

**Nipissing-Parry Sound Catholic
District School Board**

**Management Report,
Independent Auditor's Report and
Consolidated Financial Statements**

August 31, 2023

Management Report

Management's Responsibility for the Consolidated Financial Statements


The accompanying consolidated financial statements of the Nipissing-Parry Sound Catholic 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.

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

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

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


Director of Education


Executive Superintendent of Corporate Services

November 28, 2023

Independent Auditor's Report

To the Board of Trustees of Nipissing-Parry Sound Catholic District School Board

Opinion

We have audited the consolidated financial statements of Nipissing-Parry Sound Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations and accumulated surplus, cash flows and changes in net debt 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 financial position of Nipissing-Parry Sound Catholic District School Board for the year ended August 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration 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.

ACCOUNTING • TAX • ADVISORY

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Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

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. The consolidated financial statements are prepared to assist the Board to meet the financial reporting requirements of the Ministry of Education of Ontario. As a result, the consolidated financial statements may not be suitable for another purpose. 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 Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

North Bay, Ontario
November 28, 2023

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Nipissing-Parry Sound Catholic District School Board

Consolidated Financial Statements August 31, 2023

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes In Net Debt	4
Notes to the Consolidated Financial Statements	5-30


Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2023

	<u>2023</u>	<u>2022</u>
		(Restated note 4)
Financial Assets		
Cash (note 5)	\$ 3,167,076	\$ 6,166,976
Accounts receivable (note 6)	8,424,621	6,939,772
Accounts receivable - Government of Ontario - Approved Capital (note 7)	<u>19,047,246</u>	<u>20,385,105</u>
	<u>30,638,943</u>	<u>33,491,853</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	5,513,345	7,071,016
Net long-term debt (note 9)	16,852,728	17,799,000
Deferred revenue (note 10)	4,257,152	3,779,453
Deferred capital contributions (note 11)	54,960,030	53,149,508
Asset retirement obligations (note 12)	1,401,333	1,228,700
Retirement and other employee future benefits (note 13)	<u>1,468,721</u>	<u>1,423,498</u>
	<u>84,453,309</u>	<u>84,451,175</u>
Net Debt	<u>(53,814,366)</u>	<u>(50,959,322)</u>
Non-Financial Assets		
Prepaid expenses	939,200	147,927
Tangible capital assets (note 14)	<u>59,876,326</u>	<u>57,474,589</u>
Total Non-Financial Assets	<u>60,815,526</u>	<u>57,622,516</u>
Accumulated Surplus (note 15)	<u>\$ 7,001,160</u>	<u>\$ 6,663,194</u>
Contingent Liabilities (note 16)		
Commitments (note 17)		

Approved by the Board:



Director of Education

Chair of the Board

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

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended August 31, 2023

	2023 Budget <small>(Unaudited and restated)</small>	2023 Actual	2022 Actual <small>(Restated note 4)</small>
Revenues			
Provincial grants - grants for student needs (note 18)	\$ 47,422,127	\$ 49,376,027	\$ 45,156,078
Provincial grants - other	1,077,751	1,773,905	3,044,849
Federal grants and fees	-	96,520	-
Federal grants and fees - First Nations	1,142,528	1,229,449	1,254,084
Other fees and revenues	1,530,860	1,178,873	1,259,755
Investment income	25,000	200,302	50,681
School fund-raising and other revenues	675,000	1,167,284	801,308
Amortization of deferred capital contributions	<u>2,877,245</u>	<u>2,986,843</u>	<u>2,837,862</u>
	<u>54,750,511</u>	<u>58,009,203</u>	<u>54,404,617</u>
Expenses (note 20)			
Instruction	39,156,481	39,984,556	37,843,005
Administration	2,255,109	2,366,634	2,011,681
Transportation	3,856,127	4,313,290	4,041,648
Pupil accommodation	8,554,494	8,840,833	8,709,367
School funded activities	675,000	1,201,534	715,151
Other	<u>524,106</u>	<u>964,390</u>	<u>315,477</u>
	<u>55,021,317</u>	<u>57,671,237</u>	<u>53,636,329</u>
Annual Surplus (Deficit)	(270,806)	337,966	768,288
Accumulated Surplus, Beginning of Year, as previously stated	6,663,194	6,663,194	6,819,134
Adjustments related to adoption of new accounting standards (note 4)	<u>-</u>	<u>-</u>	<u>(924,228)</u>
Accumulated Surplus, End of Year	<u>\$ 6,392,388</u>	<u>\$ 7,001,160</u>	<u>\$ 6,663,194</u>

