GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Administrative Office: 451 Park Street West, P. O. Box 210, Windsor, Ontario N9A 6K1

PUBLIC SESSION MEETING OF THE AUDIT COMMITTEE

Monday, November 13, 2023
451 Park Street West (Board Committee Room)

In attendance at this meeting:

- Cynthia Swift, KPMG (External Auditor)
- Kevin Macchio, KPMG (External Auditor)

AGENDA

Pages			
	A.	CALL TO ORDER (Superintendent Armstrong, Chair Pro Tem)	

Land Acknowledgement
We acknowledge that we are on land and surrounded by water, originally inhabited by Indigenous Peoples who have travelled this area since time immemorial. This territory is within the lands honoured by the Wampum Treaties; agreements between the Anishinaabe (Ah-nish-e-naa-bay), Haudenosaunee (Hoe-den-oh-show-nee), Lenni (Len-eh) Lenape (Le-naw-pay) and allied Nations to peacefully share and care for the resources around the Great Lakes.Specifically, we would like to acknowledge the presence of the Three Fires Confederacy (Ojibwey (Oh-jib-way), Odawa (Oh-dah-wah), Potawatomi (Paw-taw-watt-oh-me) and Huron/Wendat (Wen-dat) Peoples.We are dedicated to honouring Indigenous history and culture while remaining committed to moving forward respectfully with all First Nations, Inuit and Métis.

	B.	ATTENDANCE	
	C.	APPROVAL OF AGENDA	
	C.1	Agenda	
	D.	NEW BUSINESS	
	D.1	Audit Committee a) Election of Chairperson of the Audit Committee b) Election of Vice-chairperson of the Audit Committee	
	E.	CONVENE TO PRIVATE SESSION PUBLIC SESSION WILL RECONVENE UPON ADJOURNMENT OF PRIVATE SESSION	
	F.	DECLARATION OF CONFLICT OF INTEREST	
	G.	ACTIONS OF AUDIT COMMITTEE MEETING PRIVATE SESSION	
	H.	APPROVAL OF MINUTES	
1 - 2	H.1	Minutes of Public Session meeting of the Audit Committee – September 18, 2023	*Attachment 1*
	I.	BUSINESS ARISING FROM THE MINUTES	

J. PRESENTATION
Nil

K. NEW BUSINESS

3 - 51 K.1 Draft Audited Financial Statements for the Year Ended August 31, 2023 *Attachment 2*

THAT IT BE RECOMMENDED FOR THE APPROVAL BY THE BOARD OF TRUSTEES THAT THE ATTACHED AUDITED FINANCIAL STATEMENTS OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD FOR THE YEAR ENDED AUGUST 31, 2023 BE APPROVED.

L. REPORTS

L.1 Annual Report to the Board of Trustees and Forwarded to the
52 Ministry of Education for the year ended August 31, 2023 *Attachment 3*

M. ADJOURNMENT

Note: Item K.1 will be going forward to the Special Board Meeting (date – TBA) as New Business.
Item L.1 will be going forward to the Board Meeting of December 5, 2023 as Reports

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Next scheduled meeting of the Audit Committee is:

- June 10, 2024 at 3:00 p.m., 451 Park Street West

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Administrative Office: 451 Park Street West, Windsor, Ontario. N9A 6K1

MINUTES OF A PUBLIC SESSION MEETING OF THE AUDIT COMMITTEE OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD HELD ON MONDAY, SEPTEMBER 18, 2023 IN THE LEAMINGTON ROOM AND VIRTUAL BY MICROSOFT TEAMS

PRESENT AUDIT COMMITTEE MEMBERS:
G. Hatfield (Chairperson)
S. Cipkar
D. Reid (External member) - Virtually

REGRETS R. LeClair

ADMINISTRATION:
V. Houston, Director
S. Armstrong, Superintendent of Business

OTHER ADMINISTRATIVE STAFF:
S. Maheux, Manager of Financial Services
R. Skeates, Supervisor Accounting

OTHERS IN ATTENDANCE:
C. Swift, KPMG (External Auditor)
K. Macchio (External Auditor)

RECORDER: T. Meloche

A. CALL TO ORDER

Chairperson Hatfield called the meeting to order at 3:00 p.m.

B. ATTENDANCE

Chairperson Hatfield noted Trustee LeClair sent his regrets and D. Reid was attending virtually.

C. APPROVAL OF AGENDA

Moved by Trustee Cipkar
Seconded by D. Reid

THAT THE AGENDA BE APPROVED AS PRINTED.

CARRIED

D. NEW BUSINESS

E. CONVENE TO PRIVATE SESSION

Moved by Trustee Cipkar
Seconded by D. Reid

TO MOVE INTO PRIVATE SESSION.

CARRIED

F. DECLARATION OF CONFLICT OF INTEREST
Excerpt from Ontario Regulation 361/10 - Audit Committees:

Declaration of Conflicts:
Subsection 14(1): Every member of an audit committee shall, when he or she is appointed to the committee for the first time *<u>and at the first meeting of the committee in each fiscal year</u>*, *submit a written declaration to the chair of the committee declaring whether he or she has a conflict of interest as described in subsection 4 (2).*
Subsection 4(2): For purposes of clause (1) (c), a person has a conflict of interest if his or her parent, child or spouse is employed by the board.

Subsection 14(3): If a member or his or her parent, child or spouse could derive any financial benefit relating to an item on the agenda for a meeting, the member shall declare the potential benefit at the start of the meeting and withdraw from the meeting during the discussion of the matter and shall not vote on the matter.

There were no Declarations of Conflict of Interest for this meeting.

G. <u>ACTIONS OF AUDIT COMMITTEE MEETING PRIVATE SESSION</u>

Moved by D. Reid
Seconded by Trustee Cipkar

THAT ITEMS E.1, FROM THE PRIVATE SESSION OF THE SEPTEMBER 18, 2023 AUDIT COMMITTEE MEETING BE PUT ON THE AGENDA OF THE COMMITTEE OF THE WHOLE PRIVATE SESSION BOARD MEETING OF SEPEMBER 19, 2023 AS NEW BUSINESS AND THAT ITEMS F.1 F.2 BE PUT ON THE AGENDA OF THE COMMITTEE OF THE WHOLE PRIVATE SESSION BOARD MEETING OF SEPTEMBER 19, 2023 AS REPORTS.

CARRIED

H. <u>APPROVAL OF MINUTES</u>

Moved by Trustee Cipkar
Seconded by D. Reid

THAT THE MINUTES OF THE JUNE 27, 2023 AUDIT COMMITTEE MEETING (PUBLIC SESSION) BE APPROVED AS PRINTED.

