AGENDA ADDENDUM
THE REGULAR MEETING OF THE CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

PUBLIC SESSION

Teresa Lubinski, Chair Daniel Di Giorgio, Vice-Chair

Thursday, November 10, 2022
7:00 P.M.

PUBLIC

REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

2021-2022 AUDITED FINANCIAL STATEMENTS

"I urge, then, first of all, that petitions, prayers, intercession and thanksgiving be made for all people— for kings and all those in authority, that we may live peaceful and quiet lives in all godliness and holiness."
1 Timothy 2:1-2

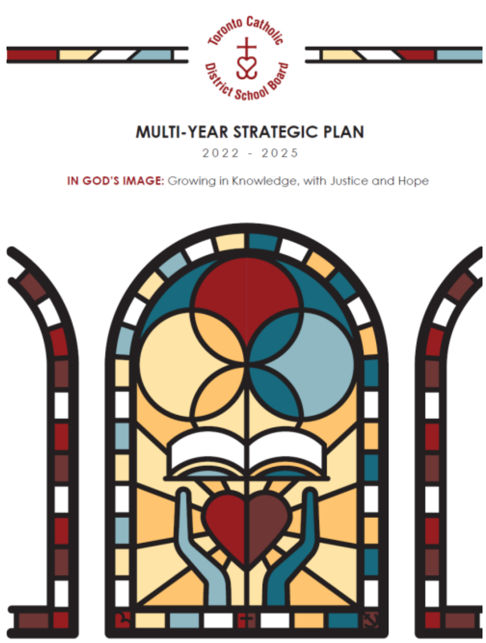
Drafted	Meeting Date
November 3, 2022	November 10, 2022

R. Putnam, Chief Financial Officer and Treasurer
D. Bilenduke, Senior Coordinator, Finance
G. Sequeira, Coordinator, Budget Services
C. Giambattista, Senior Manager, Accounting Services
T. Sanza, Senior Manager, Capital Budget and Reporting

RECOMMENDATION REPORT

Vision: *IN GOD'S IMAGE: Growing in Knowledge, with Justice and Hope.*

Mission: *Nurturing the faith development and academic excellence of our Catholic learning community through the love of God, neighbour, and self.*



Brendan Browne
Director of Education

Adrian Della Mora
Associate Director of Academic Affairs and Chief Operating Officer

Derek Boyce
Associate Director of Corporate Services and Chief Commercial Officer

Ryan Putnam
Chief Financial Officer and Treasurer

A. EXECUTIVE SUMMARY

The 2021-2022 Draft Audited Financial Statements were reviewed with the Audit Committee on November 8, 2022 in conjunction with the External Auditors Report in which Deloitte LLP provided an unqualified (clean) audit opinion. Following an in-depth discussion with the Audit Partner and staff the Audit Committee passed a motion recommending Board approval.

The financial result for the 2021-2022 fiscal year is consistent with the update last presented to Corporate Services in September 2022.

The year end financial position of $10.3M in the Operating Contingency enables the Board to meet its commitment in the 2022-2023 Estimates.

Lastly, the year end result achieves the objective of maximizing receipt of supplemental Ministry funding with respect to Board funded COVID costs.

B. PURPOSE

Consistent with Regulation and Board Policy the Draft Financial Statements and resultant Auditor Report are to be reviewed by the Audit Committee.

Upon recommendation from the Audit Committee the Financial Statements are then presented to the Board of Trustees for approval and submitted to the Ministry of Education within prescribed reporting timelines.

C. BACKGROUND

Deloitte LLP have audited the attached Draft Financial Statements for the fiscal year 2021-2022 based on the audit plan presented in September 2022.

The Auditors presented their findings and recommendations to the Audit Committee and respond to questions from Committee Members.

The Board’s Chief Financial Officer and Treasurer presented the financial results highlighting any strategic adjustments made in order to maximize Ministry funding as well as to address any year end financial pressures.

D. EVIDENCE/RESEARCH/ANALYSIS

The 2021-2022 in-year operating deficit is $24M. This result is consistent with the year end forecast provided to Corporate Services in September 2022.

