DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2023

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Tracy Barill, B.A., B. Ed., M.R.E. Director of Education / Secretary-Treasurer

DURHAM CATHOLIC DISTRICT SCHOOL BOARD

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AUGUST 31, 2023

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DURHAM CATHOLIC DISTRICT SCHOOL BOARD

For The Year Ended August 31, 2023

MANAGEMENT REPORT

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

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

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

November 27, 2023

Director of Education

Superintendent of Business, Finance and Facilities Services

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Durham Catholic District School Board

Opinion
We have audited the consolidated financial statements of the Durham Catholic District School Board (the Board), which comprise the consolidated statement of financial position as at August 31, 2023, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with the Financial Adminstration Act, supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("the Act").

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

Emphasis of Matter
Without modifying our opinion, we draw attention to Note1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Financial Adminstration Act, supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("the Act"), 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 Board or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 1, 2023

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DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At August 31, 2023

	2023 $	Restated 2022 $ (Note 23)
FINANCIAL ASSETS		
Cash and cash equivalents	25,208,256	10,130,838
Investments (note 2)	31,196	15,495
Accounts receivable - other (note 3)	17,024,654	17,555,549
Accounts receivable - Government of Ontario - Approved Capital (note 4)	30,234,765	35,290,212
Assets held for resale (note 5)	5,933,683	21,008,977
TOTAL FINANCIAL ASSETS	78,432,554	84,001,071
LIABILITIES		
Bank indebtedness (note 6)	-	10,000,000
Accounts payable and accrued liabilities	14,349,187	9,923,328
Accrued interest on net debt	309,430	381,177
Deferred revenue (note 7)	41,479,935	18,448,288
Deferred capital contributions (note 8)	265,951,608	265,100,308
Retirement and other employee future benefits (note 9)	4,750,139	4,303,361
Asset retirement obligations (note 10)	39,023,269	34,215,930
Debenture debt and capital loans (note 11)	22,144,397	27,510,456
TOTAL LIABILITIES	388,007,965	369,882,848
NET DEBT	(309,575,411)	(285,881,777)
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	341,131,411	336,856,573
Prepaid expenses	6,514,195	2,286,144
TOTAL NON-FINANCIAL ASSETS	347,645,606	339,142,717
ACCUMULATED SURPLUS (note 13)	38,070,195	53,260,940

Approved on behalf of the Board:

A. Baird ______________________ Director of Education

______________________ Superintendent of Business, Finance and Facilities Services

The accompanying notes are an integral part of these financial statements

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DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended August 31, 2023

	Budget 2023 $ (Unaudited)	Actual 2023 $	Restated 2022 $ (Note 23)
REVENUES			
Provincial grants - Grants for Student Needs (note 14)	258,827,622	262,062,953	251,229,614
Provincial grants - Other	5,796,035	5,026,251	15,944,605
School generated funds	5,237,793	5,993,067	3,773,009
Federal grants and fees	721,599	910,969	719,361
Investment income	-	574,360	72,398
Amortization of deferred capital contributions	14,982,563	14,209,676	13,630,731
Education development charges	-	299,520	3,205,586
Other fees and revenues	5,016,123	3,772,835	3,168,949
Recovery on land disposal	-	(15,075,294)	-
TOTAL REVENUES	290,581,735	277,774,337	291,744,253
EXPENSES			
Instruction	227,062,296	227,988,823	228,408,544
Administration	7,711,254	8,428,409	7,300,898
Transportation (note 18)	8,490,086	8,110,856	8,520,823
Pupil Accomodation	41,011,113	40,840,427	42,379,325
School Generated Funds	5,060,874	5,568,822	3,575,408
Other	1,859,349	2,027,745	-
TOTAL EXPENSES	291,194,972	292,965,082	290,184,998
ANNUAL (DEFICIT)/SURPLUS	(613,237)	(15,190,745)	1,559,255
ACCUMULATED SURPLUS - beginning of year	53,260,940	53,260,940	70,142,112
ACCUMULATED SURPLUS, PSAS ADJUSTMENTS	-	-	(18,440,427)
ACCUMULATED SURPLUS - beginning of year, as restated	53,260,940	53,260,940	51,701,685
ACCUMULATED SURPLUS - end of year	52,647,703	38,070,195	53,260,940