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

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Cash Flows
For The Year Ended August 31, 2023

	<u>2023</u>	<u>2022</u> (Restated note 4)
Operation transactions		
Annual Surplus	\$ 337,966	\$ 768,288
Cash provided by (used for)		
Non-cash items		
Amortization of tangible capital assets	3,245,642	3,045,160
Amortization of deferred capital contributions	(2,986,843)	(2,837,862)
Write-down of tangible capital assets	6,213	-
Decrease (increase) in accounts receivable	(1,484,849)	156,709
Decrease (increase) in prepaid expenses	(791,273)	33,176
Decrease in accounts payable and accrued liabilities	(1,557,671)	(2,141,660)
Increase in deferred revenue - operating	424,347	367,625
Increase (decrease) in retirement and other employee future benefits	<u>45,223</u>	<u>(114,295)</u>
Cash applied to operating transactions	<u>(2,761,245)</u>	<u>(722,859)</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(5,480,959)</u>	<u>(5,668,359)</u>
Cash applied to capital transactions	<u>(5,480,959)</u>	<u>(5,668,359)</u>
Financing transactions		
Decrease in accounts receivable - Government of Ontario - Approved Capital	1,337,859	1,678,434
Repayments on long-term debt	(946,272)	(910,945)
Deferred capital contributions received	4,797,365	4,263,980
Increase in deferred revenue - capital	<u>53,352</u>	<u>718,838</u>
Cash provided by financing transactions	<u>5,242,304</u>	<u>5,750,307</u>
Decrease in cash	(2,999,900)	(640,911)
Cash, Beginning of Year	<u>6,166,976</u>	<u>6,807,887</u>
Cash, End of Year	<u>\$ 3,167,076</u>	<u>\$ 6,166,976</u>

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

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Changes In Net Debt
For The Year Ended August 31, 2023

	2023 Budget <small>(Unaudited and restated)</small>	2023 Actual	2022 Actual <small>(Restated note 4)</small>
Annual Surplus (Deficit)	\$ (270,806)	\$ 337,966	\$ 768,288
Amortization of tangible capital assets	3,037,729	3,245,642	3,045,160
Acquisition of tangible capital assets	(2,875,608)	(5,480,959)	(5,668,359)
Write-down of tangible capital assets	-	6,213	-
Revaluation of tangible capital assets	-	(172,633)	-
Decrease (increase) in prepaid expenses	-	(791,273)	33,176
Increase in Net Debt	(108,685)	(2,855,044)	(1,821,735)
Net Debt, Beginning of Year, as previously stated	(50,959,322)	(50,959,322)	(47,908,887)
Adjustments related to adoption of new accounting standards (note 4)	-	-	(1,228,700)
Net Debt, End of Year	<u>\$ (51,068,007)</u>	<u>\$ (53,814,366)</u>	<u>\$ (50,959,322)</u>

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

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies

These 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 Canadian public sector accounting standard PS 3410;

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS 3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian public sector accounting standard PS 3510.

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

(b) Reporting Entity

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

Consolidated entities

Nipissing-Parry Sound Student Transportation Services
School Generated Funds

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

(c) Trust Funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(d) Financial instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities and net long-term debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

(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 expenses are incurred or services performed.

(f) Deferred Capital Contributions

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

- Government transfers received or receivable for capital purposes;
- other restricted contributions received or receivable for capital purposes; 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(g) Retirement and Other Employee Future Benefits (Continued)

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: OECTA. The following ELHTs were established in 2017-2018: CUPE and a trust 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), and other school board staff. 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.

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 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 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 gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is determined using management's best estimates.

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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(g) Retirement and Other Employee Future Benefits (Continued)

- (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.