CARRIED

I. <u>BUSINESS ARISING FROM THE MINUTES</u>
Nil

J. <u>NEW BUSINESS</u>
Nil

K. <u>REPORTS</u>
Nil

L. <u>ADJOURNMENT</u>
There being no further business before the Committee, the Chairperson adjourned the meeting at 3:42 p.m.

Next scheduled meeting of the Audit Committee is:

- November 13, 2023 at 3:00 p.m.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD
MEMORANDUM

TO: CHAIRPERSON AND MEMBERS OF THE AUDIT COMMITTEE OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

FROM: SHELLEY ARMSTRONG, SUPERINTENDENT OF BUSINESS AND TREASURER
SHAWN MAHEUX, MANAGER OF FINANCIAL SERVICES

SUBJECT: DRAFT AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

DATE: NOVEMBER 13, 2023

Demonstrating Ethical Stewardship

AIM:

To obtain approval of the audited financial statements of the Greater Essex County District School Board for the year ended August 31, 2023.

BACKGROUND:

Accounting staff worked closely with the board's external auditors (KPMG), in the preparation of these financial statements. It is the opinion of KPMG that the financial statements, "present fairly, in all material respects, the consolidated financial position of the board as at August 31, 2023, and its consolidated results of operations, its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards." This is known as an unqualified audit opinion.

The following sections provides key highlights of the financial statements.

Statement of Operations and Accumulated Surplus

In-Year and Year End Surplus / (Deficit) for Compliance Purposes

The financial statements report an in-year surplus of **$5.2 million** for the fiscal year ended August 31, 2023. This amount excludes adjustments for Ministry of Education compliance purposes which mainly relate to the amortization of post-retirement benefits, retirement gratuity liabilities, asset retirement obligation adjustments and revenues recognized for land. After these adjustments, the in-year surplus for Ministry of Education compliance purposes is **$0.05 million**.

The overall change to the surplus from revised estimates is attributable to the following items:

			Dollars in Millions
2022-23 Deficit for Compliance – Revised Estimates			**($4.45)**
2022-23 In-year Actual Changes			
	GSN changes for enrolment and salary benchmarks (excluding transportation)	0.89	
	Salaries and benefits greater than budgeted	(1.10)	
	Increase in Transportation deficit	(0.61)	
	Actuarial gain on employee future benefits	1.41	
	Other grants and revenue	1.62	
	Interest income	1.60	
	Other net budget savings	0.69	4.50
2022-23 Surplus for Compliance			**$0.05**

GSN changes for enrolment and benchmarks:

GSN funding increased by $894,000 compared to revised estimates. This increase is the result of an increase in GSN salary benchmarks, net of impact from a decrease in student enrolment.

The primary driver of funding is student average daily enrolment (ADE). The increase/(decrease) in ADE from Revised Estimates is shown below:

	Actual	Revised Estimates	Increase/ (Decrease)
Kindergarten (JK & SK)	4,471	4,458	13
Grades 1-3	7,230	7,208	22
Grades 4-8	13,240	13,241	(1)
Total Elementary	**24,941**	**24,907**	**34**
Total Secondary	**11,442**	**11,728**	**(286)**
Total Average Daily Enrolment (ADE) – Pupils of the Board *	**36,383**	**36,635**	**(252)**
Other Pupils – VISA ADE *			
Elementary	14	5	9
Secondary	96	94	2
Total	**110**	**99**	**11**
High Credit and pupils 21 years and over – Grade 9 to 12 *	**32**	**-**	**32**

Overall ADE decreased by 252 ADE. There was a slight increase in the total number of international fee-paying students (11 ADE). Also, there were 32 ADE of high credit and pupils 21 years and over that were not included in the Revised Estimates.

Salaries and benefits greater than budgeted:

Salaries and benefits represent approximately 80% or $396 million of the board's budget. Conservative assumptions and estimates were made in the calculation of budgeted salaries and benefits and actual results may vary. Salaries and benefits are approximately $1.1 million higher than the revised budget representing a 0.3% variance from revised budget.

A significant portion of this increase represents additional salary expenses (and associated benefit costs) for ratified collective agreements and provisions for outstanding collective agreements. At the time the revised budget was submitted to the Ministry, all union groups were still in the process of negotiating a new collective agreement. A nominal provision for salary increases of 1% was included in the revised budget for all employees excluding the Director, Superintendents and Principals and Vice-Principals, in accordance with Ministry guidelines.

During the year, CUPE and OCEW ratified new collective agreements, with retroactive payments to September 1, 2022. Actual increases are recorded in salary and benefit expenses. As at year end, Teachers and Other Education Worker Union Groups had yet to reach agreements. In accordance with Ministry guidance at year end, a provision of 1.25% (an increase of 0.25% from revised estimates) for wage increases was calculated for these employee groups and a corresponding expense was charged to salary expenses. Additional GSN salary benchmark funding was provided to offset the provision for salary increases.

Absenteeism, specifically short- and long-term illness, continues to be an area of concern. As part of the revised budget process, the board increased teacher supply costs by $3.1 million (from $8.7 million to $11.8 million). This increase in supply teacher cost is unfunded. At year end, actual teacher supply costs totalled $12.5 million.

Transportation:

There continues to be a funding gap in the area of student transportation. As a result of increased operator costs, a total deficit of $1.8 million was incurred for the 2022-23 school year, representing an increase of $0.6 million compared to revised estimates.

Actuarial gain on Employee Future Benefits (EFB):

Each year, the board obtains an actuarial valuation of the employee future benefits liability which consists of:

- Retirement Gratuity Benefit
- Carry-over Sick Leave Benefit
- Post-Retirement Benefit, and
- WSIB Benefit

Assumptions are used by the actuary to determine the value of the liability. These assumptions can change significantly from year-to-year. One of the key assumptions in determining the liability is the discount rate. School Boards' Co-operative Inc. (SBCI) completed a discount rate study as at August 31, 2023 to determine the equivalent single discount rate that reproduces the present value of projected cash flows for all school board clients, using a constructed Province of Ontario spot rate curve. As a result, the discount rate applied in the valuation increased from 3.90% to 4.40% resulting in actuarial gains of approximately $1.4 million (2021-22 - $9.1 million gain) for all the board's discounted obligations. The volatility of the rate can have a significant impact on in-year actual results.

Other Grants and Revenue:

Throughout the year, additional one-time grants and other revenue totaling approximately $1.6 million were received that were in excess of revised budgeted amounts.

- Energy rebates – $467,000
- Rental revenue (community use of schools) – $414,000
- Prior year grant adjustments – $265,970
- Credit card rebates and other miscellaneous rebates and discounts – $243,000
- GreenShield retirement benefit plan surplus refund – $110,000
- St. Clair College of Applied Arts and Technology funding for dual credits – $103,000

Interest Income:

The board earns interest on its deposits at the average month Royal Bank Prime rate less 1.85%. Also, the Ministry pays interest to the Board on approved capital spending prior to Ministry reimbursement. As a result of the increase in the Prime Rate throughout the year and cash management strategies, the board earned $1.6 million more interest than budgeted.