Ministry funding has been maximized. Strategic adjustments were made to ensure the target year end result was achieved in order to maximize the potential recovery from the Ministry with respect to Board funded COVID related investments during the 2020-2021 and 2021-2022 school years.

Strategies utilized to support system priorities, address year end pressures and achieve the target result include the following:

Funding the first year of the Board's student device strategy with the advance purchase of devices to facilitate earlier deployment.

Recognizing 50% of the change in the WSIB liability as estimated by the Board's actuary to introduce a smoothing effect as this figure can fluctuate significantly up or down from year to year.

Accrual of 50% of the total potential legal claims to better represent the likely outcome criteria/determinant and to align with the Auditor's evaluation of a justifiable liability under Generally Accepted Accounting Principles (GAAP).

Recalibrating the accelerated elimination of the crystallized legacy Retirement Gratuity liability to reduce the amortization impact.

Recovery of 50% of pandemic related school closure savings over the past three years which resulted in the accumulation of significant unspent funds in the school budget accounts. Of note the amount to be carry forward will reflect normalized pre-pandemic levels in addition to the annual block budget consumable allocation and EPAN funding for eligible schools.

E. STAFF RECOMMENDATION

That the Board of Trustees approve the 2021-2022 Audited Financial Statements, as presented.

Toronto Catholic District School Board

August 31, 2022

Management Report

Year ended August 31, 2022

Re: Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

The consolidated financial statements have been audited by Deloitte 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 School Board's consolidated financial statements.

____________________________	____________________________
Director of Education	Chief Financial Officer

______, 2022

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Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying financial statements of the Board for the year ended August 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the financial statements.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) of 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.

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

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1(a) to the financial statements, 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.

Auditor’s 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 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 GAAS 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 financial statements.

As part of an audit in accordance with Canadian GAAS, 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 auditor’s 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 auditor’s report. However, future events or conditions may cause the Board 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 Board 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board 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.

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

Chartered Professional Accountants
Licensed Public Accountants
[Date]

Toronto Catholic District School Board

Consolidated statement of financial position

As at August 31, 2022

(In thousands of dollars)

	Notes	2022 $	2021 $
Assets			
Cash and cash equivalents		**87,144**	109,605
Accounts receivable		**88,710**	77,446
Account receivable – Government of Ontario	2	**417,917**	424,824
Investments		**20,075**	15,075
Restricted cash	10	**60**	173
		613,906	627,123
Liabilities			
Accounts payable and accrued liabilities		**75,446**	97,133
Net long-term debt	6	**232,807**	252,701
Deferred revenue	3	**216,696**	157,082
Retirement and other employee future benefits payable	9	**53,459**	57,376
Deferred capital contributions	4	**842,683**	840,106
		1,421,091	1,404,398
Net debt		**(807,185)**	(777,275)
Non-financial assets			
Prepaid expenses		**1,331**	1,294
Tangible capital assets	8	**1,299,976**	1,291,706
		1,301,307	1,293,000
Commitments and contingencies	12		
Accumulated surplus		**494,122**	515,725

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

Approved on behalf of the Board

____________________________________, Chair of the Board

____________________________________, Director of Education

Toronto Catholic District School Board

Consolidated statement of operations

Year ended August 31, 2022
(In thousands of dollars)

	Notes	Budget $	2022 Actual $	2021 Actual $
Revenue				
Provincial grants				
Student needs		**1,088,585**	**1,055,168**	1,092,845
Amortization of deferred capital contributions	4	**69,494**	**77,796**	71,554
Other		**28,207**	**51,171**	68,345
School generated funds		**30,265**	**23,925**	16,837
Investment income		**58**	**103**	1,321
Other fees and revenue		**30,950**	**30,367**	20,572
		1,247,559	**1,238,530**	1,271,474
Expenses	11			
Instruction		**949,653**	**926,432**	944,400
Administration		**29,084**	**28,798**	29,809
Transportation		**42,865**	**37,684**	32,805
Pupil accommodation		**164,947**	**187,256**	176,222
School generated funds		**30,265**	**23,414**	17,208
Other		**40,371**	**56,549**	72,469
		1,257,185	**1,260,133**	1,272,913
Annual deficit		**(9,626)**	**(21,603)**	(1,439)
Accumulated surplus, beginning of year		**515,725**	**515,725**	517,164
Accumulated surplus, end of year		**506,099**	**494,122**	515,725

