

Upper Canada District School Board  
Consolidated Financial Statements  
For the Year Ended August 31, 2023

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## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements are prepared in accordance with the Financial memorandum 2004: B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in Note 1 to the consolidated financial statements.

The consolidated financial statements are the responsibility of management and have been approved by the Board of Trustees.

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

*Original Signed*

Jeremy Hobbs, MBA  
Executive Superintendent of Business

*Original Signed*

Diana Kingston, CPA, CMA  
Comptroller of Finance

Brockville, Ontario  
November 22, 2023



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## Independent Auditor's Report

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To the Board of Trustees of Upper Canada District School Board

### Opinion

We have audited the consolidated financial statements of Upper Canada District School Board (the Entity), 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 change in 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 "consolidated financial statements")

In our opinion, the accompanying consolidated financial statements of the Entity as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### Basis for Opinion

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

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
November 22, 2023

# Upper Canada District School Board Consolidated Statement of Financial Position

August 31	2023	2022 (restated)
Financial assets:		
Cash	\$ 38,425,431	\$ 57,077,316
Investments (Note 3)	2,346,335	2,299,364
Accounts receivable :		
Government of Ontario (Note 4)	80,717,566	73,530,326
Municipalities	8,902,153	8,045,300
Other	44,803,889	27,964,137
Other assets	311,132	895,121
	<hr/>	<hr/>
Total financial assets	175,506,506	169,811,564
	<hr/>	<hr/>
Financial liabilities		
Accounts payable and accrued liabilities	39,414,066	37,755,643
Deferred revenue (Note 5)	38,421,970	32,829,710
Deferred capital contributions (Note 6)	366,128,727	335,003,937
Employee future benefits liability (Note 10)	16,652,209	17,773,413
Net long-term debt (Note 11)	56,556,001	61,113,212
Asset retirement obligations (Note 8)	29,951,807	26,554,468
	<hr/>	<hr/>
	547,124,780	511,030,383
	<hr/>	<hr/>
Net Debt	(371,618,274)	(341,218,819)
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Non-financial assets		
Prepaid expenses	5,120,087	4,819,784
Tangible capital assets (Note 14)	390,508,684	356,317,183
	<hr/>	<hr/>
	395,628,771	361,136,967
	<hr/>	<hr/>
Accumulated surplus	\$ 24,010,497	\$ 19,918,148
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Approved on behalf of the Board:

*Original Signed*

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Director of Education

*Original Signed*

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Chair of the Board

# Upper Canada District School Board

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended August 31	Budget 2023	Actual 2023	Actual 2022 (restated)
Revenue			
Provincial grants			
Grants for student needs	\$ 289,874,205	\$293,539,128	\$ 274,042,782
Other	7,709,565	9,743,244	20,599,190
Amortization of deferred capital contributions	18,862,839	19,271,819	17,441,283
Education Property Tax	72,795,995	75,826,241	72,851,753
School-generated funds	4,485,111	5,708,543	2,726,562
Federal grants and fees	3,011,206	3,135,043	3,599,974
Investment income	406,965	2,116,910	713,904
Other - school boards	19,500	69,928	9,400
Other sources	6,318,594	8,345,352	7,401,640
Deferred capital contributions on disposal of unrestricted and restricted assets	-	80,770	-
	<u>403,483,980</u>	<u>417,836,978</u>	<u>399,386,488</u>
Expenses (Note 16)			
Instruction	294,769,814	297,611,035	286,750,930
Administration	9,094,769	9,752,471	8,698,065
Transportation	35,439,646	38,759,719	34,785,032
Pupil accommodation	55,031,814	56,630,276	53,675,855
Other	5,066,261	5,761,973	7,548,500
School-generated funds	4,579,390	5,229,155	3,056,149
	<u>403,981,694</u>	<u>413,744,629</u>	<u>394,514,531</u>
Annual surplus	<u>(497,714)</u>	<u>4,092,349</u>	<u>4,871,957</u>
Accumulated surplus, beginning of the year	33,861,706	19,918,148	32,350,652
Accumulated surplus, asset retirement obligations adjustment	-	-	(17,304,461)
Adjusted surplus, beginning of the year	<u>33,861,706</u>	<u>19,918,148</u>	<u>15,046,191</u>
Accumulated surplus, end of year (Note 15)	<u>\$ 33,363,992</u>	<u>\$ 24,010,497</u>	<u>\$ 19,918,148</u>