(h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(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, interest related to financing during construction as well as 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 estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Land improvements	15
Buildings and building improvements	40
Portable structures	10
First-time equipping of schools	10
Furniture and equipment	5-10
Vehicles	5
Computer hardware	3
Computer software	5

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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(h) Non-Financial Assets (Continued)

(i) Tangible Capital Assets (Continued)

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 cost 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.

(ii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(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 (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.

(j) 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

1. Significant Accounting Policies (Continued)

(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) 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.

(m) 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. Accounts subject to significant estimates include education property tax, useful life of tangible capital assets and the related amortization, accrued liabilities, employee future benefits, asset retirement obligations and deferred capital contributions. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$1,401,333 (2022 - \$1,228,700). 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 and/or the allocation of costs between required and discretionary activities.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

2. Future Accounting Pronouncements

The following accounting standards and amendments were not effective for the year ended August 31, 2023 and have therefore not been applied in the preparation of the consolidated financial statements. The Board is currently evaluating the impact of these accounting changes on its future consolidated financial statements.

Section 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. This section applies to fiscal years beginning on or after April 1, 2023. Early application is permitted.

Guideline 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. This guideline applies to fiscal years beginning on or after April 1, 2023. Early application is permitted.

Section 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. This section applies to fiscal years beginning on or after April 1, 2023.

3. Change in Accounting Policies

On September 1, 2022, the Board adopted the following standards on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. The 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.

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 at 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

3. Change in Accounting Policies (continued)

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.

4. Adoption of New Accounting Standards

On September 1, 2022, the Board adopted PS 3280 *Asset Retirement Obligations* (ARO) on a modified retroactive basis with restatement of the prior period.

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.

In the past, the Board reported its obligations relating to the retirement of tangible capital assets in the period in which 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. The obligation justifies the recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and or a performance agreement. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include the operation, maintenance, and monitoring 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 amortization method as the associated tangible capital asset.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

4. Adoption of New Accounting Standards (Continued)

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 the Board's assets, and new information obtained through regular maintenance and renewal of the Board's assets may result in additional asset retirement obligations arising from better information on the nature and extent to which 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 an increase in the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

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 these buildings and this information is extrapolated to a group of similar assets that do not have reports on designated substances. 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 the use of industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of the application of this accounting standard, an asset retirement obligation of \$1,401,333 (2022 – \$1,228,700) has been recognized as a liability in the consolidated statement of financial position. These obligations represent estimated costs of retiring buildings owned by the Board. The Board has restated the prior period based on a simplified approach, using the information for the period September 1, 2022 to August 31, 2023 as a proxy for the information for the period September 1, 2021 to August 31, 2022.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

4. Adoption of New Accounting Standards (Continued)

The adoption of *PS 3280 Asset Retirement Obligations* (ARO) has been applied to the comparative period as follows:

	<u>As previously stated</u>	<u>2022 Adjustments</u>	<u>Restated</u>
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 57,256,497	\$ 218,092	\$ 57,474,589
Asset retirement obligations	-	1,228,700	1,228,700
Accumulated surplus	7,673,802	(1,010,608)	6,663,194
Consolidated Statement of Operations and Accumulated Surplus			
Pupil accommodation	8,622,987	86,380	8,709,367
Adjustments related to adoption of new accounting standards	-	924,228	924,228
Accumulated surplus, end of year	7,673,802	(1,010,608)	6,663,194
Consolidated Statement of Cash Flows			
Annual surplus	854,668	(86,380)	768,288
Amortization of tangible capital assets	2,958,780	86,380	3,045,160
Consolidated Statement of Change in Net Debt			
Annual surplus	854,668	(86,380)	768,288
Amortization of tangible capital assets	2,958,780	86,380	3,045,160
Adjustments related to adoption of new accounting standards	-	1,228,700	1,228,700
Net debt, end of year	(49,730,622)	(1,228,700)	(50,959,322)
Note 15 - Accumulated Surplus			
Asset retirement obligations	-	1,010,608	1,010,608
Accumulated surplus	7,673,802	(1,010,608)	6,663,194
Note 20 - Expenses by Object			
Amortization of tangible capital assets	2,958,780	86,380	3,045,160
Total expenses by object	53,549,949	86,380	53,636,329

5. Cash

The Board has an operating line of credit available to a maximum of \$4,000,000 to address operating requirements and bears interest at the bank's prime lending rate. The credit facility is unsecured and due on demand. As at August 31, 2023, the Board has utilized \$- (2022 - \$-).