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

Toronto Catholic District School Board

Consolidated statement of change in net debt

Year ended August 31, 2022

(In thousands of dollars)

	Budget $	2022 Actual $	2021 Actual $
Annual deficit	**(9,626)**	**(21,603)**	(1,439)
Tangible capital asset activities			
Purchase of tangible capital assets	**(104,321)**	**(86,124)**	(62,111)
Amortization of tangible capital assets	**69,552**	**77,854**	71,612
	(34,769)	**(8,270)**	9,501
Other non-financial asset activities			
Acquisition of prepaid expenses	**—**	**(1,331)**	(1,294)
Use of prepaid expenses	**—**	**1,294**	1,707
	—	**(37)**	413
Change in net debt	**(44,395)**	**(29,910)**	8,475
Net debt, beginning of year	**(777,275)**	**(777,275)**	(785,750)
Net debt, end of year	**(821,670)**	**(807,185)**	(777,275)

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

Toronto Catholic District School Board

Consolidated statement of cash flows

Year ended August 31, 2022

(In thousands of dollars)

	Notes	2022 $	2021 $
Operating activities			
Annual deficit		**(21,603)**	(1,439)
Items not involving cash			
Amortization of tangible capital assets		**77,854**	71,612
Amortization of deferred capital contributions		**(77,796)**	(71,554)
Changes in non-cash assets and liabilities			
Accounts receivable		**(11,264)**	112,004
Prepaid expenses		**(37)**	413
Accounts payable and accrued liabilities		**(21,687)**	(133,327)
Deferred revenue – operating		**584**	(1,492)
Retirement and other employee future benefits payable		**(3,917)**	(3,889)
		(57,866)	(27,672)
Capital activity			
Purchase of tangible capital assets, net of disposals		**(86,124)**	(62,111)
Investing activity			
Acquisition of investments, net		**(5,000)**	(75)
Financing activities			
Increase (decrease) in account receivable – Government of Ontario, net		**6,907**	(42,404)
Debt repayment		**(19,894)**	(18,940)
Decrease in restricted cash held in joint bank account	16	**113**	476
Additions to deferred capital contributions		**47,102**	30,442
Change in deferred revenue – capital		**92,301**	83,983
		126,529	53,557
Decrease in cash and cash equivalents		**(22,461)**	(36,301)
Cash and cash equivalents, beginning of year		**109,605**	145,906
Cash and cash equivalents, end of year		**87,144**	109,605
Cash and cash equivalents consist of			
Cash (Bank indebtedness)		**192**	(515)
Cash equivalents		**86,952**	110,120
		87,144	109,605

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

1. Significant accounting policies

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

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11, Accounting Policies and Practices Public Entities ("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 ("Province"). A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian Public Sector Accounting Standards ("PSAS") 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 Regulation 395/11 of the Financial Administration Act. Regulation 395/11 requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services be recorded as deferred capital contributions and be recognized as revenue in the consolidated statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. Regulation 395/11 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 PSAB, which requires that:

(i) government transfers, including amounts previously recognized as tax revenue, 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 PSAS PS3410;

(ii) 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 PSAS PS3100; and

(iii) property taxation revenue be reported as revenue when received or receivable in accordance with PSAS PS3510.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenue and deferred capital contributions would be recorded differently under PSAS.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity comprises all organizations which are controlled by the Toronto Catholic District School Board ("Board").

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

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

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

(c) Trust funds

Trust funds and their related operations administered by the Board, amounting to $497 ($503 in 2021), have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are not controlled by the Board.