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

## Upper Canada District School Board Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2023 (restated)	Actual 2023	Actual 2022 (restated)
Annual Surplus	\$ (497,714)	\$ 4,092,349	\$ 4,871,957
Tangible Capital Assets:			
Acquisition of tangible capital assets	(65,174,255)	(51,250,154)	(32,842,237)
Amortization of tangible capital assets	18,877,655	20,209,421	18,212,555
Proceeds on disposal of tangible capital assets	-	84,793	-
Gain on disposal of tangible capital assets	-	(4,014)	-
Transfer to assets held for sale	-	474,509	-
Change in estimate of asset retirement obligations	-	(3,706,056)	-
	(46,296,600)	(34,191,501)	(14,629,682)
Other Non-Financial Asset Activity			
Acquisition of prepaid expenses	-	(1,769,671)	(1,469,368)
Use of prepaid expenses	-	1,469,368	1,164,510
	-	(300,303)	(304,858)
Change in net debt	(46,794,314)	(30,399,455)	(10,062,583)
Net debt, beginning of year	(341,218,819)	(341,218,819)	(304,601,768)
Net debt, asset retirement obligations adjustment	-	-	(26,554,468)
Adjusted net debt, beginning of year	(341,218,819)	(341,218,819)	(331,156,236)
Net debt, end of year	\$(388,013,133)	\$(371,618,274)	\$ (341,218,819)

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



# Upper Canada District School Board

## Consolidated Statement of Cash Flows

For the year ended August 31	2023	2022 (restated)
Operating transactions		
Annual surplus	\$ 4,092,349	\$ 4,871,957
Items not affecting cash:		
Amortization of tangible capital assets	20,209,420	18,212,555
Gain on disposal of tangible capital assets	(4,014)	-
Amortization of deferred capital contributions	(19,271,819)	(17,441,283)
Transfer to financial assets	297,659	-
Decrease in employee benefits payable	(1,121,204)	(1,338,110)
Changes in non-cash working capital:		
Increase in accounts receivable	(17,696,605)	(13,469,933)
Settlement of asset retirement obligations liability through abatement	(131,864)	-
Decrease (increase) in other financial assets	583,988	(485,972)
Increase in accounts payable and accrued liabilities	1,658,423	1,918,861
Increase in prepaid expenses	(300,303)	(304,858)
Increase in operating deferred revenue	6,814,262	4,595,985
	<u>(4,869,708)</u>	<u>(3,440,798)</u>
Capital transactions		
Proceeds on disposal of tangible capital assets	84,793	-
Cash used to acquire tangible capital assets	<u>(51,250,154)</u>	<u>(32,842,237)</u>
	<u>(51,165,361)</u>	<u>(32,842,237)</u>
Investing transactions		
Increase in investments	<u>(46,971)</u>	<u>(42,040)</u>
Financing transactions		
Debt principal repayments and sinking fund contributions	(4,557,211)	(4,336,974)
Change in accounts receivable - approved capital grants	(7,187,240)	7,067,149
Increase (decrease) in capital deferred revenue	(1,222,002)	2,511,346
Additions to deferred capital contributions	<u>50,396,608</u>	<u>32,770,981</u>
	<u>37,430,155</u>	<u>38,012,502</u>
Net change in cash	(18,651,885)	1,687,427
Cash, beginning of the year	<u>57,077,316</u>	<u>55,389,889</u>
Cash, end of the year	<u>\$38,425,431</u>	<u>\$ 57,077,316</u>

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

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies

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

#### 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 in Ontario 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 of Ontario passed Ontario Regulation 395/11 of the Financial Administration Act (the "Regulation"). 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 and accumulated surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The Regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian public sector accounting standard PS3410;

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

#### 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 accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

#### Reporting entity

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

The consolidated financial statements include the following organizations:

(i) Student Transportation of Eastern Ontario (STEO): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board is a member of STEO with the Catholic District School Board of Eastern Ontario. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.

(ii) Upper Canada Leger Centre for Education and Training (UCLC): UCLC is deemed to be controlled by the Board, therefore the assets, liabilities, revenues, expenses, and net assets of UCLC have been reflected in the consolidated financial statements. UCLC was incorporated under the Corporations Act of Ontario. The Centre was created to enhance the development, implementation and advancement of community educational and training programs which are not funded by the Ministry of Education.