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

6. Accounts Receivable

	<u>2023</u>	<u>2022</u>
School Boards	\$ -	\$ 54,485
Province of Ontario - other	2,345,874	1,317,014
Province of Ontario - delayed grant payment (a)	3,634,740	4,238,040
Government of Canada	1,085,277	307,035
Municipalities	669,595	609,715
Other	<u>689,135</u>	<u>413,483</u>
	<u>\$ 8,424,621</u>	<u>\$ 6,939,772</u>

(a) 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 Government of Ontario at August 31, 2023 is \$3,634,740 (2022 - \$4,238,040).

7. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. Nipissing-Parry Sound 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 will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$19,047,246 as at August 31, 2023 (2022 - \$20,385,105) with respect to capital grants.

8. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Government of Ontario	\$ 439,874	\$ 530,600
Trade	2,368,292	4,003,270
Payroll related	1,792,165	1,955,758
Other	<u>913,014</u>	<u>581,388</u>
	<u>\$ 5,513,345</u>	<u>\$ 7,071,016</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

9. Net Long-Term Debt

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

	<u>2023</u>	<u>2022</u>
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$70,460 including interest at the rate of 4.56%, final instalment due November 15, 2031	\$ 983,830	\$ 1,076,699
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$125,660 including interest at the rate of 4.90%, final instalment due March 3, 2033	1,936,828	2,087,677
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$21,348 including interest at the rate of 5.062%, final instalment due March 13, 2034	352,455	376,397
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$41,351 including interest at the rate of 5.232%, final instalment due April 13, 2035	726,124	769,140
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$216,338 including interest at the rate of 3.564%, final instalment due March 9, 2037	4,687,419	4,946,100
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$85,197 including interest at the rate of 3.799%, final instalment due March 19, 2038	1,919,318	2,014,089
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$3,194 including interest at the rate of 4.003%, final instalment due March 11, 2039	74,336	77,650
Ontario Financing Authority - Debenture - Amortizing, payable in semi-annual instalments of \$234,923 including interest at the rate of 2.993%, final instalment due March 9, 2040	<u>6,172,418</u>	<u>6,451,248</u>
	<u>\$ 16,852,728</u>	<u>\$ 17,799,000</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

9. Net Long-Term Debt (Continued)

Principal and interest payments relating to the net long-term debt of \$16,852,728 outstanding as at August 31, 2023 are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 983,021	\$ 613,920	\$ 1,596,941
2025	1,021,237	575,684	1,596,921
2026	1,061,070	535,900	1,596,970
2027	1,102,436	494,505	1,596,941
2028	1,145,515	451,428	1,596,943
Thereafter	<u>11,539,449</u>	<u>2,087,355</u>	<u>13,626,804</u>
Net Long-Term Debt	<u>\$ 16,852,728</u>	<u>\$ 4,758,792</u>	<u>\$ 21,611,520</u>

10. 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	Transfers to deferred capital contributions	Balance as at August 31, 2023
Integrated Services for Northern Children Priorities and Partnerships Fund	\$ 225,137	\$ (77,227)	\$ (39,890)	\$ -	\$ 108,020
Other - Capital	1,011,578	1,245,731	(1,767,381)	-	489,928
Other - Operating	1,713,811	3,218,551	(1,495,565)	(1,669,634)	1,767,163
	828,927	9,931,764	(8,868,650)	-	1,892,041
Total Deferred Revenue	<u>\$ 3,779,453</u>	<u>\$14,318,819</u>	<u>\$(12,171,486)</u>	<u>\$ (1,669,634)</u>	<u>\$ 4,257,152</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

11. 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.