(d) Cash and cash equivalents

Cash and cash equivalents comprise 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 90 days or less.

(e) Investments

Temporary investments consist of marketable securities, which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or fair value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.

(f) 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.

(g) 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, are recorded as deferred capital contributions, as defined in Regulation 395/11. These amounts are recognized as revenue in the consolidated statement of operations at the same rate as related tangible capital assets are amortized. The following items fall under this category:

(i) government transfers received or receivable for capital purposes;

(ii) other restricted contributions received or receivable for capital purposes; and

(iii) amounts previously recognized as property taxation revenue which were historically used to fund capital assets.

1. Significant accounting policies (continued)

(h) Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Elementary Teachers' Federation of Ontario (ETFO), Ontario English Catholic Teachers' Association (OECTA), Education Workers' Alliance of Ontario (EWAO), Canadian Union of Public Employees (CUPE), and Ontario Non-union Education Trust for non-unionized employees including principals, vice-principals, directors and supervisory officers. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for retired individuals in the following employee groups: CUPE and EWAO(APPSP) and continues to have a liability for payment of benefits for those who are on long-term disability and for some who are retired under these plans.

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

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the costs are recognized over the expected average service life of each 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 cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

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

1. Significant accounting policies (continued)

(i) Tangible capital assets

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

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

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

Asset class	Estimated useful life in years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5–15
Computer hardware	3
Computer software	5
Vehicles	5–15
Leasehold improvements	Over lease term

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

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

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

(j) Government transfers

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

1. Significant accounting policies (continued)

(j) Government transfers (continued)

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

(k) Contributed materials

Contributed materials are recognized by the Board at the date of contribution when a fair value can be reasonably estimated.

(l) 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, educational development charges and special education is added to the deferred revenue and forms part of the respective deferred revenue balances.

(m) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees ("Trustees"). The budget approved annually 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 approved operating budget for 2021-2022 is reflected on the consolidated statement of operations. The budget was approved on June 10, 2021.

(n) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Accounts subject to significant estimates include accrued liabilities, retirement and other employee future benefits payable, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions.

(o) Property tax revenue

Under PSAS, 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, property tax revenue received from the municipalities is recorded as part of Provincial Grants.

(In thousands of dollars)

2. Account receivable – Government of Ontario

The Province replaced variable capital funding with a one-time debt support grant in 2009-2010. 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 will receive 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 $324,474 as at August 31, 2022 ($309,507 in 2021) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the Strategy, the Ministry of Education 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 of Education. The balance of delayed grant payments included account receivable – Government of Ontario as at August 31, 2022 is $93,443 ($115,317 in 2021).

3. 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 externally restricted for specific purposes by legislation, regulation or agreement as at August 31, 2022 is comprised of:

	Balance, August 31, 2021 $	**Externally restricted revenue and investment income $**	**Revenue recognized during the year $**	**Transfers to deferred capital contributions $**	**Balance, August 31, 2022 $**
Pupil accommodation	38,440	**16,966**	**(2,527)**	**(6,526)**	**46,353**
Education development charges	46,682	**55,528**	**(5,601)**	**(988)**	**95,621**
Proceeds of disposition	41,925	**279**	**—**	**(110)**	**42,094**
Financial contributions	2,419	**(114)**	**—**	**—**	**2,305**
Other	27,616	**233,020**	**(204,667)**	**(25,646)**	**30,323**
	157,082	**305,679**	**(212,795)**	**(33,270)**	**216,696**

4. 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.

	2022 $	2021 $
Balance, beginning of year	**840,106**	846,769
Transfers from deferred revenue	**33,271**	34,449
Additions to deferred capital contributions	**47,102**	30,442
Revenue recognized in the year	**(77,796)**	(71,554)
Balance, end of year	**842,683**	840,106

(In thousands of dollars)

5. Temporary borrowing

The Board has an operating line of credit available to a maximum of $65,000 to address operating requirements. No amounts have been drawn as at August 31, 2022 (nil in 2021).

Interest on the operating facility is at the bank's prime lending rate minus 0.65%, which is due on demand.