Statement of Financial Position

Financial Assets:

Financial assets decreased $13.1 million from the prior year.

↑	**$1.4 million**	**Cash and short-term investments**	Accounts are held at the Royal Bank of Canada (RBC). This change is explained in the Consolidated Statement of Cash Flows.
↓	**$1.9 million**	**Accounts receivable**	The decrease is mainly attributable to the change in the HST receivable account. At year end, there were two (2) months of outstanding rebates totaling $3.6 million compared to four (4) months of outstanding rebates totaling $5.7 million in the prior year.

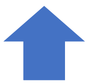
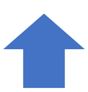
⬇	**$13.2 million**	**Accounts receivable – Government of Ontario ***	The decrease is mainly attributable to the change in the Ministry Capital Receivable account. Year-over-year this account decreased $14 million (from $165 million in 2021-22 to $151 million in 2022-23). This decrease is largely due to the amount and timing of capital grant payments. There was a large increase in the amount of capital grant payments received throughout 2022-23 compared to the prior year.
⬆	**$0.5 million**	**Assets held for sale**	The prior year balance represents the net realizable value of Prince Andrew Public School, which was classified as an asset held for sale in 2022-23 year end. In addition, Giles French Immersion Public School was reclassified as an asset held for sale in 2022-23 at its net realizable value.

* Cash Management Strategy. On September 1, 2018, the ministry implemented a cash management strategy to help reduce the Province's borrowing costs. Under the policy, the board's monthly cash flows are refined based on cash requirements. The board's funding entitlements remains the same under the Grants for Student Needs (GSN) regulation; however, the board records a receivable from the Province for the difference between funding entitlement and the actual cash flow received. This policy also applies to Proceeds of Disposition balances while recognizing the board's needs for renewal and other capital projects. A receivable in the amount of $21.0 million has been recorded at August 31, 2023 (August 31, 2022 - $21.1 million).

Financial Liabilities:

Financial liabilities increased $43.8 million from the prior year.

⬇	**$2.5 million**	**Accounts payable and accrued liabilities**	The decrease is a result of the following two factors: 1. There was one (1) additional cheque/EFT run in 2022-23 compared to 2021-22 in the month of August; 5 runs in August 2023 and 4 runs in August 2022. 2. There were two (2) schools finishing completion in 2021-22 compared to one (1) school in 2022-23.
⬇	**$0.7 million**	**Amounts held in trust**	Represents a decrease in amounts owing to employees in salary deferral programs (i.e. 4 over 5 plans).

	**$9.5 million**	**Net long-term debt**	Represents regularly scheduled principal payments on debentures issued prior to 2017-18. Starting in 2017-18, no further debentures may be issued to fund school construction. Interest and capital costs are funded to school boards in the following year based on year end reporting.
	**$1.6 million**	**Deferred revenue**	The $19.3 million in deferred revenue primarily is made up of the following: • Proceeds of Disposition - $62,000 • Assets Held for Sale - $842,000 • Education Development Charges (EDC) - $2.9 million • Restricted Grants - $15.0 million The variance over the prior year primarily relates to an increase in restricted grants which will be carried forward for use in future years.
	**$3.4 million**	**Employee future benefits**	The decrease is due to: • The change in the discount rate assumption from 3.9% to 4.4%, resulting in an actuarial gain of approximately $1.4 million • Payment of gratuities and reductions to the retirement benefits pool
	**$53.7 million**	**Deferred capital contributions (DCC)**	Represents the funding set aside (deferred) for the purchase of capital assets and capital construction incurred which will be recognized as income and will offset the future amortization expense over the assets' useful lives. Significant capital construction occurred during the year, impacting the DCC balance.
	**$4.7 million**	**Asset retirement obligation (ARO) ***	There were no new ARO liabilities identified during 2022-23. The increase is representative of a 14.05% inflation escalation adjustment recorded as of March 31, 2023.

* PS 3280 Asset Retirement Obligations (ARO), new for 2022-23, establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022, on a modified retroactive basis with prior period restatement.

In the past, the board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a tangible capital asset.

The board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board, may result in additional asset retirement obligations. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

As a result of applying this accounting standard, an asset retirement obligation of $39,087,563 (2022 – $34,434,802) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, Tangible Capital Asset (TCA) gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

Non-Financial Assets:

Financial liabilities increased $62.1 million from the prior year.

⬆	**$0.9 million**	**Prepaid expenses**	Represents new prepaid amounts for licenses/products for the 2022-23 school year (i.e. there were 16 prepaid accounts at year end compared to 3 in the prior period).
⬆	**$0.2 million**	**Inventory of supplies**	Total inventory primarily represents personal protective equipment (PPE). There were additional orders totaling $2.6 million in 2022-23. This was offset by approximately $0.7 million in usage as well as a $1.7 million write-off of expired/expiring Covid PCR tests.

⬆	**$61.0 million**	**Tangible capital assets**	During the year there was $84.2 million in Tangible Capital Asset (TCA) additions as well as a $4.1 million increase in TCA-ARO assets due to the application of a 14.05% inflation adjustment. These increases were offset by amortization expenses totalling $26.8 million and deemed disposals of $0.1 million. Also, Giles French Immersion Public School was written down to net realizable value ($524,000) and transferred from Assets in Service to Assets Held for Sale.

The Accumulated Surplus

The continuity of the surplus for Ministry compliance and financial statements is shown below (000's):

Fund	Opening Balance	In Year Increase (Decrease)	Closing Balance
Operating	32,013	(599)	31,414
School budgets	366	(315)	51
Committed Capital:			
Campbell Public School	773	(27)	746
LaSalle Public School	2,186	(132)	2,054
Better Places	5,000	(658)	4,342
Administrative buildings – capitalized assets	1,587	(104)	1,483
School buildings	611	949	1,560
Technology	11	(11)	-
Kingsville JK-12	3,116	-	3,116
Committed Capital Adjustment	(948)	948	-
Surplus - For Ministry Compliance	**44,715**	**51**	**44,766**
Employee future benefits	(26,518)	4,528	(21,990)
Interest accruals	(1,419)	106	(1,313)
School generated funds	4,303	(280)	4,023
Revenues recognized for land	29,433	3,117	32,550
Asset Retirement Obligations to be covered in the future	(20,397)	(1,392)	(21,789)
Committed Capital Adjustment	948	(948)	-
(Deficit)/Surplus - Unavailable for Compliance	**(13,650)**	**5,131**	**(8,519)**
Total Accumulated Surplus	**31,065**	**5,182**	**36,247**

The opening balance of the operating surplus as at August 31, 2022 is $32.0 million. For 2022-23, total operating expenses exceed operating revenues, resulting in an in-year operating deficit of $0.6 million. After in-year adjustments for School Budgets and Committed Capital a surplus of $51,000 is reported for Ministry Compliance purposes.