	<u>2023</u>	<u>2022</u>
Balance as at August 31, 2022	\$ 53,149,508	\$ 51,723,390
Additions to deferred capital contributions	3,127,731	3,088,954
Transfers from deferred revenue	<u>1,669,634</u>	<u>1,175,026</u>
	57,946,873	55,987,370
Revenue recognized in the period	<u>(2,986,843)</u>	<u>(2,837,862)</u>
Balance as at August 31, 2023	<u>\$ 54,960,030</u>	<u>\$ 53,149,508</u>

12. Asset Retirement Obligations

The Board has recorded an asset retirement obligation as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts. At August 31, 2023, all liabilities for asset retirement obligations are reported at current cost without discounting.

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

	<u>2023</u>	<u>2022</u>
Liabilities for asset retirement obligations at beginning of year	\$ 1,228,700	\$ -
Opening balance adjustment	-	1,228,700
Increase in liabilities reflecting the change in the estimate of liabilities (i)	<u>172,633</u>	<u>-</u>
Liabilities for asset retirement obligations at end of year	<u>\$ 1,401,333</u>	<u>\$ 1,228,700</u>

- (i) As a result of recent high levels of inflation and liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in the estimates of 14.05% as at March 31, 2023, in line with the Provincial government's 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

13. Retirement and Other Employee Future Benefits

	<u>2023</u>			<u>2022</u>
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>	Total Employee Future Benefits
Retirement and Other Employee Future Benefit Liabilities				
Accrued Employee Future Benefit Obligations	<u>\$ 742,482</u>	<u>\$ 726,239</u>	<u>\$ 1,468,721</u>	<u>\$ 1,423,498</u>

	<u>2023</u>			<u>2022</u>
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>	Total Employee Future Benefits
Retirement and Other Employee Future Benefit Expenses				
Current Year Benefit Cost	\$ -	\$ 2,730	\$ 2,730	\$ 10,155
Interest on Accrued Benefit Obligation	<u>55,545</u>	<u>-</u>	<u>55,545</u>	<u>69,411</u>
Employee Future Benefit Expenses ¹	<u>\$ 55,545</u>	<u>\$ 2,730</u>	<u>\$ 58,275</u>	<u>\$ 79,566</u>

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

Retirement Benefits

(a) Ontario Teachers' Pension Plan

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

13. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits (Continued)

(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. During the year ended August 31, 2023, the Board contributed \$851,582 (2022 - \$791,885) 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 Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012.

The Board has internally appropriated \$500,000 at August 31, 2023 (2022 - \$500,000) of accumulated surplus for retirement gratuities.

(d) Retirement Dental and Health Care Benefits

The Board provides dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are 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 Board subsidized premiums or contributions.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

13. Retirement and Other Employee Future Benefits (Continued)

Other Employee Future Benefits

(a) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2023 were \$374,050 (2022 - \$252,216) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(b) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year.

(c) Accrued Vacation Time

The Board provides accumulations for vacation time through an unfunded defined benefit plan. Under this plan employees can accumulate vacation time for use in the future. The benefit costs and the liability related to this plan are included in the consolidated financial statements of the Board.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

14. Tangible Capital Assets

	Cost						Balance at August 31, 2023
	Balance at August 31, 2022	Adjustment for PS 3280	Opening Balance, (Restated)	Additions	Transfers and Write-downs	Revaluation (note 12)	
Land	\$ 1,361,261	\$ -	\$ 1,361,261	\$ 443,112	\$ -	\$ -	\$ 1,804,373
Land improvements	6,659,907	-	6,659,907	237,105	-	-	6,897,012
Buildings and building improvements	79,097,250	1,228,700	80,325,950	4,271,107	-	172,633	84,769,690
Portables structures	240,796	-	240,796	-	-	-	240,796
First-time equipping of schools	216,805	-	216,805	-	-	-	216,805
Furniture and equipment	1,545,130	-	1,545,130	54,070	-	-	1,599,200
Vehicles	114,559	-	114,559	-	-	-	114,559
Computer hardware	4,610,333	-	4,610,333	463,038	-	-	5,073,371
Computer software	249,230	-	249,230	12,527	(6,213)	-	255,544
Total	\$ 94,095,271	\$ 1,228,700	\$ 95,323,971	\$ 5,480,959	\$ (6,213)	\$ 172,633	\$ 100,971,350
	Accumulated Amortization						
	Balance at August 31, 2022	Adjustment for PS 3280	Opening Balance, (Restated)	Amortization	Transfers and Write-downs	Revaluation (note 12)	Balance at August 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	2,779,251	-	2,779,251	361,458	-	-	3,140,709
Buildings and building improvements	28,917,297	1,010,608	29,927,905	2,116,325	-	-	32,044,230
Portables structures	136,016	-	136,016	19,517	-	-	155,533
First-time equipping of schools	204,546	-	204,546	12,259	-	-	216,805
Furniture and equipment	833,333	-	833,333	142,010	-	-	975,343
Vehicles	73,654	-	73,654	13,813	-	-	87,467
Computer hardware	3,681,312	-	3,681,312	570,924	-	-	4,252,236
Computer software	213,365	-	213,365	9,336	-	-	222,701
Total	\$ 36,838,774	\$ 1,010,608	\$ 37,849,382	\$ 3,245,642	\$ -	\$ -	\$ 41,095,024

