Trillium Lakelands District School Board

Consolidated Financial Statements

For the year ended August 31, 2023

Contents

Trillium Lakelands
DISTRICT SCHOOL BOARD

CORPORATE OFFICE
P.O. Box 420, 300 County Road 36
Lindsay, ON K9V 4S4
1-888-526-5552
Fax: Lindsay 705-328-2036
Fax: Bracebridge 705-645-5973

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Trillium Lakelands District School Board are the responsibility of the 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 consolidated financial statements.

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

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

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

Director of Education

Treasurer

November 29, 2023

Independent Auditor's Report

To the Board of Trustees of the
Trillium Lakelands District School Board

Opinion

We have audited the consolidated financial statements of Trillium Lakelands District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations, consolidated changes in net debt and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Board as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) 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 Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1(a) 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 and fair presentation of these consolidated financial statements in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 School Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Canada
December 4, 2023

Trillium Lakelands District School Board

Consolidated Statement of Financial Position

August 31		2023		2022 (restated - Note 2)
		(in thousands of dollars)		
Financial Assets				
Cash and cash equivalents (Note 6)	$	15,831	$	6,967
Accounts receivable				
Government of Ontario - capital (Note 4)		24,404		32,691
Municipalities		9,377		10,607
Other (Note 4)		18,332		14,667
		67,944		64,932
Financial Liabilities				
Accounts payable				
Government of Ontario		168		601
Trade payables and accrued liabilities		19,732		18,777
Net long-term debt (Note 9)		17,058		18,165
Deferred revenue (Note 7)		9,212		7,366
Employee future benefits liability (Note 8)		5,854		5,464
Deferred capital contributions (Note 5)		185,969		176,524
Asset retirement obligation (Note 3)		19,563		17,153
		257,556		244,050
Net Debt		(189,612)		(179,118)
Non-Financial Assets				
Prepaid expenses		3,475		900
Inventory		765		485
Tangible capital assets (Note 15)		202,352		191,182
		206,592		192,567
Accumulated Surplus (Note 16)	$	16,980	$	13,449

Signed on behalf of the Board

W. Hahn

Director of Education

Chair of the Board

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

Trillium Lakelands District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2023	Actual 2023	Actual 2022 (restated - Note 2)
			(in thousands of dollars)
Revenues			
Grants for Student Needs (Note 13)			
Local taxation	$ 87,976	$ 85,490	$ 83,239
Provincial legislative grants	140,563	139,230	129,584
Provincial grants - other	2,581	5,257	10,546
Federal grants and fees	317	492	989
Other revenues - school boards	1,227	1,789	1,505
Investment income	-	282	35
Other fees and revenues	1,272	2,465	2,010
School generated funds	5,493	4,949	2,480
Amortization of deferred capital contributions	-	10,883	9,690
	239,429	250,837	240,078
Expenses (Note 14)			
Instruction	178,045	174,278	167,116
Administration	6,671	6,820	6,437
Transportation	17,491	18,676	18,500
Pupil accommodation	31,254	38,078	35,224
School generated funds	5,514	4,791	2,530
Other	1,346	4,663	4,167
	240,321	247,306	233,974
Annual surplus (deficit)	(892)	3,531	6,104
Accumulated surplus, beginning of year, as previously stated	12,545	13,449	16,755
Accumulated surplus, ARO adjustment (Note 2)	-	-	(9,410)
Accumulated surplus, beginning of year, as restated	12,545	-	7,345
Accumulated surplus, end of year	$ 11,653	$ 16,980	$ 13,449