The accompanying notes are an integral part of these financial statements

DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2023

	Budget 2023 $ (Unaudited)	Actual 2023 $	Restated 2022 $ (Note 23)
ANNUAL (DEFICIT)/SURPLUS	(613,237)	(15,190,745)	1,559,255
Amortization of tangible capital assets	16,316,776	15,593,477	14,995,666
Purchase of tangible capital assets	(44,915,823)	(15,060,976)	(17,773,377)
Addition to tangible capital asset - asset retirement obligation	-	(4,807,339)	-
Change in prepaid expenses and other non-financial assets	-	(4,228,051)	(608,280)
CHANGE IN NET DEBT	(29,212,284)	(23,693,634)	(1,826,736)
NET DEBT - beginning of year	(285,881,777)	(285,881,777)	(249,839,111)
PSAS ADJUSTMENT TO NET DEBT	-	-	(34,215,930)
NET DEBT - beginning of year, as restated	(285,881,777)	(285,881,777)	(284,055,041)
NET DEBT - end of year	(315,094,061)	(309,575,411)	(285,881,777)

DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2023

	2023 $	2022 $ (Note 23)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual (deficit)/surplus	(15,190,745)	1,559,255
Items not involving cash		
Amortization of tangible capital asset and addition of tangible capital asset - asset retirement obligation	15,593,477	14,995,665
Amortization of deferred capital contributions	(14,209,676)	(13,630,731)
Debenture debt and capital loans	446,778	113,452
Change in non-cash assets and liabilities		
Accounts receivable - other	530,895	(2,223,513)
Prepaid expenses	(4,228,051)	(608,280)
Accounts payable and accrued liabilities	4,425,859	(8,525,647)
Accrued interest on net debt	(71,747)	(68,124)
Deferred revenue	(884,691)	641,166
Assets held for sale	15,075,294	-
Net change in cash from operating activities	1,487,393	(7,746,757)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(15,060,977)	(17,773,377)
INVESTING ACTIVITIES		
Change in investments	(15,701)	(785)
FINANCING ACTIVITIES		
Principal repayment on debenture and capital loans	(5,366,059)	(5,106,402)
Additions to deferred capital contributions	15,060,977	14,070,725
Increase in deferred revenue - capital	23,916,338	8,015,993
Decrease in accounts receivable - Government of Ontario - Approved Capital	5,055,447	7,473,394
Net change in cash from financing activities	38,666,703	24,453,710
NET CHANGE IN CASH	25,077,418	(1,067,209)
CASH - beginning of year	130,838	1,198,047
CASH - end of year	25,208,256	130,838
Comprised of:		
Cash and cash equivalents	25,208,256	10,130,838
Bank indebtedness	-	(10,000,000)
	25,208,256	130,838

The accompanying notes are an integral part of these financial statements

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1. SIGNIFICANT ACCOUNTING POLICIES

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

(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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, 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
- education 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Reporting Entity

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

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

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

(c) Cash

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

(d) Investments

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

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the Board does not have equity instruments that are quoted in an active market that must be recorded at fair value. As such the Board does not have anything to report on the Statement of Remeasurement Gains and Losses and therefore, this statement is not presented.

(e) Deferred Revenue

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

(i) Operating deferred revenue amounts are recognized as revenue in the fiscal year the related
expenses are incurred or service performed.

(ii) Capital deferred revenue represents capital contributions received that remain unspent as at year end. These amounts are recognized as deferred capital contributions in the year the amounts are spent.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Capital Contributions (DCC)

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

(g) Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE), and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals.

The ELHTs provide health, dental and life insurance benefits to teachers (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. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional Ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for individuals who are retired under these plans.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

(ii) The costs of multi-employer defined pension 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Tangible Capital Assets

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

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased 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 expected useful lives, as follows:

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

(i) Government Transfers

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

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) Budget Figures

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

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 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 revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are 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, as additional information becomes available in the future.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $39,023,269. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

(m) Non-Financial Assets

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

(n) Education Property Tax Revenue

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(o) Revenue Recognition

School Generated Funds

School generated funds revenues consist of revenues for various school activities and are recognized as revenue in the year the activities occur.