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

Reporting entity (continued)	<p>(iii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.</p> <p>(iv) Champions for Kids Foundation: the Foundation is deemed to be controlled by the Board, therefore the assets, liabilities, revenues, expenses, and net assets of the Foundation have been reflected in the consolidated financial statements. Champions for Kids was created to help level the playing field for children of struggling families.</p> <p>Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.</p>										
Trust funds	Trust funds and their related operations administered by the Board are not included in the consolidated financial statements, as they are not controlled by the Board										
Financial instruments	<p>Financial instruments are classified into three categories: fair value, amortized cost or cost. The following list shows the measurement method for each type of financial instrument.</p> <table><tr><th>Financial Instrument</th><th>Measurement Method</th></tr><tr><td>Fixed income securities</td><td>Amortized cost</td></tr><tr><td>Accounts receivable</td><td>Cost</td></tr><tr><td>Accounts payable and accrued liabilities</td><td>Cost</td></tr><tr><td>Long-term debt</td><td>Amortized cost</td></tr></table>	Financial Instrument	Measurement Method	Fixed income securities	Amortized cost	Accounts receivable	Cost	Accounts payable and accrued liabilities	Cost	Long-term debt	Amortized cost
Financial Instrument	Measurement Method										
Fixed income securities	Amortized cost										
Accounts receivable	Cost										
Accounts payable and accrued liabilities	Cost										
Long-term debt	Amortized cost										

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

#### Financial instruments (continued)

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

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

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

#### Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulations 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in the active market that must be recorded at fair value.

The board has portfolio investment in bonds and treasury bills, which are recorded at amortized cost using the effective interest rate method.

#### Deferred revenue

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

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

#### 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, is recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act.

These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

#### Retirement and other employee future benefits

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

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Elementary Teachers' Federation of Ontario (ETFO), Ontario Secondary School Teachers' Federation (OSSTF), including PSSP employee groups. The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (including daily occasional teachers), education workers (may exclude casual and temporary 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 provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: ETFO, OSSTF, and CUPE.

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 1. Significant accounting policies (continued)

#### 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 the management's best estimate of insurance and 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 (if applicable) and years of service since 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 life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as 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 benefits obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- ii. The cost of multi-employer defined pension plan benefit, 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.

#### Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction and legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.



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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 1. Significant accounting policies (continued)

**Tangible capital assets (continued)**      Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful life, as follows:

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

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

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

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

**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 in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 1. Significant accounting policies (continued)

Investment income	<p>Investment income is reported as revenue in the period earned.</p> <p>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.</p>
Long-term debt	<p>Long-term debt is recorded net of related sinking fund balances.</p>
Budget figures	<p>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.</p>
Use of estimates	<p>The preparation of consolidated financial statements in conformity with the basis of accounting described in this note requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the year. Accounts subject to significant estimates include certain accrued liabilities, deferred revenue, the useful lives of tangible capital assets and related amortization as well as assumptions related to employee future benefits. Actual results could differ from these estimates. These estimates are reviewed annually and, as adjustments become necessary, they are reported in the periods in which they become known.</p> <p>There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled material used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.</p>
Education property tax revenue	<p>Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.</p>

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 2. Change in accounting policy - adoption of new accounting standards

The Board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

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

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

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

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

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

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

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

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific.

# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

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

As a result of applying this accounting standard, asset retirement obligations of \$29,951,808 (2022 - \$26,554,468) were recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The Board has restated the prior period based on a 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 adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible Capital Assets including ARO	\$ 347,738,409	\$ 8,578,774	\$ 356,317,183
Asset retirement obligation liability	-	26,554,468	26,554,468
Accumulated Surplus (deficit)	37,893,842	(17,975,694)	19,918,148
Statement of Change in Net Debt			
Net debt, beginning of year	\$(304,601,768)	\$ (26,554,468)	\$ (331,156,236)
Annual Surplus (deficit)	5,543,190	(671,233)	4,871,957
Amortization of TCA (incl TCA-ARO)	17,541,322	671,233	18,212,555
Change in net debt	10,062,583	-	10,062,583
Statement of Operations			
Surplus (deficit) for the year	\$ 5,543,190	\$ (671,233)	\$ 4,871,957

### 3. Investments

Investments consist of Bonds. The investments are carried on the Statement of Financial Position. The terminology for investments has changed as at September 1, 2022 and the terms Temporary Investments and Investments are discontinued as of August 31, 2022.