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

14. Tangible Capital Assets (continued)

	<u>Net Book Value</u>	
	<u>2023</u>	<u>2022</u>
		(Restated note 4)
Land	\$ 1,804,373	\$ 1,361,261
Land improvements	3,756,303	3,880,656
Buildings and building improvements	52,725,460	50,398,045
Portable structures	85,263	104,780
First-time equipping of schools	-	12,259
Furniture and equipment	623,857	711,797
Vehicles	27,092	40,905
Computer hardware	821,135	929,021
Computer software	<u>32,843</u>	<u>35,865</u>
 Total	 <u>\$ 59,876,326</u>	 <u>\$ 57,474,589</u>

15. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2023</u>	<u>2022</u>
		(Restated note 4)
Available for Compliance - Internally Appropriated		
Employee future benefits	\$ 500,000	\$ 500,000
Committed capital projects	3,207,576	3,345,724
General	2,286,016	2,169,947
Pathways for Student Success	<u>164,145</u>	<u>259,145</u>
Total Internally Appropriated	<u>6,157,737</u>	<u>6,274,816</u>
Unavailable for Compliance		
Invested in non-depreciable tangible capital assets	1,804,373	1,361,261
Interest accrued	(183,604)	(193,599)
Employee future benefits	(122,567)	(245,135)
School generated funds	442,209	476,459
Asset retirement obligations	<u>(1,096,988)</u>	<u>(1,010,608)</u>
Total Externally Appropriated	<u>843,423</u>	<u>388,378</u>
 Total Accumulated Surplus	 <u>\$ 7,001,160</u>	 <u>\$ 6,663,194</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

16. Contingent Liabilities

a) Legal Actions

The Board is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these legal matters and litigations will be charged to operations in the periods in which they are resolved. The Board is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Board's consolidated financial position.

b) Subsidies

The Board receives subsidies and contributions from various funding agencies. Pursuant to the related agreements, if the Board does not meet established objectives, the funding agencies could be entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

c) Grievances

The Board is disputing grievances placed through its employees' unions which may have to be settled by arbitration. It is not possible, at this time, to determine the amount, if any, of settlements that may result from any arbitration process. Any retroactive wage settlement will be charged to operations in the period in which the amount is determined to be payable.

d) Guarantee

The Board has guaranteed Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound's revolving line of credit up to a maximum of \$80,000. Any amounts required to be paid under this guarantee will be charged to operations in the year the payments are incurred. As at August 31, 2023, the revolving line of credit's outstanding balance was \$- (2022 - \$-).

17. Commitments

During 2023, the Board has entered into various contracts including masonry restoration, heating plant and control upgrades at St. Joseph-Scollard Hall and control upgrades at St. Theresa and St. Luke, for a total of approximately \$4,081,305. As at August 31, 2023, there was approximately \$1,134,529 of work remaining to be completed.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

18. Provincial Grants - 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 provincial funding received is as follows:

	<u>2023</u> Budget (Unaudited)	<u>2023</u> Actual	<u>2022</u> Actual
Provincial grants - grants for student needs	\$ 43,132,136	\$ 44,880,707	\$ 40,891,655
Education property tax	<u>4,289,991</u>	<u>4,495,320</u>	<u>4,264,423</u>
	<u>\$ 47,422,127</u>	<u>\$ 49,376,027</u>	<u>\$ 45,156,078</u>