Education Development Charges

Education development charges are recognized as revenue in the period in which the related eligible expenditures are recorded.

(p) 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
Derivatives	Fair Value
Portfolio Instruments in equity	Fair Value
Bonds	Amortized Cost
Treasury Bills	Amortized Cost
Guaranteed Investment Certificates	Amortized Cost
Term Deposits	Cost

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

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.

2. INVESTMENTS

Investments are carried at amortized cost if not actively traded on the open market or at fair value if traded in the open market as follows:

	2023		2022	
	Cost $	Market Value $	Cost $	Market Value $
Money market funds	31,196	31,196	15,495	15,495

3. ACCOUNTS RECEIVABLE - OTHER

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in Accounts Receivable - Other at August 31, 2023 is $2,461,703 (2022 - $2,461,703).

4. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Durham Catholic District School Board received a one-time grant that 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 $30,234,765 as at August 31, 2023 (2022 - $35,290,212) with respect to capital grants.

5. ASSETS HELD FOR SALE

As of August 31, 2023, $5,933,683 (2022 - $21,008,977) related to vacant land was recorded as assets held for sale. The Board declared the vacant Brooklin secondary school site as surplus to its needs and not required for the purposes of the Board.

Subsequent to year end this property was sold for $33,500,000.

6. BANK INDEBTEDNESS

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

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

As at August 31, 2023 the amount drawn under these facilities was $Nil (2022 - $10,000,000). In addition, the Board has outstanding letters of credit in the amount of $247,607 (2022 - $247,607) as at August 31, 2023.

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 August 31, 2022 $	Externally Restricted Revenue and Investment Income 2023 $	Revenue Recognized in the Period 2023 $	Transfered to DCC 2023 $	Balance August 31, 2023 $
Legislative Grants	1,873,622	39,746,461	40,040,644	-	1,579,439
Other Ministry Grants	1,475,588	3,566,918	4,442,256	-	600,250
Other Provincial Grants	18,893	(18,893)	-	-	-
Other	505,411	1,176,777	873,054	-	809,134
Deferred Revenue - Operating	3,873,514	44,471,263	45,355,954	-	2,988,823
School Renewal	3,529,610	3,144,123	1,397,329	(2,793,912)	2,482,489
Other Ministry Grants	690,221	1,629,895	1,585,036	-	735,080
Education Development Charges	7,893,241	23,107,805	299,520	-	30,701,526
Proceeds of Disposition	2,461,702	2,110,312	-	-	4,572,015
Deferred Revenue - Capital	14,574,774	29,992,135	3,281,885	(2,793,912)	38,491,112
Total Deferred Revenue	18,448,288	74,463,398	48,637,839	(2,793,912)	41,479,935

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2023 $	2022 $
Balance, beginning of year	265,100,308	264,660,314
Additions to deferred capital contributions	15,060,976	14,070,725
Revenue recognized in the period	(14,209,676)	(13,630,731)
	265,951,608	265,100,308

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9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Liability	Retirement Gratuities $	Retirement Benefits $	Other Employee Future Benefits $	2023 Total $	2022 Total $
Accrued employee benefit obligations at August 31	192,130	454,511	4,097,675	4,744,316	4,301,574
Unamortized actuarial gains (losses) at August 31	5,823	-	-	5,823	1,787
Employee Future Benefits Liability at August 31	197,953	454,511	4,097,675	4,750,139	4,303,361

Change in retirement and other employee future benefit obligations	Retirement Gratuities $	Retirement Benefits $	Other Employee Future Benefits $	2023 Total $	2022 Total $
Current year benefit cost(1)	-	-	1,506,752	1,506,752	1,308,159
Interest on accrued benefit obligation	7,400	19,892	112,582	139,874	62,701
Recognized actuarial gains	(964)	(7,047)	(99,915)	(107,926)	9,630
Benefit payments	-	(136,784)	(955,138)	(1,091,922)	(1,267,038)
	6,436	(123,939)	564,281	446,778	113,452

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

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2023. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023	2022
Inflation	2.5%	2.0%
Wage and salary escalation	n/a	n/a
Insurance and health care cost escalation	4.00%	3.00- 5.00%
Discount on accrued benefit obligations	4.4%	3.9%

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS , continued

Retirement Benefits

(a) Ontario Teacher's Pension Plan

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

(b) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed $3,920,200 (2022 - $3,883,055) 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.