Investments are comprised as follows:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities	\$ 2,346,335	\$ 2,192,171	\$ 2,299,364	\$ 2,163,585

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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4. Accounts receivable - Government of Ontario

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

The Board has an account receivable from the Province of Ontario of \$80,717,566 (2022 - \$73,530,326) with respect to capital grants.

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# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

### 5. Deferred revenue

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

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

	Balance at August 31, 2022	Externally restricted revenue and investment income	Transfers to deferred capital contributio ns	Revenue recognized in the period	Balance at August 31, 2023
Capital:					
Proceeds of disposition	\$ 4,983,602	\$ 918,141	\$ -	\$ -	\$ 5,901,743
School renewal	9,630,057	7,289,719	10,846,513	76,721	5,996,542
Third party	94,128	220,889	70,098	51,428	193,491
Minor tangible capital assets	-	9,426,608	2,467,202	6,959,406	-
Interest on capital	-	2,833,662	-	2,833,662	-
Temporary accommodations	-	119,234	-	119,234	-
Rural and Northern education fund	4,156,010	1,525,314	-	-	5,681,324
Experiential Learning Envelope	681,032	1,646,837	-	1,632,873	694,996
Priorities and partnerships fund	145,269	34,906	-	180,175	-
Total deferred revenue - capital	19,690,098	24,015,310	13,383,813	11,853,499	18,468,096
Operating:					
Special education	5,233,757	50,391,096	-	44,666,940	10,957,913
Other	2,447,873	439,048	-	1,025,130	1,861,791
Other legislative grants	2,295,114	8,438,874	-	7,140,152	3,593,836
Third party	3,162,868	377,466	-	-	3,540,334
Total deferred revenue - operating	13,139,612	59,646,484	-	52,832,222	19,953,874
Total deferred revenue	\$32,829,710	\$83,661,794	\$13,383,813	\$64,685,721	\$38,421,970

The third party revenue primarily relates to UCLC deferred revenue of \$3,498,765 (2022 - \$3,125,844) due to consolidation.

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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 6. Deferred capital contributions

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

	2023	2022
Balance, beginning of year	\$335,003,937	\$ 319,674,239
Additions to deferred capital contributions	50,915,479	32,770,981
Revenue recognized in the period	(19,352,598)	(17,441,283)
Transfer to assets held for sale	(438,091)	-
	<u>\$366,128,727</u>	<u>\$ 335,003,937</u>

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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 7. Asset retirement obligations

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

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

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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

As at August 31	2023	2022
Liabilities for asset retirement obligations at beginning of year	\$26,554,468	\$ -
Opening adjustments for PSAB adjustment	-	26,554,468
Increase in liabilities reflecting changes in the estimate of liabilities	3,706,056	-
Liabilities settled during the year	(308,717)	-
Liabilities for asset retirement obligations at end of year	<u>\$29,951,807</u>	<u>\$ 26,554,468</u>

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#### 8. Revaluation of asset retirement obligations liability

As a result of recent high levels of inflation regarding 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, and an adjustment of nil% was recorded to account for further changes as at August 31, 2023.

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 9. Financial instruments

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

#### Credit risk

The board's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the board's maximum credit exposure as at the Statement of Financial Position date.

#### Market risk

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

The board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

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# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

### 10. Retirement and other employee future benefits

	2023		2022	
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$13,890,013	\$ 2,792,835	\$16,682,848	\$ 18,578,434
Unamortized actuarial loss	(30,639)	-	(30,639)	(805,021)
Employee future benefits liabilities	\$13,859,374	\$ 2,792,835	\$16,652,209	\$ 17,773,413
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ 344,168	\$ 414,563	\$ 758,731	\$ 1,110,144
Interest on accrued benefit obligation	556,906	101,619	658,525	366,616
Amortization of actuarial loss (gain)	461,629	(1,102)	460,527	710,213
Employee future benefits expenses	\$ 1,362,703	\$ 515,080	\$ 1,877,783	\$ 2,186,973

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 10. Retirement and other employee future benefits (continued)

#### Actuarial assumptions:

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2023 (date actuarial probabilities were determined) and based on updated average daily salary and banked sick days (if applicable) 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
Discount rate	4.40%	3.90%
Salary growth	0.00%	0.00%
Dental benefits escalation	5.00% for 2023/24 remaining at a flat rate each year	5.00% for 2022/23 remaining at a flat rate each year
Health benefits escalation	5.00% for 2023/24 remaining at a flat rate each year	5.00% for 2022/2023 remaining at a flat rate each year

#### Retirement Benefits

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

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits paid the full premiums for such benefits and are included in a separate experience pool for participating retirees that is self-funded.