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

Consolidated Statement of Cash Flow

For the year ended August 31		2023		2022 (restated - Note 2)
		(in thousands of dollars)		
Operations				
Annual surplus (deficit)	$	3,531	$	6,104
Sources and (uses)				
Changes in non-cash items:				
Amortization of tangible capital assets		11,568		10,392
Amortization of deferred capital contributions		(10,883)		(9,690)
		4,216		6,806
Change in non-cash working capital balances				
Accounts receivable		5,853		(13,850)
Inventory		(280)		152
Accounts payable and accrued liabilities		520		(698)
Deferred revenues - operating		2,667		1,597
Employee future benefits liability		390		(1,022)
Prepaid expenses		(2,575)		(395)
Net increase (decrease) in cash from operations		10,791		(7,410)
Capital Transactions				
Proceeds on sale of tangible capital assets		-		3
Cash used to acquire tangible capital assets		(20,327)		(25,558)
		(20,327)		(25,555)
Financing				
Additions to deferred capital contributions		20,328		25,558
Debt repayments		(1,108)		(1,059)
Decrease in deferred revenues - capital		(820)		(839)
		18,400		23,660
Increase (decrease) in cash and equivalents during the year		8,864		(9,305)
Cash and equivalents, beginning of year		6,967		16,272
Cash and equivalents, end of year	$	15,831	$	6,967

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

Consolidated Statement of Changes in Net Debt

For the year ended August 31		Budget 2023		Actual 2023		Actual 2022 (restated - Note 2)
						(in thousands of dollars)
Annual Surplus (Deficit)	$	(892)	$	3,531	$	6,104
Tangible Capital Asset Activity						
Acquisition of tangible capital assets		(29,643)		(20,327)		(25,558)
Amortization of tangible capital assets		10,148		11,568		10,392
Proceeds on sale of tangible capital assets		-		-		3
Less: Gain on sale of tangible capital assets		-		-		(3)
Change in estimate of tangible capital assets Asset Retirement Obligation		-		(2,411)		-
		(19,495)		(11,170)		(15,166)
Other Non-Financial Asset Activity						
Consumption of supplies inventories				(280)		157
Change in prepaid expenses		-		(2,575)		(395)
				(2,855)		(238)
Change in net debt		(20,387)		(10,494)		(9,300)
Net debt, beginning of year		(169,818)		(179,118)		(152,665)
Net debt, ARO adjustment (Note 2)		-		-		(17,153)
Net debt, beginning of year, as restated				(179,118)		(169,818)
Net debt, end of year	$	(190,205)	$	(189,612)	$	(179,118)

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

1. Significant Accounting Policies

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

(a) Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

(b) Reporting Entity

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

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

(c) 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.

(d) Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable	Cost
Accrued liabilities	Cost
Long-term debt	Amortized Cost*

*Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

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.

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(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 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, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

(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 and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE), Education Workers' Benefits Trust (EWBT) 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 (excluding daily occasional teachers), education workers, and other school board staff. Currently AEFO and 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 group, the Board continues to provide health, dental and life insurance benefits for eligible retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

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

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

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance & 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 insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for workers compensation and, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

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

(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 and legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Furniture	10
Equipment	5-15
Computer hardware	3
Computer software	5
Vehicles	5-10

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. 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.

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

(k) Investment Income

Investment income is reported as revenue in the period earned.

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

(l) Long-term Debt

Long-term debt is recorded net of related sinking fund asset balances.

(m) Budget Figures

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

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled 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.

(o) Education Property Tax Revenue

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

(tabular amounts in thousands of dollars)

2. Change in Accounting Policies - 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.*

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

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

PS 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.

As the board has not experienced any unrealized gains or losses arising from foreign currency changes or from changes in fair value, a Statement of Remeasurement Gains and Losses has not been included in the consolidated financial statements.

(tabular amounts in thousands of dollars)

2. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

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.

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 (if applicable). 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 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 revisions 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.

(tabular amounts in thousands of dollars)

2. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

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 of 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.

