



Special Board Meeting Agenda

November 18, 2024 7:00 p.m.



Michelle Arseneault
Trustee
Town of Whitby

Tracy Brown
Trustee
Town of Whitby

Emma Cunningham
Trustee
City of Pickering

Donna Edwards
Trustee
Town of Ajax

Mark Jacula
Trustee
City of Oshawa

Stephen Linton
Trustee
City of Pickering

Kelly Miller
Trustee
Town of Ajax

Carolyn Morton
Trustee
Townships of Brock, Scugog &
Uxbridge

Deb Oldfield
Vice Chair of the Board
Trustee
City of Oshawa

Shailene Panylo
Trustee
City of Oshawa

Christine Thatcher
Chair of the Board
Trustee
Town of Whitby

Vacant
Trustee
(First Nations Representative)

Kayla Hoare
Student Trustee

Nitishan Poopalasundaram
Student Trustee

Shampavi Vijayakumar
Student Trustee

Durham District School Board
calendar.ddsbs.ca/meetings
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DURHAM DISTRICT SCHOOL BOARD

SPECIAL BOARD MEETING

Monday, November 18, 2024

7:00 p.m.

	PAGE
1. <u>Call to Order</u>	Verbal
2. <u>Land Acknowledgement</u>	
<p>The Durham District School Board acknowledges that many Indigenous Nations have longstanding relationships, both historic and modern, with the territories upon which our school board and schools are located. Today, this area is home to many Indigenous peoples from across Turtle Island. We acknowledge that the Durham Region forms a part of the traditional and treaty territory of the Mississaugas of Scugog Island First Nation, the Mississauga Peoples and the treaty territory of the Chippewas of Georgina Island First Nation. It is on these ancestral and treaty lands that we teach, learn and live.</p>	
3. <u>Declarations of Interest</u>	Verbal
4. <u>Adoption of Agenda</u>	Verbal
5. <u>Recommended Actions</u>	
(a) Financial Process and the 2023-2024 Financial Statements (Associate Director David Wright)	1 - 43
6. <u>Adjournment</u>	Verbal

DURHAM DISTRICT SCHOOL BOARD ADMINISTRATIVE REPORT

REPORT TO: Durham District School Board

DATE: November 18, 2024

SUBJECT: Financial Process and the
2023-2024 Financial Statements

PAGE: 1 of 6

ORIGIN: Camille Williams-Taylor, Director of Education and Secretary to the Board
David Wright, Associate Director of Corporate Services and Treasurer of the Board
Melissa Durward, Senior Manager of Finance

Durham District School Board recognizes Indigenous rights are distinct. In the exercise of those rights, Indigenous staff and students shall not be subjected to actions with the aim or effect of depriving these distinct rights.

Durham District School Board is committed to providing learning and working environments that centre human rights and equity and are safe, welcoming, respectful, equitable, accessible, inclusive and free from all forms of discrimination, oppression, harassment and harm.

1.0 **Abstract**

As part of Durham District School Board's (DDSB) governance model, the annual audited financial statements are presented to the Board of Trustees for approval for submission to the Ministry of Education.

2.0 **Purpose**

The purpose of this report is to provide the Board of Trustees with an overview of the financial process, and to present the 2023-2024 Financial Statements for approval.