The closing balance of operating surplus for Ministry compliance purposes is $44.8 million and is restricted by the following:

- The board can use this surplus every year for operating expenses, but only up to 1% of the year's operating allocation (approximately $4.5 million) without Ministry approval.

Amounts equal to the capital costs of unsupported capital expenditures (Committed Capital) have been internally appropriated in prior years. Therefore, the board does not have a capital deficit. These balances will be drawn down each year on the same basis as the related assets are amortized. This will create an in-year negative surplus adjustment for compliance purposes.

RECOMMENDATIONS:

THAT IT BE RECOMMENDED FOR APPROVAL BY THE BOARD OF TRUSTEES THAT THE ATTACHED AUDITED FINANCIAL STATEMENTS OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD FOR THE YEAR ENDED AUGUST 31, 2023 BE APPROVED.

ATTACHMENTS:

- Greater Essex County District School Board Financial Statements – August 31, 2023

Consolidated Financial Statements of

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

And Independent Auditor's Report thereon

Year ended August 31, 2023

Greater Essex County District School Board

451 Park St. W., P.O. Box 210, Windsor, ON N9A 6K1 · 519-255-3200

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

Vicki Houston	Shelley Armstrong
Director of Education	Superintendent of Business & Treasurer

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Greater Essex County District School Board

Opinion

We have audited the consolidated financial statements of the Greater Essex County District School Board (the Board) which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2023, and its consolidated results of operations, its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended August 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

Approval Date

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2023, with comparative information for 2022

		2023		2022 (Restated - note 2)
Financial assets:				
Cash and cash equivalents (note 3)	$	41,078,933	$	39,639,115
Accounts receivable		15,630,217		17,502,987
Accounts receivable - Government of Ontario (note 4)		177,093,766		190,271,006
Assets held for sale (note 5)		1,054,547		530,000
Total financial assets		234,857,463		247,943,108
Financial liabilities:				
Accounts payable and accrued liabilities		36,233,616		38,748,872
Amounts held in trust (note 6)		4,822,768		5,539,014
Net long-term debt (note 7)		124,247,951		133,732,950
Deferred revenue (note 8)		19,258,109		17,673,188
Employee future benefits (note 9)		39,928,239		43,367,762
Deferred capital contributions (note 10)		547,080,196		493,339,859
Asset retirement obligation (note 11)		39,087,563		34,434,802
Total financial liabilities		810,658,442		766,836,447
Net debt		(575,800,979)		(518,893,339)
Non-financial assets:				
Prepaid expenses		1,404,589		527,079
Inventories of supplies (note 16)		2,630,324		2,452,229
Tangible capital assets (note 12)		608,012,241		546,978,664
Total non-financial assets		612,047,154		549,957,972
Accumulated surplus (note 13)	$	36,246,175	$	31,064,633

Commitments and contingencies (notes 17, 18 and 19)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

___________________________________ Director of Education

___________________________________ Chair of the School Board

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (Restated and Unaudited)	2023 Actual	2022 Actual (Restated - note 2)
Revenues:			
Grants for Student Needs (note 14)			
Provincial Legislative Grants	$ 403,778,010	$ 408,078,355	$ 389,339,741
Education Property Tax	63,985,793	68,840,385	65,864,109
Provincial grants - Other	9,136,821	14,265,080	15,820,488
Ministry of Government and Consumer Services (note 16)	-	2,501,336	4,385,569
Ministry of Labour, Immigration,Training and Skills Development - Ontario Youth Apprenticeship Program	275,031	333,853	276,298
Federal grants and fees	-	971,874	416,794
Other fees and revenues	2,519,100	8,665,024	4,093,667
Investment income	500,000	2,104,830	447,293
School fundraising and other activities	10,000,000	7,702,305	3,905,889
	490,194,755	513,463,042	484,549,848
Expenses:			
Instruction	376,525,377	383,986,551	379,128,484
Administration	11,780,281	12,476,907	10,927,190
Transportation	15,236,322	17,505,755	16,156,687
Pupil accommodation	69,139,689	72,288,889	69,904,902
Other	4,786,445	14,041,266	1,457,130
School funded activities	10,000,000	7,982,132	4,267,156
	487,468,114	508,281,500	481,841,549
Annual surplus	2,726,641	5,181,542	2,708,299
Accumulated surplus, beginning of year	31,064,633	31,064,633	28,356,334
Accumulated surplus, end of year	$ 33,791,274	$ 36,246,175	$ 31,064,633

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

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

	2023	2022 (Restated - note 2)
Annual surplus	$ 5,181,542	$ 2,708,299
Acquisition of tangible capital assets	(84,245,520)	(71,653,931)
Amortization of tangible capital assets	25,947,824	26,021,723
Amortization of asset retirement obligations	853,519	853,519
Loss on sale of capital assets	-	1,148,496
Proceeds on sale of capital assets	-	13,104
Transfer of assets held for sale	524,548	530,000
Change in estimate of TCA-ARO	(4,113,948)	-
Write-down of tangible capital assets	-	236,818
	(55,852,035)	(40,141,972)
Acquisition of inventories of supplies	(2,648,182)	(2,450,311)
Acquisition of prepaid expenses	(1,202,253)	(192,269)
Consumption of inventories of supplies	2,470,087	656,128
Use of prepaid expenses	324,743	886,607
Change in net debt	(56,907,640)	(41,241,817)
Net debt, beginning of year	(518,893,339)	(477,651,522)
Net debt, end of year	$ (575,800,979)	$ (518,893,339)

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

	2023	2022 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 5,181,542	$ 2,708,299
Items not involving cash:		
Amortization of tangible capital assets	25,947,824	26,021,723
Amortization of TCA-ARO	853,519	853,519
Increase of TCA-ARO	(4,113,948)	-
Deferred net proceeds on disposal of restricted assets	-	(731,653)
Transfer to financial assets	524,548	530,000
Net proceeds on sale of assets held for sale	-	731,653
Write-down on transfer to asset held for sale	-	236,818
Gain on sale of capital assets	-	(13,104)
Decrease in employee future benefits	(3,439,523)	(11,939,957)
Write-down on disposals	-	1,161,600
Change in net working capital:		
Decrease (increase) in accounts receivable	15,050,010	(686,976)
(Increase) decrease in assets held for sale	(524,547)	105,000
Increase in inventories of supplies	(178,095)	(1,794,183)
(Increase) decrease in prepaid expenses	(877,510)	694,338
(Decrease) increase in accounts payable and accrued liabilities	(2,515,256)	5,525,501
(Decrease) increase in amounts held in trust	(716,246)	122,944
Increase (decrease) in deferred revenue	1,584,921	(2,235,643)
Increase in deferred capital contributions	53,740,337	44,457,974
Increase in asset retirement obligations	4,652,761	-
Net change in cash from operating activites	95,170,337	65,747,853
Financing activities:		
Debt repayments	(9,484,999)	(9,044,365)
Net change in cash from financing activities	(9,484,999)	(9,044,365)
Capital activities:		
Proceeds on sale of capital assets	-	13,104
Purchase of tangible capital assets	(84,245,520)	(71,653,931)
Net change in cash from capital activities	(84,245,520)	(71,640,827)
Net change in cash and cash equivalents	1,439,818	(14,937,339)
Cash and cash equivalents, beginning of year	39,639,115	54,576,454
Cash and cash equivalents, end of year	$ 41,078,933	$ 39,639,115

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the 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:

These 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 Greater Essex County District School Board (the "board") and which are controlled by the board.