19. Debt Charges

The expense for debt charges includes principal and interest payments paid to the Ontario Financing Authority is as follows:

	<u>2023</u>	<u>2022</u>
Principal on long-term debt	\$ 946,272	\$ 910,945
Interest payments on long-term debt	<u>640,675</u>	<u>675,730</u>
	<u>\$ 1,586,947</u>	<u>\$ 1,586,675</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

20. Expenses by Object

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

	2023 Budget	2023 Actual	2022 Actual
	(Unaudited)		(restated - note 4)
Expenses			
Salary and wages	\$ 34,097,345	\$ 34,780,711	\$ 32,822,403
Employee benefits	6,407,772	6,374,083	5,949,720
Staff development	426,120	279,081	164,078
Supplies and services	3,697,962	3,751,429	3,941,900
Interest charges on long-term debt	650,670	640,675	675,730
Rentals	35,000	41,289	35,000
Fees and contract services	5,387,369	6,306,519	5,902,783
Other	606,350	1,050,274	384,404
Amortization of tangible capital assets	3,037,729	3,245,642	3,045,160
School funded activities	<u>675,000</u>	<u>1,201,534</u>	<u>715,151</u>
	<u>\$ 55,021,317</u>	<u>\$ 57,671,237</u>	<u>\$ 53,636,329</u>

21. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2023 were \$65,095 (2022 - \$64,832). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

21. Ontario School Board Insurance Exchange (OSBIE) (continued)

1. In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.
2. Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

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

22. Financial Instruments

Risks arising from financial instruments and risk management

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Board is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Board's financial assets consisting of cash and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Board at the date of the consolidated statement of financial position. The Board does not believe it is subject to significant credit risk.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2023

22. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board's financial liabilities include accounts payable and accrued liabilities and net long-term debt. The Board maintains sufficient resources to meet its obligations. The Board does not believe it is subject to significant liquidity risk.

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Board is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Board's financial instruments consisting of cash, accounts receivable, accounts payable and accrued liabilities and net long-term debt are subject to market risk. The Board does not believe it is subject to significant market risk.

23. Budget reconciliation

The non-audited budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Trustees. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard. Where amounts were not budgeted for (ARO amortization expenses), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results. As school boards only budget the statement of operations, the budget figures in the consolidated statement of change in net debt have not been provided. The adjustments do not represent a formal amended budget as approved by the Trustees. This is an amendment to make the 2023 budget information more comparable.

The chart below reconciles the approved budget to the budget figures reported in the consolidated statement of operations.

Consolidated Statement of Operations (Simplified) for the year ended August 31			
	Budget of 2022-2023	Variations	Budget of 2022-2023 unaudited and restated
Revenues	\$ 54,750,511	\$ -	\$ 54,750,511
Expenses	54,934,937	86,380	55,021,317
Annual surplus	(184,426)	(86,380)	(270,806)
Annual surplus, beginning of the year	6,663,194	-	6,663,194
Annual surplus, end of year	\$ 6,478,768	\$ (86,380)	\$ 6,392,388

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

24. Partnership in Nipissing-Parry Sound Student Transportation Services/ Services de Transport Scolaire Nipissing-Parry Sound

Transportation Consortium

On March 26, 2003, the Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was incorporated. On June 16, 2003, the Board entered into an agreement with Conseil scolaire catholique Franco-Nord, Conseil Scolaire public du Nord-Est de l'Ontario and Near North District School Board 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 created at the time Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was established, decisions related to the financial and operating activities of Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. The proportionate share of the Board is 17.48% (2022 - 17.08%). Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2023		2022	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial Assets	\$ 557,617	\$ 92,790	\$ 397,393	\$ 58,155
Financial Liabilities	<u>(557,617)</u>	<u>(92,790)</u>	<u>(397,393)</u>	<u>(58,155)</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operations:				
Revenues	\$ 24,809,836	\$ 4,287,438	\$ 23,811,141	\$ 4,014,723
Expenses	<u>(24,809,836)</u>	<u>(4,287,438)</u>	<u>(23,811,141)</u>	<u>(4,014,723)</u>
Annual Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>