As a result of applying this accounting standard, an asset retirement obligation of $19,562,442 (2022 – $17,152,520) was recognized as a liability in the consolidated statement of financial position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks. 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
Consolidated Statement of Financial Position			
Tangible capital assets	$ 183,954	$ 7,228	$ 191,182
Asset retirement obligation	-	(17,153)	17,153
Accumulated surplus	23,374	9,925	13,449
Consolidated Statement of Operations			
Accumulated surplus, beginning of year	16,755	(9,410)	7,345
Pupil accommodation expense	34,709	515	35,224
Annual surplus	6,619	(515)	6,104
Accumulated surplus, end of year	23,374	(9,925)	13,449
Consolidated Statement of Change in Net Debt			
Annual surplus	6,619	(515)	6,104
Amortization of tangible capital assets	9,877	515	10,392
Net debt, beginning of year	(152,665)	(17,153)	(169,818)
Net debt, end of year	(161,965)	(17,153)	(179,118)

(tabular amounts in thousands of dollars)

3. Asset Retirement Obligation

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:

	2023	2022
Liability for asset retirement obligations, beginning of year	$ (17,153)	$ -
Opening PSAS adjustment	-	(17,153)
Increase in liabilities reflecting changes in estimate of liabilities	(2,410)	-
Liability for asset retirement obligations, end of year	(19,563)	(17,153)

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

(tabular amounts in thousands of dollars)

4. Accounts Receivable

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Trillium Lakelands District School 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 $24,403,751 as at August 31, 2023 (2022 - $32,691,489) with respect to capital grants.

Other accounts receivable as at August 31, 2023 is comprised of:

	2023	2022
Province of Ontario	$ 15,875	$ 12,158
Other	2,457	2,509
	$ 18,332	$ 14,667

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Province of Ontario at August 31, 2023 is $13,864,884 (2022 - $8,903,302).

5. 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
Opening balance	$ 176,524	$ 160,656
Additions to deferred capital contributions	20,328	25,558
Revenue recognized in the year	(10,883)	(9,690)
	$ 185,969	$ 176,524

(tabular amounts in thousands of dollars)

6. Credit Facilities

The Board has authorized credit facilities of $25,000,000 which bears interest at prime less 0.75%. During the year the Board utilized the credit facility as part of its cash management strategy. On August 31, 2023 this credit facility was not drawn on.

7. Deferred Revenue

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

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

	Balance as at August 31 2022	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2023
Capital					
School renewal	$ 2,124	$ 3,517	$ -	$ 4,289	$ 1,352
Rural and northern education	-	1,270	1,270	-	-
Minor tangible capital assets	-	5,688	4,523	1,165	-
Other capital	-	1,675	894	781	-
Child care retrofitting	503	-	-	-	503
Temporary accommodation	56	-	56	-	-
Proceeds of disposition - school	1,177	2	-	-	1,179
Proceeds of disposition - other	14	(2)	-	-	12
Experiential learning	845	733	727	-	851
	4,719	12,883	7,470	6,235	3,897
Operating					
Legislative Grants - Operating	1,869	34,048	31,418	-	4,499
EPO/PPF Grants	156	4,322	4,478	-	-
Other	622	885	691	-	816
	2,647	39,255	36,587	-	5,315
	$ 7,366	$ 52,138	$ 44,057	$ 6,235	$ 9,212

(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefit Liabilities

Liabilities

				2023	2022
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit obligation	$ 5,931	$ 124	$ 478	$ 6,533	$ 7,322
Unamortized actuarial gains (losses)	(17)	-	-	(17)	(399)
Employee future benefits liability	$ 5,914	$ 124	$ 478	$ 6,516	$ 6,923

The Board has determined that the liability related to the identified retirees amounts to $661,726 (2022 - $1,459,024). This portion of the total employee future benefit liability is included in accounts payable and accrued liabilities.

