayable semi-annually at \$380,620 principal and interest at 5.28%, due April 2035	7,079,694	7,455,706
Ontario Financing Authority, term loan, repayable semi-annually at \$65,392 principal and interest at 5.28%, due April 2035	1,216,324	1,280,924
Ontario Financing Authority, term loan, repayable semi-annually at \$1,745,072 principal and interest at 3.94%, due September 2025	10,846,911	13,821,249
Balance as at August 31	\$27,510,456	\$32,616,863

August 31, 2022

Principal and interest payments relating to net debenture debt and capital loans of \$27,510,456 outstanding as at August 31, 2022 are due as follows:

	Principal	Interest Payments	Total
2022	\$5,366,060	\$1,317,046	\$6,683,106
2023	5,640,020	1,043,086	6,683,106
2024	5,929,132	753,974	6,683,106
2025	2,029,284	486,027	2,515,311
2026	877,894	426,778	1,304,672
Thereafter	7,668,066	1,641,644	9,309,710
Total	\$27,510,456	\$5,668,555	\$33,179,011

Interest on long-term debt amounted to \$1,508,576 (2021 - \$1,758,164).

11. Debt Charges and Capital Loans and Leases Interest

	2022	2021
Principal payments on long-term liabilities	\$5,106,407	\$4,860,244
Interest payments on long-term liabilities	1,576,699	1,822,862
	\$6,683,106	\$6,683,106

August 31, 2022

12. 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. The payment amounts of this funding are as follows:

	2022	2021
Provincial Legislative Grants	\$212,128,226	\$205,706,094
Education Property Tax	39,101,388	40,509,801
	\$251,229,614	\$246,215,895

13. Expenses by Object

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

	2022 Budget (Unaudited)	2022 Actual	2021 Actual
Expenses:			
Salary and wages	\$197,742,445	\$199,859,011	\$192,683,497
Employee benefits	36,226,915	36,574,815	33,661,381
Staff development	993,331	525,782	401,323
Supplies and services	18,445,616	16,612,390	17,404,037
Interest charges on capital	1,556,979	1,508,576	1,758,164
Rental	1,472, 555	1,418,950	1,460,735
Fees and contract services	37,571,511	37,364,958	36,942,679
School fund activities	3,500,000	3,575,408	1,943,344
Other	354,393	370,897	435,961
Amortization	14,208,175	13,962,422	13,540,306
	\$312,071,920	\$311,773,209	\$300,231,427

14. Tangible Capital Assets

	Cost (in 000's)					Accumulated Amortization (in 000's)					Net Book Value (in 000's)	
	Balance at September 1, 2021	Additions and Transfers	Disposals	Transfer to Assets Held for Sale	Balance at August 31, 2022	Balance at September 1, 2021	Amortization	Disposals, Write-offs, Adjustments	Transfer to Assets Held for Sale	Balance at August 31, 2022	August 31, 2022	August 31, 2021
Land	\$48,951	\$2,592	\$-	\$-	\$51,543	\$-	\$-	\$-	\$-	\$-	\$51,543	\$48,951
Land Improvements	8,062	1,309	-	-	9,371	3,994	632	-	-	4,626	4,745	4,068
Buildings	416,505	12,340	-	-	428,845	157,675	11,187	-	-	168,862	259,983	258,830
Portable Structures	6,454	-	-	-	6,454	5,889	67	-	-	5,956	498	565
First time equipping	3,679	-	86	-	3,593	1,766	337	86	-	2,017	1,576	1,913
Furniture	914	-	17	-	897	645	84	17	-	712	185	269
Equipment	1,314	87	257	-	1,144	701	108	257	-	552	592	613
Computer hardware	3,491	1,428	6	-	4,913	1,369	1,302	6	-	2,665	2,248	2,122
Computer software	2,760	10	1,640	-	1,130	1,997	213	1,640	-	570	560	763
Vehicles	401	7	87	-	321	191	32	87	-	136	185	210
Total	\$492,531	\$17,773	\$2,093	\$-	\$508,211	\$174,227	\$13,962	\$2,093	\$	\$186,096	\$322,115	\$318,304

a) Assets under construction: Assets under construction having a value of \$126,540 (2021 - \$11,613,622) have not been amortized. Amortization of these assets will commence when the asset is put into service. Included in the additions for the year is capitalized interest in the amount of \$40,947 (2021 - \$66,761).

b) Write-down of Tangible Capital Assets: There were no write-downs of tangible capital assets during the year (2021 - \$NIL).