#### (a) Retirement benefits:

##### (i) The Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province 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.

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 10. Retirement and other employee future benefits (continued)

#### (ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed \$5,135,363 (2022 - \$4,880,210) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. At December 31, 2022 OMERS reported an actuarial funding deficit of \$6.7 billion (2022 - \$3.1 billion). No pension liability for this type of plan is included in the Board's consolidated financial statements.

#### (iii) Retirement gratuity benefits:

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.

The amount of the accrued benefit payable for retirement gratuities has been actuarially determined using the Projected Unit Credit Actuarial Cost Method pro-rated on services as at August 31, 2023 and is \$13,515,206 (2022 - \$14,464,284).

### (b) Other employee future benefits:

#### (i) Workplace Safety and Insurance Board obligations

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

The Board carries catastrophic risk insurance and has a reserve fund established for these liabilities which amounted to \$2,346,335 as at August 31, 2023 (2022 - \$2,299,364). The amount of liability for WSIB that was actuarially determined as at August 31, 2023 is \$2,726,408 (2022 - \$2,832,127).

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 10. Retirement and other employee future benefits (continued)

#### (ii) Accrued vacation pay:

Compensated vacation pay is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as of August 31, 2023 amount to \$1,880,521 (2022 - \$2,029,259) and are reported as part of the accounts payable and accrued liabilities.

#### (iii) 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 consolidated financial statements are \$31,489 (2022 - \$3,778).

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, 2012 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

The benefit liability in the consolidated financial statements as at August 31, 2023 amounts to \$344,168 (2022 - \$375,657).

#### (iv) Long-term disability salary compensation:

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

#### (v) Post-employment life insurance and health care benefits:

The Board provides a separate life insurance, health care and dental benefits plan for certain retirees. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the board's prior arrangements, retirees' premiums could be subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

#### (vi) Retiring allowance

CUPE employees hired after amalgamation also have a retiring allowance provision where the Board allocates \$500 each year for five years, upon successful completion of two years of service. As a result of the plan changes, employees no longer accumulate the retiring allowance, and no employee who began employment with the Board after August 31, 2012 is entitled to the benefit. The amount of the accrued benefit payable for retirement allowances has been actuarially determined and is included in accrued liabilities.

# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

### 11. Net long-term debt

Net long-term debt reported on the consolidated statement of financial position is comprised of debentures totaling \$56,556,001 (2022 - \$61,113,212), consisting of the following:

	2023	2022
Series 2004-A1 amortizing debenture payable, bearing interest at 5.483% blended principal and interest payments of \$1,005,845 payable semi-annually starting May 26, 2005, principal payable up to November 26, 2029	\$10,876,115	\$ 12,235,320
Series 2003-A2 amortizing debenture payable, bearing interest at 5.80%, blended principal and interest payments of \$537,077 payable semi-annually starting May 7, 2004, principal payable up to November 7, 2028	4,997,009	5,748,491
Amortizing debenture payable, bearing interest at 4.56% payable semi-annually starting May 15, 2007, principal payable up to November 17, 2031	2,444,603	2,675,363
Amortizing debenture payable, bearing interest at 4.90% payable semi-annually starting May 15, 2008, principal payable up to March 3, 2033	7,866,120	\$ 8,478,768
Amortizing debenture payable, bearing interest at 5.062% payable semi-annually starting May 15, 2009, principal payable up to March 13, 2034	1,994,576	2,130,067
Amortizing debenture payable, bearing interest at 5.232% payable semi-annually starting May 15, 2010, principal payable up to April 13, 2035	1,482,910	1,570,756
Amortizing debenture payable, bearing interest at 4.833% payable semi-annually starting May 16, 2011, principal payable up to March 11, 2036	11,545,650	12,183,140

# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

### 11. Net long-term debt (continued)

	2023	2022
Amortized debenture payable, bearing interest at 3.564% payable semi-annually starting May 15, 2012, principal payable up to March 9, 2037	\$ 1,403,642	1,481,104
Amortized debenture payable, bearing interest at 3.799% payable semi-annually starting May 15, 2013, principal payable up to March 19, 2038	11,560,577	12,131,407
Amortized debenture payable, bearing interest at 4.003% payable semi-annually starting May 15, 2014, principal payable up to March 11, 2039	404,332	422,353
Amortized debenture payable, bearing interest at 2.993% payable semi-annually starting May 15, 2015, principal payable up to March 9, 2040	402,068	420,231
Amortized debenture payable, bearing interest at 3.594% payable semi-annually starting May 15, 2017 principal payable up to March 14, 2042	1,578,399	1,636,212
	<u>\$56,556,001</u>	<u>\$ 61,113,212</u>

Principal and interest payments relating to the Board's debentures outstanding as at August 31, 2023 are due as follows:

	Principal	Interest	Total
2024	\$ 4,788,840	\$ 2,634,414	\$ 7,423,254
2025	5,032,457	2,390,797	7,423,254
2026	5,288,693	2,134,561	7,423,254
2027	5,558,211	1,865,041	7,423,252
2028	5,841,711	1,581,543	7,423,254
Thereafter	30,046,089	5,293,703	35,339,792
	<u>\$ 56,556,001</u>	<u>\$ 15,900,059</u>	<u>\$ 72,456,060</u>



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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 12. Temporary borrowing

The Board's financing agreement with its bank provides for operating credit facilities

- Facility (1): The Board has a revolving demand facility by way of loans, overdrafts and bankers' acceptances of up to \$25,000,000 (2022 - \$25,000,000) to finance operations with \$Nil (2022 - \$Nil) applied for and utilized as at August 31, 2023.
- Facility (2): The Board has a revolving demand facility by way of letters of credit and letters of guarantee of up to \$2,000,000 (2022 - \$2,000,000) for the purpose of providing security for obligations to third parties with \$364,397 (2022 - \$35,000) applied for and \$Nil (2022 - \$Nil) utilized as at August 31, 2023.
- Facility (3): The Board has a revolving term facility of up to \$20,000,000 (2022 - \$20,000,000) to finance the school capital construction/renovation projects with \$Nil (2022 - \$Nil) applied for and utilized as at August 31, 2023.
- Facility (4): The Board has a revolving term facility of up to \$3,000,000 (2022 - \$3,000,000) to finance capital expenditures (technology refresh) with \$Nil (2022 - \$Nil) applied for and utilized as at August 31, 2023.
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#### 13. Debt charges and capital loans interest

Payments made for debt charges and capital loans include principal and interest payments as follows:

	2023	2022
Principal payments on long-term liabilities	\$ 4,557,211	\$ 4,336,973
Interest payment on long-term liabilities	2,866,042	3,086,280
	<u>\$ 7,423,253</u>	<u>\$ 7,423,253</u>

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Upper Canada District School Board  
Notes to Consolidated Financial Statements

August 31, 2023

14. Tangible capital assets

Cost	Balance at August 31, 2022	Adjustment for PS3280 (Note 2)	Opening balance adjusted	Additions and transfers	Disposals	Transfer to assets held for sale	Revaluation of TCA-ARO	Balance at August 31, 2023
Land	\$ 11,507,873	\$ -	\$ 11,507,873	\$ 152,300	\$ -	\$ -	\$ -	\$ 11,660,173
Land improvements	35,483,409	229,965	35,713,374	8,878,237	-	-	32,310	44,623,921
Buildings	484,585,410	26,324,503	510,909,913	25,171,639	-	(1,383,607)	3,496,893	538,194,838
Other buildings	30,988	-	30,988	1,424,795	-	-	-	1,455,783
Portable structures	2,615,559	-	2,615,559	53,935	-	-	-	2,669,494
First-time equipping of schools	2,953,158	-	2,953,158	199,341	(269,845)	-	-	2,882,654
Furniture	271,932	-	271,932	12,734	(50,847)	-	-	233,819
Equipment	11,325,592	-	11,325,592	58,238	(407,237)	-	-	10,976,593
Computer hardware	7,766,835	-	7,766,835	2,153,464	(1,842,852)	-	-	8,077,447
Computer software	102,116	-	102,116	70,787	-	-	-	172,903
Vehicles	502,714	-	502,714	190,986	(147,013)	-	-	546,687
Construction in progress	1,003,034	-	1,003,034	12,883,698	-	-	-	13,886,732
Total	558,148,620	\$ 26,554,468	\$584,703,088	\$ 51,250,154	\$ (2,717,794)	\$ (1,383,607)	\$ 3,529,203	\$635,381,044