School generated funds, which include the assets, liabilities, revenues and expenses of various entities which 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 entities are eliminated.

(c) Cash and cash equivalents:

Cash and cash equivalents are comprised 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.

1. Significant accounting policies (continued):

(d) 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 are performed.

(e) 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to employees of certain employee groups. These benefits include life insurance, health care benefits, dental benefits, retirement/sick plan gratuities, workers' compensation benefits and long-term disability benefits.

1. Significant accounting policies (continued):

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and the Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE EWBT) and 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 staff), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in 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 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 for certain groups and for some retirees who are retired under these plans.

1. Significant accounting policies (continued):

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

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

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and 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 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 plans, such as the Ontario Municipal Employees Retirement System pension, 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.

1. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets (TCA) are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction and legally or contractually required retirement activities. 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 TCA. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

TCA, except land and construction in progress, are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
First-time equipping of schools	10
Furniture and equipment	5 - 15
Computer hardware	3
Computer software	1 - 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. TCA 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.

1. Significant accounting policies (continued):

(h) 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.

(i) 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.

(j) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

1. Significant accounting policies (continued):

(k) 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 the carrying value of TCA and employee future benefits. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $39,087,563. 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.

(l) Education Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs under Education Property Tax.

2. Change in Accounting Policy – Adoption of New Accounting Standards:

The board considered the adoption of the following standards concurrently beginning September 1, 2022: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses. A Statement of Remeasurement Gains and Losses has not been prepared, as there is no activity to present.

2. Change in Accounting Policy – Adoption of New Accounting Standards (continued):

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. There were no unrealized gains or losses arising from foreign currency changes.

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

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. There were no unrealized gains or losses arising from changes in fair value.

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

In the past, the board has reported its obligations related to the retirement of TCA in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a TCA, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the TCA. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated TCA.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a TCA.

2. Change in Accounting Policy – Adoption of New Accounting Standards (continued):

The board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

As a result of applying this accounting standard, an asset retirement obligation of $39,087,563 (2022 – $34,434,802) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization and amortization expense for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	2022 as previously reported	Adjustments	2022 as restated
Consolidated Statement of Financial Position:			
TCA including ARO	$ 532,940,761	$ 14,037,903	$ 546,978,664
ARO liability	-	34,434,802	34,434,802
Accumulated Surplus	51,461,532	(20,396,899)	31,064,633
Consolidated Statement of Operations:			
Amortization of TCA-ARO	-	853,519	853,519
Surplus/(deficit) for the year	3,561,818	(853,519)	2,708,299
Consolidated Statement of Change in Net Debt:			
Annual Surplus (deficit)	3,561,818	(853,519)	2,708,299
Amortization of TCA (including TCA-ARO)	26,021,723	853,519	26,875,242
Change in Net Debt	-	-	-

3. Cash and cash equivalents:

Cash and cash equivalents include the following:

	2023	2022
Non-restricted funds	$ 34,016,902	$31,564,627
Held in trust:		
Four/five deferred salary plans	2,792,042	4,544,944
School funds	4,237,363	3,496,918
Other	32,626	32,626
	$ 41,078,933	$ 39,639,115

4. Accounts receivable – Government of Ontario:

Accounts receivable from the Government of Ontario consist of:

	2023	2022
Capital (1)	$ 150,881,172	$ 164,965,298
Delayed grant payment (2)	21,069,458	21,543,920
Other operating (3)	5,143,136	3,761,788
	$177,093,766	$ 190,271,006

(1) 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.

(2) 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.

(3) Other operating grants relate to receivable balances for multiple Priorities and Partnerships Fund (PPF) grants from the Ministry of Education as well as amounts receivable from the Ministry of Labour, Immigration, Training and Skills Development.

5. Assets held for sale:

As of August 31, 2023, $1,054,547 (2022 - $530,000) relating to the former Prince Andrew Public School and Giles French Immersion Public School are recorded as assets held for sale. During the year, the former Giles French Immersion Public School with a TCA net book value of $311,933 and related TCA-ARO of $212,614 was reclassified to assets held for sale from TCA.

6. Amounts held in trust:

Amounts held in trust consist of:

	2023	2022
Bequests for scholarships and bursaries	$ 2,030,726	$ 2,042,096
Employee four/five plans	2,792,042	3,496,918
	$ 4,822,768	$ 5,539,014

7. Net long-term debt:

Net long-term debt reported on the Consolidated Statement of Financial Position consists of:

	2023	2022
The Canada Life Assurance Company Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of $253,216 due semi-annually	$ 245,447	$ 713,983
The Canada Life Assurance Company Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of $92,987 due semi-annually	850,455	975,765
VersaBank Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of $122,412 due monthly	3,745,118	4,975,084
The Ontario Financing Authority (OFA) Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of $678,717 due semi-annually	9,476,913	10,371,491
Manulife Financial Corporation Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of $332,485 due semi-annually	4,691,401	5,087,039

7. Net long-term debt (continued):

	2023	2022
The Ontario Financing Authority (OFA) Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of $717,054 due semi-annually	11,052,145	11,912,936
The Ontario Financing Authority (OFA) Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of $447,710 due semi-annually	5,503,165	6,088,886
The Ontario Financing Authority (OFA) Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of $689,939 due semi-annually	11,390,869	12,164,643
The Ontario Financing Authority (OFA) Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of $1,363,757 due semi-annually	22,420,163	23,881,314
The Ontario Financing Authority (OFA) Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of $231,038 due semi-annually	4,057,064	4,297,403
The Ontario Financing Authority (OFA) Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of $56,278 due semi-annually	1,066,345	1,125,223
The Ontario Financing Authority (OFA) Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of $374,246 due semi-annually	7,764,085	8,191,573
The Ontario Financing Authority (OFA) Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of $449,733 due semi-annually	9,744,434	10,282,193
The Ontario Financing Authority (OFA) Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of $394,992 due semi-annually	8,898,366	9,337,743
The Ontario Financing Authority (OFA) Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of $6,557 due semi-annually	152,582	159,383
The Ontario Financing Authority (OFA) Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of $274,485 due semi-annually	7,211,892	7,537,679
The Ontario Financing Authority (OFA) Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of $593,510 due semi-annually	15,977,507	16,630,612
	$ 124,247,951	$ 133,732,950