6. Net long-term debt

Net long-term debt reported on the consolidated statement of financial position comprises the following:

	Interest rate %	Maturity date	2022 $	2021 $
Debenture CIBC Mellon Trust Series 2002-A2	5.900	**October 11, 2027**	**35,916**	41,300
Debenture CIBC Mellon Trust Series 2003-A2	5.800	**November 7, 2028**	**20,517**	23,050
Debenture Ontario Financing Authority ("OFA") Series 2009-A2	5.347	**Novenber 15, 2023**	**14,777**	15,687
Debenture OFA Series 2009-A4	5.105	**May 15, 2029**	**10,271**	11,465
Debenture OFA Series 2007	4.560	**November 15, 2031**	**7,442**	8,056
Debenture OFA Series 2009-A3	5.062	**March 13, 2034**	**8,098**	8,588
Debenture OFA Series 2010-A345	5.232	**April 13, 2035**	**7,801**	8,216
Debenture OFA Series 2008	4.900	**March 3, 2033**	**6,886**	7,360
Debenture OFA Series 2009-A5	4.672	**May 15, 2024**	**966**	1,416
Debenture CIBC Mellon Trust Series 2000-A1	7.200	**June 9, 2025**	**1,490**	1,920
Debenture OFA Series 2010-A1	4.762	**November 15, 2029**	**2,021**	2,241
Debenture OFA Series 2009-A1	4.766	**November 15, 2024**	**841**	1,150
Debenture OFA Series 2010-A2	4.337	**November 15, 2024**	**354**	485
Debenture OFA Series 2013	3.663	**June 25, 2038**	**43,490**	45,440
Debenture OFA Series 2014	4.037	**October 30, 2028**	**15,794**	17,895
Debenture OFA Series 2014B	4.033	**March 11, 2039**	**27,256**	28,373
Debenture OFA Series 2015	2.993	**March 9, 2040**	**19,258**	20,065
Debenture OFA Series 2016	3.242	**November 16, 2040**	**9,416**	9,774
Debenture OFA Series 2017	3.594	**March 14, 2042**	**213**	220
Balance, end of year		**–**	**232,807**	252,701

Principal contributions and interest payments on the debenture debt due over the next five years and thereafter are as follows:

Fiscal year	Principal contributions $	Interest payments $	Total $
2022/2023	20,899	10,376	31,275
2023/2024	21,957	9,319	31,276
2024/2025	22,298	8,211	30,509
2025/2026	22,599	7,092	29,691
2026/2027	23,740	5,951	29,691
Thereafter	121,314	24,077	145,391
	232,807	65,026	297,833

Interest on net long-term debt amounted to $10,727 ($12,125 in 2021).

7. Debt repayment

The expenditure for debt charges, capital loans and capital leases include principal payments.

	2022	2021
	$	$
Principal payments on net debt, including contributions to sinking funds	**19,895**	18,940
Interest payments on net debt	**10,727**	12,125
	30,622	31,065

(In thousands of dollars)

8. Tangible capital assets

				Cost				Accumulated amortization		Net book value
	Balance, September 1, 2021 $	Additions and transfers $	Disposals $	**Balance, August 31, 2022 $**	Balance, September 1, 2021 $	Amortization $	Disposals $	**Balance, August 31, 2022 $**	Balance August 31, 2021 $	**August 31, 2022 $**
Land	447,821	1,901	—	**449,722**	—	—	—	**—**	447,821	**449,722**
Land improvements	46,373	4,296	—	**50,669**	17,977	3,415	—	**21,392**	28,396	**29,277**
Buildings	1,540,953	48,463	—	**1,589,416**	775,157	64,752	—	**839,909**	765,796	**749,507**
Furniture and equipment	45,131	19,264	(3,871)	**60,524**	21,390	9,687	(3,871)	**27,206**	23,741	**33,318**
Contruction in progress	25,952	12,200	—	**38,152**	—	—	—	**—**	25,952	**— 38,152**
	2,106,230	86,124	(3,871)	**2,188,483**	814,524	77,854	(3,871)	**888,507**	1,291,706	**1,299,976**