(c) Retirement Gratuities

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

(d) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums for certain classes of retirees are based on the School Board's experience and retirees' premiums may be subsidized by the Board. The premiums for retiree groups that have transitioned to the One-T ELHT are based on the trust retiree premium and 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, will no longer qualify for School Board subsidized premiums or contributions.

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS , continued

Other Employee Future Benefits

(a) Workplace Safety and Insurance Board Obligations

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

(b) Sick Leave Top-Up Benefits

As a result of changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term and disability plan in that year. The benefit costs and liabilities related to this plan are included in the Board’s consolidated financial statements.

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

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

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

10. ASSET RETIREMENT OBLIGATION

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

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

	2023 $	2022 $
Liabilities for Asset Retirement Obligations at Beginning of year	34,215,930	-
Opening adjustments for PSAB Adjustment	-	34,215,930
Increase in liabilities reflecting changes in the estimate of liabilities	4,807,339	-
Liabilities for Asset Retirement Obligations at End of Year	39,023,269	34,215,930

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.

11. DEBENTURE DEBT AND CAPITAL LOANS

(a) The balance of debenture debt and capital loans reported on the Consolidated Statement of Financial Position is made up of the following:

	2023 $	2022 $
CIBC Mellon Global Series 2000 – A1 debenture, repayable semi-annually at $944,244 principal and interest, with an effective interest rate of 7.20%, maturing June 2025	3,460,067	5,014,971
Ontario Financing Authority, term loan, repayable semi-annually at $93,943 principal and interest at 4.56% due November 2031	1,311,724	1,435,545
Ontario Financing Authority, term loan, repayable semi-annually at $86,308 principal and interest at 4.95%, due March 2033	1,330,290	1,433,899
Ontario Financing Authority, term loan, repayable semi-annually at $25,973 principal and interest at 5.28%, due April 2035	456,093	483,112
Ontario Financing Authority, term loan, repayable semi-annually at $380,620 principal and interest at 5.28%, due April 2035	6,683,752	7,079,694
Ontario Financing Authority, term loan, repayable semi-annually at $65,392 principal and interest at 5.28%, due April 2035	1,148,299	1,216,324
Ontario Financing Authority, term loan, repayable semi-annually at $1,745,072 principal and interest at 3.94%, due September 2025	7,754,172	10,846,911
	22,144,397	27,510,456

(b) Interest paid during the year on long term debt amounted to $1,317,046 (2022 - $1,508,576).

(c) The net debenture debt and capital loans reported in (a) of this note is repayable as follows:

	Principal $	Interest $	Total $
2024	5,640,020	1,043,086	6,683,106
2025	5,929,132	753,974	6,683,106
2026	2,029,284	486,028	2,515,312
2027	877,894	426,778	1,304,672
2028	922,767	381,706	1,304,473
2029 and subsequent years	6,745,300	1,259,938	8,005,238
	22,144,397	4,351,510	26,495,907

12. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2023 $	2022 $
Principal payments on long-term liabilities	5,366,059	5,106,407
Interest payments on long-term liabilities	1,317,046	1,576,699
	6,683,105	6,683,106

13. ACCUMULATED SURPLUS

	2023 $	Restated 2022 (Note 23) $
Accumulated Surplus:		
Operating	517,170	-
Invested in land	57,451,112	72,526,405
Other (see below)	(19,898,087)	(19,265,465)
Total Accumulated Surplus	38,070,195	53,260,940

Other comprised of:

	2023 $	2022 $
Committed sinking fund interest	1,125,388	1,220,759
Interest on long term debt	(309,430)	(381,176)
School generated funds	2,277,626	1,853,380
Employee benefits and post employment liabilities	(2,484,757)	(2,484,757)
Asset retirement obligations	(20,506,914)	(19,473,671)
	(19,898,087)	(19,265,465)

14. GRANTS FOR STUDENT NEEDS

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the Board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. The payment amounts of this funding are as follows:

	2023 $	2022 $
Provincial Legislative Grants	221,870,643	212,128,226
Education Property Tax	40,192,310	39,101,388
Grants for Student Needs	262,062,953	251,229,614

15. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 $ (Unaudited)	Actual 2023 $	Restated 2022 $ (Note 23)
Salary and wages	195,287,935	199,058,351	199,859,011
Employee benefits	37,567,781	37,337,105	36,574,815
Staff development	1,077,596	651,071	525,782
Supplies and services	18,006,211	15,828,903	16,612,394
Interest charges on capital	1,244,650	1,245,300	1,508,576
Rental	1,501,660	1,614,585	1,418,950
Fees and contract services	12,903,680	13,356,938	14,743,500
School fund activities	5,060,874	5,568,822	3,575,408
Other	2,227,809	2,710,530	370,897
Amortization of tangible capital assets and TCA-ARO	16,316,776	15,593,477	14,995,665
	291,194,972	292,965,082	290,184,998

16. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $20 million per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022 were $652,208 (2021 - $706,302). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the School Board.

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

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

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

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

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

17. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The Board has entered into contractual obligations for completion of school projects and capital initiatives. The Board has outstanding commitments of $9,678,762 as at August 31, 2023 that will be incurred as capital expenditures in future years as the projects are completed.

17. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES, continued

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

2024	$1,710,991
2025	1,662,411
2026	1,366,142
2027	1,226,643
2028 and thereafter	3,298,987

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

18. DURHAM STUDENT TRANSPORTATION SERVICES (DSTS) CONSORTIUM

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

The Board's consolidated financial statements reflect its pro-rata share of revenues and expenses. Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs. The Board's pro-rata share for 2023 is 25.4% (2022 – 26.6%).

The following provides condensed financial information:

	DDSB $	DCDSB $	Total 2023 $	Total 2022 $
Student Transportation	21,788,618	7,189,468	28,978,086	28,431,355
Administrative Costs	2,031,599	921,388	2,952,987	3,621,328
Total Expenditures	23,820,217	8,110,856	31,931,073	32,052,683

19. 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 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 $138,444 (2022 - $2,810,662) with expenses based on use of $138,444 (2022 - $2,810,662) for a net impact of $NIL.

20. SUBSEQUENT EVENTS

Sale of Properties

Subsequent to the year ended August 31, 2023, the Board sold the vacant Brooklin secondary school site for the amount of $33,500,000. This property is included in Assets Held for Sale on the Consolidated Statement of Financial Position.

Resolution to Bill 124

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

This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks. As such, the revenues and expenses are understated by $399,144, with no impact to the overall financial position of the school board.

The Board may be exposed to further payments if other employee groups settle similar arbitrations with the Crown. The Board approximates future payments could be as high as $17,000,000 that may have to flow through the Board. No agreements have been reached and the actual settlement amount is unknown at the auditor's report date.

21. 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.

(a) Credit risk

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

The Board's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, accrued interest on long-term debt 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.

22. FUTURE ACCOUNTING STANDARD ADOPTION

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

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 1, 2024):

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

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.

23. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW 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.

23. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW STANDARDS, continued

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.

Establishing fair value
The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy
The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:
Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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. It has reported obligations for closure and post closure activities related to landfill sites as the landfill site's capacity was used (if applicable). 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).

23. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW STANDARDS, continued

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 and closure and post closure activities related to landfill sites (if applicable). The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

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

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

23. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW STANDARDS, continued

As a result of applying this accounting standard, an asset retirement obligation of $39,023,269 (2022 – $34,215,930) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported $	Adjustments $	As restated $
Statement of Financial Position			
Tangible capital assets including ARO	322,114,314	14,742,259	336,856,573
Asset retirement obligation liability	-	34,215,930	34,215,930
Accumulated surplus (deficit)	72,734,611	(19,473,671)	53,260,940
Statement of Change in Net Debt			
Annual surplus (deficit)	2,592,499	(1,033,244)	1,559,255
Amortization of TCA (incl TCA-ARO)	13,962,421	1,033,244	14,995,665
Change in net debt	(1,826,736)	-	(1,826,736)
Statement of Operations			
Amortization of TCA-ARO	-	(1,033,244)	(1,033,244)
Surplus (deficit) for the year	2,592,499	(1,033,244)	1,559,255

DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 1
For the Year Ended August 31, 2023

	Cost								
	Opening Balance $	Adjustment for PS3280 $	Opening Balance - Adjusted $	Additions $	Disposals $	Transfers $	Transfer to Assets Held for Sale $	Revaluation of TCA-ARO $	Closing Balance $
Tangible Capital Assets									
Land	51,542,347	-	51,542,347	-	-	-	-	-	51,542,347
Land Improvements	9,371,201	-	9,371,201	2,447,842	-	-	-	-	11,819,043
Buildings	428,701,304	34,215,930	462,917,234	11,708,788	-	-	-	4,807,339	479,433,361
Portable Structures	6,454,242	-	6,454,242	-	-	-	-	-	6,454,242
First time equipping	3,594,243	-	3,594,243	-	451,157	-	-	-	3,143,086
Furniture	896,898	-	896,898	-	108,005	-	-	-	788,893
Equipment	1,143,808	-	1,143,808	6,803	51,684	-	-	-	1,098,927
Computer hardware	4,912,035	-	4,912,035	185,482	584,975	-	-	-	4,512,542
Computer software	1,130,863	-	1,130,863	94,095	121,551	-	-	-	1,103,407
Vehicles	320,473	-	320,473	55,594	-	-	-	-	376,067
	508,067,414	34,215,930	542,283,344	14,498,604	1,317,372	-	-	4,807,339	560,271,915
Assets Under Construction									
Buildings	142,824	-	142,824	562,373	-	-	-	-	705,197
	142,824	-	142,824	562,373	-	-	-	-	705,197
Total	508,210,238	34,215,930	542,426,168	15,060,977	1,317,372	-	-	4,807,339	560,977,112

DURHAM CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 1
For the Year Ended August 31, 2023

	Accumulated Amortization							Net Book Value	
	Opening Balance $	Adjustment for PS3280 $	Opening Balance - Adjusted $	Amortization $	Disposals, Write-offs. revaluation of TCA-ARO, additions and transfers $	Transfer to Assets Held for Sale $	Closing Balance $	2023 $	2022 $
Tangible Capital Assets									
Land	-	-	-	-	-	-	-	51,542,347	51,542,347
Land Improvements	4,625,707	-	4,625,707	677,491	-	-	5,303,198	6,515,845	4,745,494
Buildings	168,861,725	19,473,673	188,335,398	12,884,514	-	-	201,219,912	278,213,449	274,581,837
Portable Structures	5,956,216	-	5,956,216	56,485	-	-	6,012,701	441,541	498,026
First time equipping	2,016,560	-	2,016,560	291,846	451,157	-	1,857,249	1,285,837	1,577,683
Furniture	711,421	-	711,421	68,528	108,005	-	671,944	116,949	185,477
Equipment	551,389	-	551,389	107,626	51,684	-	607,331	491,596	592,419
Computer hardware	2,663,555	-	2,663,555	1,277,810	584,975	-	3,356,390	1,156,152	2,248,480
Computer software	569,710	-	569,710	196,754	121,551	-	644,913	458,494	561,153
Vehicles	139,640	-	139,640	32,423	-	-	172,063	204,004	180,833
	186,095,923	19,473,673	205,569,596	15,593,477	1,317,372	-	219,845,701	340,426,214	336,713,749
Assets Under Construction									
Buildings	-	-	-	-	-	-	-	705,197	142,824
	-	-	-	-	-	-	-	705,197	142,824
Total	186,095,923	19,473,673	205,569,596	15,593,477	1,317,372	-	219,845,701	341,131,411	336,856,573

bakertilly