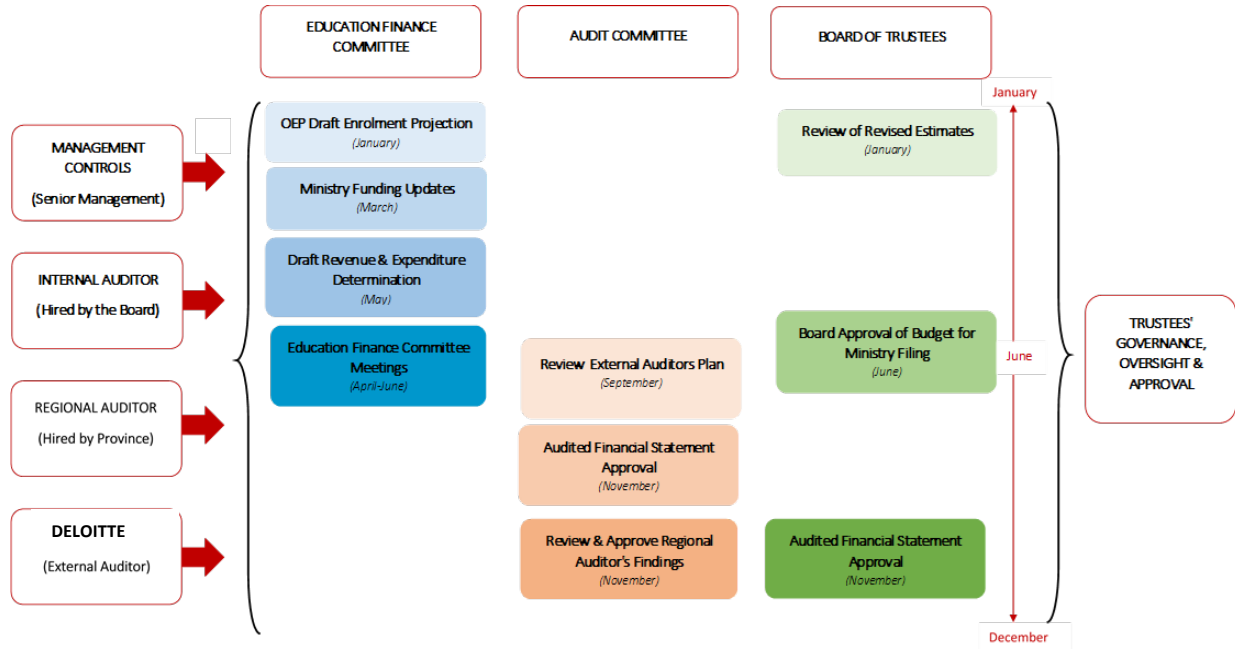
3.0 **Background**

3.1 **Financial Process**

The following table outlines the layers of Financial Governance and oversight at school boards across the province. The three layers are:

- Education Finance Committee
- Audit Committee
- Board of Trustees

The following chart entitled Trustees’ Governance, Oversight and Approval is provided for illustrative purposes.



Education Finance Committee

The Ministry of Education (Ministry) announces the Core Education Funding (formerly Grants for Student Needs), which generally provide the details of grant formulas and other criteria for education funding in March/April each year. This Ministry funding update and the Draft Official Enrolment Projections (OEP) are used by budget staff to build draft revenue and expenditures for the deliberations of the Education Finance Committee. Through several meetings, the Education Finance Committee receives information from DDSB staff and public deputations. Once the budget is approved by the Education Finance Committee, it is presented to the Board of Trustees for their consideration and approval for submission to the Ministry of Education.

Audit Committee

The Audit Committee is composed of three members of the Board of Trustees and two independent members drawn from the community at large. The primary role of the Audit Committee is to assist the Board of Trustees in fulfilling its duties related to governance and oversight. The duties of the Audit Committee fall under the following key areas: the financial reporting process, internal control framework, risk management practices, performance and function of the Board’s internal and external auditors and the Board’s compliance with its obligations under legislation. This committee meets approximately four times per year.

Board of Trustees

Public School Trustees are an important link between residents of the municipalities served by Durham District School Board (DDSB) and the Board. A Trustee is responsible, as a member of the Board to:

- Govern and set policy;
- Govern for the provision of curriculum, facilities, human and financial resources;
- Advocate for the needs of the District; and
- Explain the policies and decisions of DDSB to residents, as a constituency representative.

The financial process for school boards is supported by senior management and auditors.

Senior Management

Provides an environment of strong internal controls which correspond to best practices, Ministry/Provincial direction and Trustee approved Policies and Regulations.

Internal Audit

Reviews individual school/location compliance with controls.

Regional Audit

Reviews Board compliance with an entire process flow or control.