Upper Canada District School Board  
Notes to Consolidated Financial Statements

August 31, 2023

14. Tangible capital assets (continued)

Accumulated amortization	Balance at August 31, 2022	Adjustment for PS3280 (Note 2)	Opening balance adjusted	Amortization	Disposals, write-offs, revaluation of TCA-AROs	Transfer to assets held for sale	Balance at August 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	12,978,043	48,945	13,026,988	2,677,985	-	-	15,704,973
Buildings	186,379,941	17,926,749	204,306,690	13,229,004	-	(1,085,950)	216,449,744
Other buildings	17,066	-	17,066	37,169	-	-	54,235
Portable structures	344,828	-	344,828	132,126	-	-	476,954
First-time equipping of schools	1,692,753	-	1,692,753	289,183	(269,845)	-	1,712,091
Furniture	204,451	-	204,451	25,287	(50,847)	-	178,891
Equipment	5,779,206	-	5,779,206	973,072	(407,237)	-	6,345,041
Computer hardware	2,758,688	-	2,758,688	2,714,428	(1,842,852)	-	3,630,264
Computer software	51,057	-	51,057	27,502	-	-	78,559
Vehicles	204,178	-	204,178	103,664	(66,234)	-	241,608
Construction in progress	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 210,410,211</b>	<b>17,975,694</b>	<b>228,385,905</b>	<b>20,209,420</b>	<b>\$ (2,637,015)</b>	<b>\$ (1,085,950)</b>	<b>\$ 244,872,360</b>

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Upper Canada District School Board  
Notes to Consolidated Financial Statements

August 31, 2023

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14. Tangible capital assets (continued)

	Net book value August 31, 2022	Net book value August 31, 2023
Land	\$ 11,507,873	\$ 11,660,173
Land improvements	22,686,386	28,918,948
Buildings	306,603,223	321,745,094
Other buildings	13,922	1,401,548
Portable structures	2,270,731	2,192,540
First-time equipping of schools	1,260,405	1,170,563
Furniture	67,481	54,928
Equipment	5,546,386	4,631,552
Computer hardware	5,008,147	4,447,183
Computer software	51,059	94,344
Vehicles	298,536	305,079
Construction in progress	1,003,034	13,886,732
<b>Total</b>	<b>\$ 356,317,183</b>	<b>\$ 390,508,684</b>

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Upper Canada District School Board  
Notes to Consolidated Financial Statements

August 31, 2023

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15. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022
Available for compliance - unappropriated		
Total operating accumulated surplus	\$17,564,563	\$ 13,657,019
Available for compliance - internally appropriated		
Workers' Safety Insurance Board (WSIB)	2,346,335	2,299,364
Other purpose - operating	6,849,049	6,997,949
Other purpose - capital	740,252	587,683
Committed sinking fund interest	43,324	43,323
Total accumulated surplus available for compliance	27,543,523	23,585,338
Unavailable for compliance - externally appropriated		
Interest accrued	(779,045)	(842,721)
School generated funds	4,122,743	3,643,346
Revenue recognized for land	11,660,174	11,507,879
Asset retirement obligations to be covered in the future	(18,536,898)	(17,975,694)
Total externally appropriated	(3,533,026)	(3,667,190)
Total accumulated surplus	\$24,010,497	\$ 19,918,148

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 16. Expenses by object

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

	2023 Budget	2023 Actual	2022 Actual
Expenses:			
Salaries and wages	\$256,851,854	\$256,344,403	\$250,419,939
Employee benefits	46,669,509	45,009,620	44,652,502
Staff development	940,037	602,378	480,414
Supplies and services	24,107,772	27,852,347	25,114,095
Interest charge on capital	2,800,377	2,802,367	3,026,103
Rental expenses	1,485,401	1,374,950	1,019,575
Fees and contract Service	41,744,413	48,190,136	40,805,721
Other	2,699,233	3,600,387	5,222,834
Amortization and write downs and net loss on disposal - TCA and TCA-ARO	19,548,888	20,224,896	18,212,555
School activities	4,579,390	5,229,155	3,056,149
Centre for Education and Training	2,377,417	2,336,403	2,355,393
Champion for Kids Foundation	177,403	177,587	149,251
	<u>\$403,981,694</u>	<u>\$413,744,629</u>	<u>\$394,514,531</u>

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### 17. Trust funds

Trust funds administered by the Board amounting to \$3,201,372 (2022 - \$3,179,615) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and accumulated deficit.