7. Net long-term debt (continued):

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2023 are due as follows:

	Principal Payment	Interest	Total
2023/24	$ 9,694,122	$ 5,435,014	$ 15,129,136
2024/25	9,903,188	4,972,741	14,875,929
2025/26	10,010,828	4,497,868	14,508,696
2026/27	9,353,512	4,053,472	13,406,984
2027/28	9,793,802	3,613,172	13,406,974
Thereafter	75,492,499	13,516,221	89,008,720
Total payments in respect of long-term debt	$ 124,247,951	$ 36,088,488	$ 160,336,439

Interest expense on net long-term debt amounted to $5,897,362 (2022 - $6,239,636).

8. Deferred revenue:

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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

	Balance as at August 31, 2022	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2023
Proceeds of disposition	$ 1,544,939	$ 30,695	$ 1,513,285	$ -	$ 62,349
Assets held for sale	530,000	311,933	-	-	841,933
Education development charges	3,957,764	2,077,113	-	3,117,106	2,917,771
Restricted grants	11,640,485	108,257,623	6,161,262	98,300,790	15,436,056
	$ 17,673,188	$ 110,677,364	$ 7,674,547	$101,417,896	$ 19,258,109

8. Deferred revenue (continued):

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2022 consists of:

	Balance as at August 31, 2021	Externally restricted additions (dispositions)	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2022
Proceeds of Disposition	$ 1,513,286	$ 731,653	$ 700,000	$ -	$ 1,544,939
Assets held for Sale	635,000	(105,000)	-	-	530,000
Education development charges	1,639,687	2,335,949	-	17,872	3,957,764
Restricted grants	16,120,858	108,875,424	14,330,099	99,025,698	11,640,485
	$19,908,831	$ 111,838,026	$15,030,099	$ 99,043,570	$ 17,673,188

9. Retirement and other employee future benefits:

The board provides defined post retirement and other future benefits to employees of certain employee groups. These benefits include post retirement life insurance and health care benefits, dental benefits, retirement/sick plan gratuity benefits, future paid sick leave benefits, and workers' compensation benefits. The liabilities associated with these plans are as follows:

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Workers' Compensation benefit	2023 Total employee future benefits
Balance at August 31,2022	$ 17,591,511	$16,006,489	$ 416,327	$ 9,353,435	$43,367,762
Net expense (gain) for the year [1]	(293,955)	716,631	147,337	757,127	1,327,140
Less: benefit payments	(1,114,453)	(2,244,840)	(205,880)	(1,201,490)	(4,766,663)
Balance at August 31,2023	$ 16,183,103	$ 14,478,280	$ 357,784	$ 8,909,072	$39,928,239

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

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Workers' Compensation benefit	2022 Total employee future benefits
Balance at August 31,2021	$26,504,838	$17,785,287	$ 457,998	$10,559,596	$55,307,719
Net (gain) expense for the year (1)	(7,446,093)	679,844	465,893	233,359	(6,066,997)
Less: benefit payments	(1,467,234)	(2,458,642)	(507,564)	(1,439,520)	(5,872,960)
Balance at August 31,2022	$17,591,511	$16,006,489	$ 416,327	$ 9,353,435	$43,367,762

The components of the cost of providing these benefits for the year are as follows:

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Workers' Compensation benefits	2023 Total employee future benefits
Current year benefit cost	$ -	$ -	$ 357,784	$ 415,772	$ 773,556
Interest on accrued benefit obligation	664,337	586,309	-	341,355	1,592,001
	664,337	586,309	357,784	757,127	2,365,557
Amortization of actuarial (gain) loss	(958,292)	130,322	(210,447)	-	(1,038,417)
Net expense (gain) for the year (1)	$ (293,955)	$ 716,631	$ 147,337	$ 757,127	$ 1,327,140

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

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Workers' Compensation benefits	2022 Total employee future benefits
Current year benefit cost	$ -	$ -	$ 416,327	$ 56,242	$ 472,569
Interest on accrued benefit obligation	463,882	330,642	-	177,117	971,641
	463,882	330,642	416,327	233,359	1,444,210
Amortization of actuarial (gain) loss	(7,909,975)	349,202	49,566	-	(7,511,207)
Net (gain) expense for the year [1]	$(7,446,093)	$ 679,844	$ 465,893	$ 233,359	$(6,066,997)

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

Actuarial Assumptions

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

	2023	2022
Inflation (excluding health care and dental expenses)	2.0%	2.0%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	4.4%	3.9%

Health care costs were assumed to increase by 7.0% for 2022-23, reducing by 0.1% in each subsequent year to an ultimate rate of increase of 5.0%. Dental costs were assumed to increase by a flat rate of 5.0% per annum.

The principal benefits provided, the costs and liabilities of which are included in the board's consolidated financial statements, are as follows:

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

(a) 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 of contributions.

(b) 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.

(c) Sick Leave Top-Up Benefits:

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $147,337 (2022 - $465,893).

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

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

(d) 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 employees who are not yet members of an ELHT. The Board is responsible for the payment of life insurance premiums and the costs of dental and 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.

(e) Workplace Safety and Insurance Board (WSIB) obligations:

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

Other benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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's contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed $6,619,757 (2022 - $6,186,846) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for these arrangements is included in the Board's consolidated financial statements.

10. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of TCA 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	$ 493,339,859	$ 448,881,885
Additions to deferred capital contributions	78,961,451	71,401,335
Revenue recognized in the period	(24,909,181)	(26,413,361)
Transfers to deferred revenue	(311,933)	(530,000)
Balance, end of year	$ 547,080,196	$ 493,339,859

11. Asset retirement obligations:

The board has recorded ARO as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts. As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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

	2023	2022 (Restated)
Liabilities for ARO at Beginning of Year		
Opening Balance	$ 34,434,802	$ 34,434,802
Liabilities Incurred During the Year	-	-
Increase in liabilities reflecting changes in the estimate of liabilities[1]	4,830,940	-
Liabilities settled during the year	(178,179)	-
Liabilities for ARO at end of year	$ 39,087,563	$ 34,434,802

[1] Reflecting changes from an inflation rate adjustment as of March 31, 2023

11. Asset retirement obligations (continued):

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

Further evaluation was done on the board's liability balances as at August 31, 2023, where it was determined no further adjustment was necessary for inflation.