External Audit

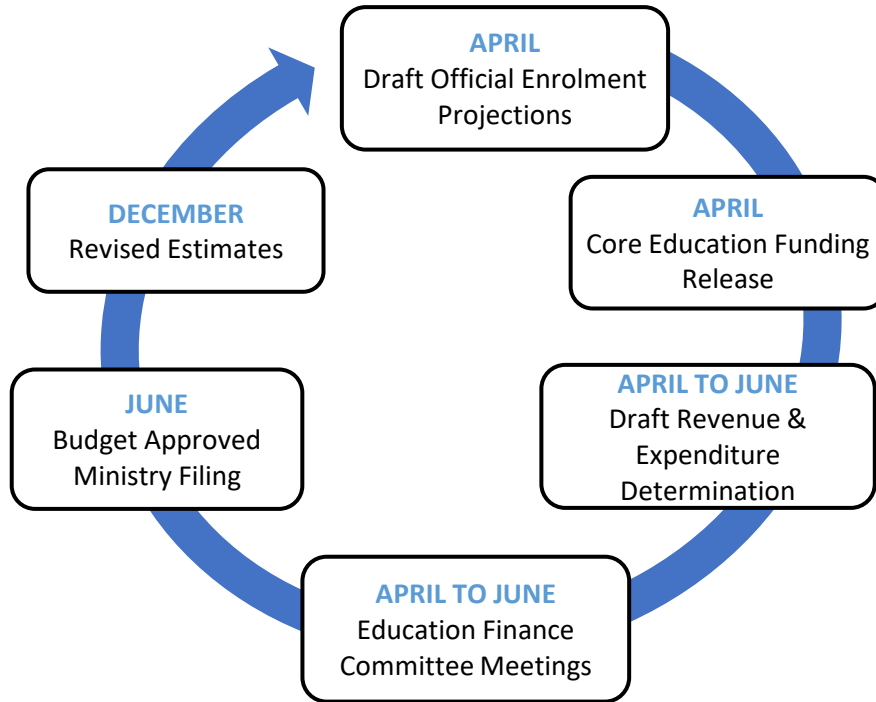
Reviews the Board's actual financial activity for the year-ended August 31, and provides an audit opinion with respect to overall compliance. DDSB's external auditor for the fiscal years of 2022 to 2026 is Deloitte LLP. Following a Request for Proposals, the Board of Trustees appointed Deloitte as the external auditor at the Board meeting of March 21, 2022.

3.2 Financial Statements

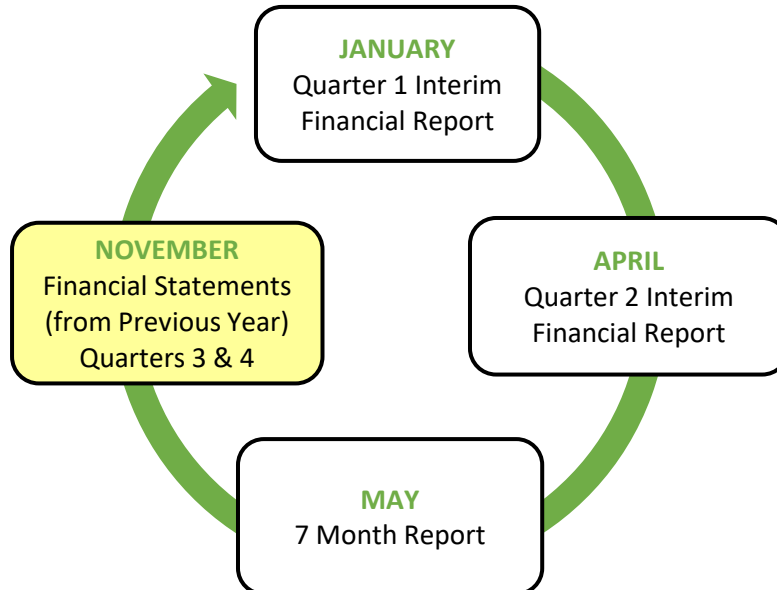
The External Auditors prepare the Audited Financial Statements for the year-ended August 31. It represents the actual results for the period from September 1, 2023 to August 31, 2024. It is the financial results of this period which provide insight for the budget to be approved in June 2025, for the 2025-2026 school year.

The following are graphical representations of the annual budget and financial processes cycles the DDSB undertakes annually.