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## Upper Canada District School Board Notes to Consolidated Financial Statements

August 31, 2023

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### 18. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$ 5,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2023 were \$326,811 (2022 - \$307,951). 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 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.

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 on 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 the board of directors to buy out such liability.

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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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#### 19. Contingent liabilities

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

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#### 20. Commitments

In 2023, the board entered into an agreement for the construction of a new school in Brockville. As of August 31, 2023, the amount of the future commitment is \$12,426,656.

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#### 21. Subsequent event

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and three education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers and the Elementary Teachers' Federation of Ontario (ETFO) Education Workers. This agreement provides for a 0.75% increase in salaries and wages for the 2019-20 school year, a 0.75% increase in salaries and wages for the 2020-21 school year, and a minimum of 1.5% to a maximum of 3.25% increase in salaries and wages for the 2021-22 school year, which will be awarded through an arbitration process expected to be completed in the 2023-24 school year.

This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks.

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#### 22. 2022-23 Budget reconciliation

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

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

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

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.



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Upper Canada District School Board  
Notes to Consolidated Financial Statements

August 31, 2023

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22. 2022-23 Budget reconciliation (continued)

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

	2022-23 Budget	Change	2022-23 Budget (restated)
Revenues	\$ 403,483,980	\$ -	\$ 403,483,980
Expenses	403,310,461	-	403,310,461
Amortization of TCA-ARO	-	671,233	671,233
ARO accretion expenses	-	-	-
Annual Surplus (Deficit)	173,519	(671,233)	(497,714)
Accumulated surplus (deficit), beginning of year	33,861,706	-	33,861,706
Accumulated surplus (deficit) PSAS adjustments	-	-	-
Adjusted accumulated surplus (deficit), beginning of year	33,861,706	-	33,861,706
Accumulated surplus (deficit), end of year	\$ 34,035,225	\$ (671,233)	\$ 33,363,992

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# Upper Canada District School Board

## Notes to Consolidated Financial Statements

August 31, 2023

### 23. Transportation consortium

The Board is a member of the Student Transportation of Eastern Ontario ("STEO") consortium with the Catholic District School Board of Eastern Ontario, effective February 1, 2012. The consortium provides joint governance and administration of student transportation services provided to students registered with the two member boards. During the 2017-18 year STEO received an arbitrator's decision that resulted in significant increases to the rate paid to operators for the years ending August 2017, 2018, 2019 and future years.

Related party transactions and balances with STEO include the following:

(i) The Board paid STEO \$35,622,586 (2022 - \$32,337,367) for student transportation services in the year.

(ii) The Board has a receivable from STEO of \$1,014,608 (2022 - \$2,971,448) for student transportation services.

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2023 are as follows:

	2023	2022
Financial assets	\$ 4,360,903	\$ 3,305,759
Financial liabilities	(4,472,297)	(3,410,632)
Net debt	(111,394)	(104,873)
Non-financial assets	111,394	104,873
Accumulated surplus	\$ -	\$ -

	2023	2022
Revenue	\$56,415,274	\$ 51,665,435
Expenses	56,415,274	51,665,435
Annual surplus	\$ -	\$ -

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## Upper Canada District School Board

### Notes to Consolidated Financial Statements

August 31, 2023

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

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$728,795 with expenses based on use of \$728,795 for a net impact of \$nil.

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#### 25. 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. In 2023, 70.3% (2022 - 68.6%) percent of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial legislative grants	\$312,891,726	\$291,484,065
Education property tax	75,826,241	72,851,753
	<u>\$388,717,967</u>	<u>\$364,335,818</u>

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#### 26. Future accounting standard adoption

The Board is 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 for as of September 1, 2023 for the year ending August 1, 2024):

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.