12. Tangible Capital Assets:

	Cost						Accumulated Amortization					Net Book Value
	Balance at August 31, 2022 (Restated)	Additions	ARO - Changes in Estimates	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2023	Balance at August 31, 2022 (Restated)	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2023	Balance at August 31, 2023
Land	$ 29,432,443	$ 4,228,901	$ -	$ -	$ -	$ 33,661,344	$ -	$ -	$ -	$	$ -	$ 33,661,344
Land improvements	25,393,675	2,449,718	-	(260,906)	-	27,582,487	13,123,682	1,528,101	(260,011)		14,391,772	13,190,715
Buildings	669,200,267	32,268,261	-	34,573,872	-	736,042,400	251,754,590	19,389,868	(13,274,988)		257,869,470	478,172,930
Buildings ARO	33,798,644	-	4,113,948	(5,541,535)	-	32,371,057	19,760,741	853,519	(4,214,126)		16,400,134	15,970,923
Portable structures	11,069,713	894,547	-	-	-	11,964,260	3,689,909	575,849			4,265,758	7,698,502
Buildings 20 Year	181,825	-	-	-	-	181,825	13,637	9,091			22,728	159,097
Construction in progress	54,513,210	40,056,105	-	(50,634,046)	-	43,935,269	-	-			-	43,935,269
Pre-acquisition costs	768,235	16,725	-	(704,508)	-	80,452	-	-			-	80,452
Furniture and equipment	2,132,898	409,368	-	-	(123,388)	2,418,878	1,198,143	182,139		(123,388)	1,256,894	1,161,984
First time equipping	7,311,054	1,674,733	-	-	-	8,985,787	3,438,959	738,250			4,177,209	4,808,578
Computer hardware	10,102,612	2,005,304	-	-	-	12,107,916	5,131,892	3,157,198			8,289,090	3,818,826
Computer software	1,283,772	208,224	-	-	-	1,491,996	536,275	255,498			791,773	700,223
Vehicles	1,559,758	33,634	-	-	-	1,593,392	1,121,614	111,830			1,233,444	359,948
Assets Permanently Removed from Service	552,500	-	-	11,728,810	-	12,281,310	552,500		8,550,155		9,102,655	3,178,655
Assets Permanently Removed from Service ARO	-	-	-	4,622,439	-	4,622,439	-		3,507,644		3,507,644	1,114,795
Total	$ 847,300,606	$ 84,245,520	$ 4,113,948	$ (6,215,874)	$ (123,388)	$ 929,320,812	$ 300,321,942	$ 26,801,343	$ (5,691,326)	(123,388)	$ 321,308,571	$ 608,012,241

(a) Assets under construction:

Assets under construction having a value of $40,015,721 (2022 - $55,281,445) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Deemed disposals of tangible capital assets:

Pooled assets with a gross book value of $123,388 (2022 - $4,794,750) and a net book value of $nil (2022 - $nil) are deemed to be disposed of.

(c) Assets Permanently Removed from Service relates to Sun Parlor Jr. Public School (2011), General Amherst (2023), and Eastwood (2023)

12. Tangible Capital Assets:

	Cost						Accumulated Amortization						Net Book Value
	Balance at August 31, 2021	Adj Cost TCA ARO	Additions	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2022 (Restated)	Balance at August 31, 2021	Adj Accumulated Amortization ARO	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2022 (Restated)	Balance at August 31, 2022
Land	$ 29,443,759	$ -	$ (11,316)	$ -	$ -	$ 29,432,443	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,432,443
Land improvements	24,668,118	-	1,409,677	(684,120)	-	25,393,675	11,892,562	-	1,615,999	(384,879)	-	13,123,682	12,269,993
Buildings	644,332,196		29,816,517	(2,030,896)	(2,917,550)	669,200,267	236,339,930	-	18,910,362	(1,974,100)	(1,521,602)	251,754,590	417,445,677
Buildings ARO		33,798,644				33,798,644		19,760,741	-			19,760,741	14,037,903
Portable structures	9,927,442		1,750,038	-	(607,767)	11,069,713	3,781,152	-	516,524	-	(607,767)	3,689,909	7,379,804
Buildings 20 Year	181,825		-	-	-	181,825	4,546	-	9,091		-	13,637	168,188
Construction in progress	19,826,119		33,730,614	956,477	-	54,513,210	-	-	-	-	-	-	54,513,210
Pre-acquisition costs	1,539,605		359,069	(1,130,439)	-	768,235	-	-	-	-	-	-	768,235
Furniture and equipment	1,641,292		589,918	-	(98,312)	2,132,898	1,143,807	-	152,648	-	(98,312)	1,198,143	934,755
First time equipping	6,960,446		2,277,320	-	(1,926,712)	7,311,054	4,649,968	-	715,703	-	(1,926,712)	3,438,959	3,872,095
Computer hardware	11,149,223		1,284,412	-	(2,331,023)	10,102,612	3,723,150	-	3,739,767	-	(2,331,025)	5,131,892	4,970,720
Computer software	923,515		191,191	-	169,066	1,283,772	132,965	-	234,244	-	169,066	536,275	747,497
Vehicles	1,460,758		256,491	-	(157,491)	1,559,758	1,149,247	-	127,385	-	(155,018)	1,121,614	438,144
Assets Permanently Removed from Service	552,500		-	-	-	552,500	552,500	-	-	-	-	552,500	-
Assets Permanently Removed from Service ARO	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 752,606,798	$ 33,798,644	$ 71,653,931	$ (2,888,978)	$ (7,869,789)	$ 847,300,606	$ 263,369,827	$ 19,760,741	$ 26,021,723	$ (2,358,979)	$ (6,471,370)	$ 300,321,942	$ 546,978,664

13. Accumulated surplus:

Accumulated surplus consists of the following:

		2023		2022 (Restated)
Surplus:				
Operating	$	31,413,780	$	32,013,015
Employee future benefits		(21,990,084)		(26,518,238)
Interest accruals		(1,313,086)		(1,418,899)
School generated funds		4,022,788		4,302,614
Revenues recognized for land		32,549,547		29,432,441
Asset Retirement Obligations to be covered in the future		(21,789,229)		(20,396,898)
Amounts restricted for future use by board motion:				
School budgets		51,153		365,822
Campbell Public School		745,962		773,088
LaSalle Public School		2,053,674		2,186,169
Better Places		4,342,200		5,000,110
Administrative buildings – capitalized assets		1,482,844		1,587,083
School buildings		1,560,326		611,231
Technology		-		10,795
Kingsville JK-12		3,116,300		3,116,300
	$	36,246,175	$	31,064,633

Amounts restricted for future use by board motion – School budgets represents the current year's unspent school allocated budget.