Change in Employee Future Benefit Liability

				2023	2022
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	$ -	$ 124	$ -	$ 124	$ 142
Interest on accrued benefit obligation	243	-	19	262	151
Benefit payments[1]	(830)	(130)	(79)	(1,039)	(1,871)
Amortization of actuarial (gains)/losses	259	(12)	(1)	246	337
Net change	$ (328)	$ (18)	$ (61)	$ (407)	$ (1,241)

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

(tabular amounts in thousands of dollars)

8. 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, 2021 and based on updated average daily salary and banked sick days as at August 31, 2023. These valuations take into account the plan changes and the economic assumptions used in these valuation as the Board's best estimates of expected rates of:

	2023	2022
Inflation	2.00 %	2.00 %
Wage and salary escalation	- %	- %
Insurance and health care cost escalation	5.00 %	5.00 %
Dental cost escalation	5.00 %	5.00 %
Discount rate	4.40 %	3.90 %

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Each year an independent actuary determines the funding status of the plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2022. The results of this valuation disclosed an actuarial deficit of $3.397 billion as at that date. During the year ended August 31, 2023, the Board contributed $3,152,306 (2022 - $2,854,671) 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 financial statements.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board’s consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefits - continued

(iv) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to eligible 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.

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 actuarially determined future benefit obligation for WSIB claims is $4,395,019 (2022 - $4,259,655). This liability is included in accounts payable and accrued liabilities. The Board holds funds on account with National Bank in the amount of $3,727,741 (2022 - $3,655,932) with the purpose of meeting this obligation when necessary.

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

The Board provided life insurance, dental and health care benefits to employees on long-term disability leave to employees who were not yet members of an ELHT. The Board was responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provided these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave were fully insured and not included in this plan. The Board is not anticipated to provide these benefits in the future as all employees have become members of an ELHT.

(iii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $124,312 (2022 - $142,017).

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

(tabular amounts in thousands of dollars)

9. Net Long-Term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2023	2022
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1, for Stage 1 of the Good Places to Learn Initiative, 4.560% per annum, repayable $172,259 semi-annually principal and interest, due November 2031	$ 2,405	$ 2,632
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for Stage 1 and 2 of the Good Places to Learn Initiative; Primary Class Size and Prohibitive to Repair Programs, 4.90% per annum, repayable in semi-annual blended payments of $223,432, maturing March 2033	3,444	3,712
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for Stage 2 of the Good Places to Learn Initiative and Primary Class Size, 5.062% per annum, repayable in semi-annual blended payments of $86,865, maturing March 2034	1,434	1,532
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for Stage 2 and 3 of the Good Places to Learn Initiative, 5.232% per annum, repayable in semi-annual blended payments of $112,878, maturing April 2035	1,982	2,099
Ontario Financing Authority (OFA) loan payable – By-law #2011-1 for Stage 3 and Stage 4 of the Good Places to Learn initiative, 4.833% per annum, repayable in semi-annual blended payments of $88,615, maturing March 2036	1,679	1,772
Ontario Financing Authority (OFA) loan payable – By-law #2012-1 for Stage 4 of the Good Places to Learn initiative, 3.564% per annum, repayable in semi-annual blended payments of $23,168, maturing March 2037	502	530
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for New Pupil Places, 3.799% per annum, repayable in semi-annual blended payments of $249,083, maturing March 2038	5,612	5,888
	$ 17,058	$ 18,165

(tabular amounts in thousands of dollars)

9. Net Long-Term Debt - continued

Payments relating to net long-term debt outstanding as at August 31, 2023 are due as follows:

	Principal	Interest	Total
2024	$ 1,159	$ 754	$ 1,913
2025	1,212	701	1,913
2026	1,268	645	1,913
2027	1,327	586	1,913
2028	1,388	524	1,912
Thereafter	10,704	1,912	12,616
	$ 17,058	$ 5,122	$ 22,180

10. Debt Charges and Capital Loan Interest

	2023	2022
Principal payments on long-term liabilities	$ 1,108	$ 1,059
Interest payments on long-term liabilities	805	854
	$ 1,913	$ 1,913

11. 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. The school board entered into this agreement on January 1, 2021. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000,000 per occurrence.