Assets under construction

Assets under construction of $38,152 ($25,952 in 2021) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(In thousands of dollars)

9. Retirement and other employee future benefits

	Pension Benefits $	Retirement benefits $	Other employee future benefits $	2022 Total $	2021 Total $
Accrued benefit obligation					
Balance, beginning of year	**4,814**	**41,256**	**13,194**	**59,264**	65,845
Employer current service cost	**—**	**—**	**6,839**	**6,839**	3,867
Interest on accrued benefit obligation	**82**	**677**	**198**	**957**	865
Benefits paid	**(528)**	**(7,310)**	**(3,508)**	**(11,346)**	(11,150)
Change due to Plan Amendment	**—**	**—**	**—**	**—**	518
Actuarial, losses	**(719)**	**(2,041)**	**—**	**(2,760)**	(681)
Balance, end of year	**3,649**	**32,582**	**16,723**	**52,954**	59,264
Unamortized actuarial (losses)	**—**	**505**	**—**	**505**	(1,888)
Accrued benefit liability	**3,649**	**33,087**	**16,723**	**53,459**	57,376
Retirement and other employee future benefits expense(i)					
Current year benefit costs	**—**	**—**	**6,839**	**6,839**	3,867
Interest on accrued benefit obligation	**82**	**677**	**198**	**957**	865
Change due to Plan Amendmer	**—**	**—**	**—**	**—**	518
Amortization of actuarial (gains)	**(719)**	**351**		**(368)**	2,010
Employee future benefits expense(i)	**(637)**	**1,028**	**7,037**	**7,428**	7,260

(i) Excluding pension contributions to OMERS, a multi-employer pension plan described below.

The amounts of the employee future benefit liabilities for the other post-employment benefits are based on actuarial valuations for accounting purposes as at August 31, 2022. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations and the Board's best estimates of expected rates are as follows:

	Retirement benefits 2022	Retirement benefits 2021	Other employee future benefits 2022	Other employee future benefits 2021
Discount on accrued benefit obligations	**3.90%**	1.80%	**3.90%**	1.80%
Wage and salary escalation	**—**	—	**—**	—
Dental costs escalation	**4.50%**	4.50%	**4.50%**	4.50%
Insurance and health care cost escalation	7.25% per annum grading down to an ultimate rate of 4.50%	7.25% per annum grading down to an ultimate rate of 4.50%	7.25% per annum grading down to an ultimate rate of 4.50%	7.25% per annum grading down to an ultimate rate of 4.50%

(a) Retirement gratuity plans

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 now based on their salary, accumulated sick days and years of service at August 31, 2012.

9. Retirement and other employee future benefits (continued)

(b) Long-term disability benefits

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees up to the transition to the ELHT or to employees who are not yet members of an ELHT. 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.

(c) Retirement life insurance and health care benefits

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

(d) Life insurance benefits

The Board provides a separate life insurance 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.

(e) Sick leave top-up benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $-123 ($-32 in 2021).

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, 2018 (the date at which probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

(f) Workplace Safety and Insurance Board ("WSIB")

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("WSI Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the WSI Act. The Board does not fund these obligations in advance of payment made under the WSI Act. School boards are required to provide salary top-up to a maximum of 41/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. WSIB amounts paid in the year were $3,508($2,692 in 2021).

(In thousands of dollars)

9. Retirement and other employee future benefits (continued)

(g) Post-employment benefits

Certain senior staff who retire or leave under a voluntary exit plan may elect, if their contractual arrangements permit, to continue coverage of health insurance and/or dental insurance and life insurance. The Board will pay 100% of the cost and the coverage terminates when the employee reaches age 65. In addition, supervisory office, non-union, office, clerical, technical and custodial staff are eligible for a $5 life insurance benefit if they retire on or after age 65. Post-employment benefits paid in the year were $528 ($333 in 2021). The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(h) Ontario Teachers' 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. 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.