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15. Accumulated Surplus

	2022	2021
Accumulated Surplus:		
Amounts restricted for future use by Board motion	\$-	\$1,566,771
Invested in land	72,526,405	69,057,273
Other	208,206	(481,932)
Total	\$72,734,611	\$70,142,112

Comprised of:

Year ended August 31	2022	2021
Amounts restricted for future use by Board motion		
Operating (a)	\$-	\$1,566,771
Invested in land (b)	72,526,405	69,057,273
Other		
Committed sinking fund interest	1,220,759	1,316,130
Interest on long term debt	(381,176)	(449,300)
School generated funds	1,853,380	1,655,780
Employee benefits and post employment liabilities	(2,484,757)	(3,004,542)
Sub Total (c)	208,206	(481,932)
Total (a) + (b) + (c)	\$72,734,611	\$70,142,112

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16. Ontario School Board Insurance Exchange (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

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.

17. Contractual Obligations and Contingent Liabilities

The Board has entered into contractual obligations for completion of school projects and capital initiatives. The Board has outstanding commitments of \$8,852,706 as at August 31, 2022 that will be incurred as capital expenditures in future years as the projects are completed.

The Board has entered into operating leases for premises in Ajax and Oshawa. In addition, the Board has entered into operating leases for computer equipment. The minimum annual lease payments for the next five years and thereafter are as follows:

Year	Amount
2023	\$1,462,952
2024	1,224,740
2025	1,077,389
2026	1,038,227
2027	1,064,943
Thereafter	3,147,787
	\$9,016,038

The Board is contingently liable with respect to litigation and claims, which arise from time to time in normal course of business. In the opinion of management, the liability that may arise from such contingencies would not have a significant adverse effect on the financial position of the Board, and therefore, no amounts have been recorded in these financial statements.

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18. Durham Student Transportation Services (DSTS) Consortium

Transportation Consortium

On December 19, 2005, the Board entered into an agreement with the Durham District School Board (DDSB) in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Durham Student Transportation Services (DSTS) are shared. No member Board is in a position to exercise unilateral control.

As part of the agreement both Boards directly remunerate the employees who were previously working exclusively for their respective Boards. All other expenses are paid by the Durham Catholic District School Board (DCDSB) on behalf of the Consortium with a monthly recovery from the Durham District School Board with a final cash flow reconciliation done at year-end. As such the Consolidated Financial Statements for the Durham Catholic District School Board reflect all payments made on behalf of the consortium as shown on the Consolidated Statement of Operations and the corresponding recovery from the Durham District School Board of \$22,621,456 is recorded as revenue in this Statement.

A summary of these transactions are as follows:

Expenditure	DDSB	DCDSB	Total 2022	Total 2021
Student Transportation	\$21,025,230	\$7,406,125	\$28,431,355	\$29,026,544
Administrative Costs	2,506,630	1,114,698	3,621,328	3,058,163
Total Expenditures	23,531,860	8,520,823	32,052,683	32,084,707
Administrative Costs Paid Directly by DDSB	(910,404)	-	(910,404)	(780,993)
Total	\$22,621,456	\$8,520,823	\$31,142,279	\$31,303,714

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19. In-Kind Transfers from the Ministry of Government and Consumer Services

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 Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$2,810,662 (2021 -\$1,027,865) with expenses based on use of \$2,810,662 (\$1,027,865) for a net impact of \$NIL.

20. Subsequent Event

Subsequent to the year ended August 31, 2022, the Board sold the vacant Ajax-Audley elementary school site for the amount of \$17,150,299. This property is included in Assets Held for Sale on the Consolidated Statement of Financial Position.

21. Impact of Covid-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had significant financial, market and social impacts, due to government-imposed lockdowns and social distancing requirements. The board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. Although all 2021-22 financial impacts were managed, the full extent of the financial impact on the financial position and results of the board for future periods is not possible to reliably estimate.

22. 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.

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments* must be implemented at the same time. The board has not adopted any new accounting standards for the year ended August 31, 2022.

August 31, 2022

- i. Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the board as of September 1, 2022 for the year ending August 31, 2023):

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

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

PS 3401 *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* will no longer apply.

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.

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.

August 31, 2022

- ii. 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.