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

Premiums paid to OSBIE for the policy year ending December 31, 2022 amounted to $326,031 (2021 - $300,108).

(tabular amounts in thousands of dollars)

12. Trust Funds

Trust funds administered by the Board amounting to $274,054 (2022 - $253,707) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. 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. 89 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	$ 139,230	$ 129,584
Education Property Tax	85,490	83,239
	$ 224,720	$ 212,823

(tabular amounts in thousands of dollars)

14. Expenses by Object

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

	Budget 2023	Actual 2023	Actual 2022
Current expenses			
Salary and wages	$ 149,961	$ 154,218	$ 149,425
Employee benefits	29,304	28,037	26,874
Staff development	807	805	505
Supplies and services	24,169	20,907	18,049
Interest	821	790	840
Rental expenses	12	9	8
Fees and contract services	21,666	27,094	24,454
Other	3,433	3,878	3,427
Amortization of tangible capital assets	10,148	11,568	10,392
	$ 240,321	$ 247,306	$ 233,974

(tabular amounts in thousands of dollars)

15. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening Restated (Note 2)	Additions (a)	Disposals	Closing	Opening Restated (Note 2)	Additions	Disposals	Closing	2023	2022 Restated (Note 2)
Land	$ 2,838	$ -	$ -	$ 2,838	$ -	$ -	$ -	$ -	$ 2,838	$ 2,838
Land improvements	4,273	153	-	4,426	1,455	271	-	1,726	2,700	2,818
Buildings	330,126	21,341	-	351,467	146,660	10,204	-	156,864	194,603	183,466
Portable structures	134	19	-	153	134	19	-	153	-	-
Computer hardware	2,010	970	(1,562)	1,418	1,402	589	(1,562)	429	989	608
Computer software	1,340	87	-	1,427	671	277	-	948	479	669
Equipment - 5 year	16	21	-	37	2	5	-	7	30	14
Equipment - 10 year	734	98	-	832	218	78	-	296	536	516
Equipment - 15 year	98	-	-	98	73	4	-	77	21	25
Furniture	48	-	(8)	40	42	4	(8)	38	2	6
First-time equipping - 10 year	996	-	(405)	591	852	79	(405)	526	65	144
Vehicles	616	49	(25)	640	538	38	(25)	551	89	78
	$ 343,229	$ 22,738	$ (2,000)	$ 363,967	$ 152,047	$ 11,568	$ (2,000)	$ 161,615	$ 202,352	$ 191,182

a) TCA Additions

Included in the above tangible capital asset additions are asset retirement obligation revaluations of $2,409,922.

(tabular amounts in thousands of dollars)

16. Accumulated Surplus

Accumulated surplus consists of the following:

	2023	2022
Available for Compliance - Unappropriated		
Operating accumulated surplus	$ 11,288	$ 7,266
Available for Compliance - Internally Appropriated		
Retirement gratuities	2,000	2,000
Committed capital projects	4,420	4,591
Capital reserve	3,600	3,600
Supporting Student Funding	63	27
Benefit surplus reserve	346	346
Pay Equity	1,000	1,000
Total Internally Appropriated	11,429	11,564
Unavailable for Compliance		
Invested in tangible capital assets	2,838	2,838
School generated funds	2,116	1,959
Interest to be accrued	(253)	(253)
Asset retirement obligation	(10,438)	(9,925)
Total Unavailable for Compliance	(5,737)	(5,381)
Total Accumulated Surplus	$ 16,980	$ 13,449

17. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received $7,875,666 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

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

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the record's. The in-kind revenue recorded for these transfers is $219,029 with expenses based on use of $219,029 for a net impact of $nil.

19. Future Accounting Standard Adoption

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

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

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.

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

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

20. 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 and accounts receivable, 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 on its long-term debt all of which are regularly monitored.

The board's financial instruments consist of cash, 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.