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

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees contribute up to 8.8% of their earnings and the Board matches the employee contributions to the plan. During the year ended August 31, 2022, the Board contributed $16,141 ($15,731 in 2021) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

10. Restricted cash

The Board has restricted cash in a Joint bank account with the Toronto District School Board for $60 ($173 in 2021) (See Note 16).

11. Expenses by object

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

	Budget 2022 $	**Actual 2022 $**	Actual 2021 $
Salary and wages	**845,671**	**847,673**	864,255
Employee benefits	**154,071**	**146,038**	149,042
Staff development	**1,566**	**752**	977
Supplies and services	**104,757**	**101,986**	120,554
Debt charges and interest	**11,380**	**10,727**	12,125
Rental	**2,350**	**4,351**	5,777
Fees and contract services	**67,742**	**66,699**	44,526
Other	**96**	**4,053**	4,045
Amortization of tangible capital assets	**69,552**	**77,854**	71,612
	1,257,185	**1,260,133**	1,272,913

(In thousands of dollars)

12. Commitments and contingencies

(a) Commitments

(i) Construction commitments

Commitments on incomplete construction contracts for various school building projects amounted to approximately $46,105 ($17,697 in 2021) as at August 31, 2022.

(ii) Letters of credit

The Board has 73 (61 in 2021) bank letters of credit outstanding in favour of the local government totaling $16,125 ($8,098 in 2021) as at August 31, 2022, pertaining to construction projects. The latest expiry date is August 18, 2023.

(iii) Operating leases and maintenance contracts

The Board has operating leases and maintenance contracts with the following annual payments:

	$
2022/2023	12,026
2023/2024	9,659
2024/2025	6,601
2025/2026	5,809
2026/2027	4,099
Thereafter	29,622
	67,816

(b) Contingencies

(i) Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2022, no provision is made in the consolidated financial statements.

13. Ontario School Board Insurance Exchange ("OSBIE")

The Board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24,000 per occurrence.

The ultimate premiums over a five year period are based on both the reciprocals and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The Board has renewed its insurance agreement with OSBIE for a new five year term commencing on January 1, 2022.

14. Repayment of The "55 School Board Trust" funding

On June 1, 2003, the Board received $50,415 from The "55 School Board Trust" (the "Trust") for its capital-related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. The Trust was created to refinance the outstanding not permanently financed ("NPF") debt of participating boards that are beneficiaries of the Trust. Under the terms of the agreement, the 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.

The flow-through of $3,765 ($3,765 in 2021) in grants in respect of the above agreement for the year ended August 31, 2022, is recorded in these consolidated financial statements.

15. Toronto Transportation Group

On September 21, 2011, the Toronto Transportation Group was created as a Membership Agreement between the Board and the Toronto District School Board ("TDSB") in order to provide common administration of student transportation in the City. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Toronto Transportation Group are shared. No party is in a position to exercise unilateral control.

The Board's portion of transportation expenses has been included in the consolidated statement of operations.

16. Financial contribution agreements

During 2001-2002, the Board established three joint trust accounts with the TDSB pertaining to Education Development Levy Agreements. These Agreements pertain to building developments that pre-date the passing of the Education Development Charges provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2022 is $33,735 ($33,272 in 2021). These funds must be used for construction of school facilities in specific designated areas of the City of Toronto once funds are allocated by the Ministry of Education. On June 26, 2017 the Ministry of Education approved a capital funding allocation from the joint trust of $19,625 for the construction of an elementary school. As at August 31, 2022 $ 19,565 ($19,452 in 2021) of the allocated funds has been spent and included in construction in progress and deferred capital contributions, the remaining $60 ($173 in 2021) has remained in restricted cash in joint trust accounts. The remaining Board's financial interest in these joint trust accounts has not been reflected in the consolidated financial statements, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction.

17. In-kind transfers from the Ministry of Government and Consumer Services

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Government and Consumer Services ("MGCS"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is $16,879 ($25,154 in 2021) with expenses based on use of $16,879 ($25,154 in 2021) for a net impact of $nil.

18. COVID-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.