Amounts restricted for future use by board motion – Campbell Public School represents amounts used to pay for the capital costs of Campbell Public School, net of amortization. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – LaSalle Public School represents amounts to be used to pay for the construction cost of LaSalle Public School, net of amortization. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

13. Accumulated surplus (continued):

Amounts restricted for future use by board motion – Better Places represents amounts used to pay for the capital costs of the Better Places renewal initiative, net of amortization. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – Administrative buildings – capitalized assets represent additions to Administrative buildings. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – School buildings represent capitalized additions and betterments to school buildings. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – Technology represent capitalized laptop additions. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – Kingsville JK-12 represents amounts to be used to pay for the Minor Tangible Capital Asset (MTCA) costs of the construction of the new Kingsville JK-12 school. When expenditures are incurred in future years, this amount will be applied against the operating surplus on the same basis as the related assets are amortized.

14. 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. Seventy-six (76) percent of the consolidated revenues of the Board are directly controlled by the provincial government through the grants for student needs.

14. Grants for Student Needs (continued):

The payment amounts of this funding are as follows:

	2023	2022
Education Property Tax	68,840,385	65,864,109
Provincial Legislative Grants	408,078,355	389,339,741
Balance, end of year	$ 476,918,740	$ 455,203,850

15. Expenses by object:

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

	2023 Budget (Restated and Unaudited)	2023 Actual	2022 Actual (Restated)
Current expenses			
Salary and wages	$ 329,803,651	$ 341,062,419	$ 334,756,436
Employee benefits	58,067,883	58,791,705	47,947,092
Staff development	1,038,754	2,306,181	1,059,576
Supplies and services	42,582,221	41,665,718	40,108,309
Interest	6,131,678	6,136,296	6,275,508
Rental expenses	161,564	487,325	429,845
Fees and contract services	20,329,292	23,526,795	20,901,062
Other	1,779,682	6,786,726	2,090,068
Amortization and write downs of TCA and TCA-ARO	27,573,389	26,801,344	28,273,653
Other expenses on ARO	-	716,991	-
	$ 487,468,114	$ 508,281,500	$ 481,841,549

16. In-kind transfers from the Ministry of Government and Consumer Services (MGCS):

To support school boards in implementing health and safety measures in response to COVID-19, the Ministry, through the Ministry of Government and Consumer Services provided personal protective equipment, critical supplies and equipment to school boards at no cost. For purposes of the financial statements, in-kind transfers are recorded to recognize the value of the contribution. The amounts recorded were calculated based on the weighted average cost of the personal protective equipment and critical supplies and equipment, as determined by the MGCS, and quantities received based on the Board's records. The in-kind revenues and expenses recorded in the Statement of Operations for these transfers totals $2,501,336 (2022 - $4,385,569).

Included in the inventory balance of $2,630,324 (2022 - $2,452,229) in the Statement of Financial Position is $2,627,845 (2022 - $2,449,590) related to supplies and equipment received from MGCS.

17. 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 of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022 were $684,487 (2021 - $769,595). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

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

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

17. Ontario School Board Insurance Exchange (OSBIE) (continued):

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

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

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

18. Commitments:

At August 31, 2023, the Board is committed to capital expenditures in the amount of $70,477,647 (2022 - $90,624,104) to be funded by Ministry of Education capital grant programs.

19. 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.

20. 2022-2023 Budget Reconciliation:

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

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

	2022-23 Budget	Change	2022-23 Budget (Restated and Unaudited)
Revenue	$ 490,194,755	$ -	$ 490,194,755
Expenses	486,614,595		486,614,595
Amortization of TCA-ARO	-	853,519	853,519
Annual surplus (deficit)	3,580,160	(853,519)	2,726,641
Accumulated surplus (deficit), beginning of year	51,461,532	(20,396,899)	31,064,633
Accumulated surplus (deficit), end of year	$ 55,041,692	(21,250,418)	33,791,274

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

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

21. Transportation consortium:

On January 20, 2003, the Board entered into an agreement with the Windsor-Essex Catholic District School Board and Conseil scolaire catholique Providence, formerly named Conseil Scolaire de district des écoles catholiques du Sud-Ouest, in order to provide common administration of student transportation within the combined jurisdictions of the current member school boards. On September 10, 2009, a new agreement was entered into and included the Conseil scolaire Viamonde. The consortium agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards.

On July 18, 2013 the consortium incorporated and became a separate legal entity known as Service de transport des élèves - Windsor-Essex Student Transportation Services. Under the formal agreement, decisions related to the financial and operating activities are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through Windsor-Essex Student Transportation Services. The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses. The board's pro-rata share for 2023 is 51.8% (2022 – 53.1%).

The following provides condensed financial information:

	2023 Total	2023 Board Portion	2022 Total	2022 Board Portion
Financial Position:				
Financial assets	$ 549,522	$ 336,437	$ 843,929	$ 118,322
Financial liabilities	549,522	462,208	843,929	744,494
Accumulated Deficit	-	(125,771)	-	(626,172)
Operations:				
Revenues	33,056,933	17,723,631	30,914,669	16,460,196
Expenses	33,056,933	17,723,631	30,914,669	16,460,196
Annual Surplus	$ -	$ -	$ -	$ -

22. Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received $1,779,682 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position. The flow-through of $1,779,682 (2022 - $1,779,682) in grants in respect of the above agreement for the year ended August 31, 2023, is recorded in these consolidated financial statements.

23. Comparative Information:

In addition to the adjustments described in Note 2 related to asset retirement obligations, certain reclassifications have been made to the prior year's financial statements to conform to the presentation used in the current year's financial statements. The changes have no impact on current or prior year's accumulated surplus.

24. Future accounting standard adoption:

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board as of September 1, 2023 for the year ending August 31, 2024):

(i) 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.

(ii) PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

(iii) PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

MEMORANDUM

TO: CHAIRPERSON AND TRUSTEES OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

FROM: GALE HATFIELD, CHAIRPERSON
AUDIT COMMITTEE

SUBJECT: ANNUAL REPORT TO THE BOARD OF TRUSTEES AND FORWARDED TO THE MINISTRY OF EDUCATION FOR THE YEAR ENDED AUGUST 31, 2023

DATE: NOVEMBER 13, 2023

Demonstrating Ethical Stewardship

District School Board Name: Greater Essex County District School Board
Fiscal Year: 2022/23

Re: Annual Audit Committee report to the Ministry of Education as per Ontario Regulation 361/10

During the 2022/23 fiscal year, the following internal audit was completed by the Regional Internal Audit Team:

- Cyber Security Maturity Assessment

During the 2023/24 fiscal year, the following internal audit is expected to be completed by the Regional Internal Audit Team as part of the 2023-24 internal audit plan:

- Student Safety Strategy and Response

AND

Based on the internal audit plan, the Regional Internal Audit Team will not be performing any enrolment audits.

Date

Gale Hatfield
Chairperson, Audit Committee