Budget Process Cycle (Developing)



Financial Reporting Cycle (Monitoring)



4.0 Analysis

4.1 2023-2024 Financial Statements

Attached as Appendix A are the DDSB Audited Consolidated Financial Statements, September 1, 2023 – August 31, 2024, as audited by Deloitte. These statements were presented to the Audit Committee on November 18, 2024.

The audited financial statements for the year ended August 31, 2024 include:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Changes in Net Debt
- Consolidated Statement of Cash Flows
- Notes to Consolidated Financial Statements

These 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. Note 1(a) to the consolidated financial statements further outlines this process.

4.1.1 Consolidated Statement of Financial Position

- Financial assets \$ 456,056,861
- Financial liabilities \$ 1,367,062,893
- Non-financial assets \$ 1,214,861,823

4.1.2 Consolidated Statement of Operations and Accumulated Surplus

- Revenues \$ 1,170,353,035
- Expenses \$ 1,167,645,961

4.1.3 Notes to Consolidated Financial Statements

- Retirement and other employee future benefits liabilities \$ 33,414,338
- Capital loans \$ 180,419,730
- Tangible capital assets net book value \$ 1,206,574,420

5.0 Financial Implications

Financial Implications are reflected in the DDSB Audited Consolidated Financial Statements, September 1, 2023 – August 31, 2024.

6.0 Strategic Links

Compliant audited financial statements and clean audit opinions such as confirmed for the 2023-2024 school year, help to provide confidence in the appropriate use of public funds to support students, families and communities in accordance with the meaningful learning, connected communities and well-being priorities set out in the 2024-2028 DDSB Multi-Year Strategic Plan.

7.0 Communication/Implementation Plan

The [2023-2024 Financial Statements](#) will be posted on DDSB's website after the November 18, 2024 Board meeting.

8.0 Recommended Action

It is recommended that the Board of Trustees approve the 2023-2024 Audited Financial Statements of Durham District School Board, including transfers to and from internally restricted funds.

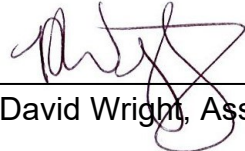
9.0 Appendices

Appendix A – DDSB Audited Consolidated Financial Statements,
September 1, 2023 – August 31, 2024

Report reviewed and submitted by:



Camille Williams-Taylor, Director of Education and Secretary to the Board



David Wright, Associate Director of Corporate Services and Treasurer of the Board



Durham District School Board

***AUDITED CONSOLIDATED
FINANCIAL STATEMENTS***

September 1, 2023 – August 31, 2024

Consolidated financial statements of
Durham District School Board

August 31, 2024

Draft

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Management Report

Year ended August 31, 2024

Re: Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

Director of Education

_____, 2024

Associate Director of Corporate Services
and Treasurer of the Board

Independent Auditor's Report

To the Board of Trustees of the Durham District School Board

Opinion

We have audited the consolidated financial statements of the Durham District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2024, and the consolidated statements of operations and accumulated surplus, changes 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2024, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Chartered Professional Accountants
Licensed Public Accountants
[DATE]

Durham District School Board
Consolidated statement of financial position
As at August 31, 2024

	Notes	2024 \$	2023 \$
Assets			
Cash and cash equivalents		73,180,477	59,641,597
Accounts receivable		28,927,023	29,999,582
Account receivable – Government of Ontario	4	338,949,361	318,089,312
Other investments	3	15,000,000	30,000,000
		456,056,861	437,730,491
Liabilities			
Temporary borrowing	10	146,000,000	57,500,000
Accounts payable and accrued liabilities	11 and 20	98,326,981	66,697,065
Capital loans	9 and 11	180,419,730	192,120,430
Deferred revenue	5	50,525,686	64,306,133
Retirement and other employee future benefits liabilities	8	33,414,336	31,115,858
Deferred capital contributions	6	824,257,134	779,887,696
Asset retirement obligations	7	34,119,026	33,030,091
		1,367,062,893	1,224,657,273
Net debt		(911,006,032)	(786,926,782)
Commitments and contingencies	18		
Non-financial assets			
Prepaid expenses and other assets	22	8,287,403	15,764,197
Tangible capital assets	14	1,206,574,420	1,072,311,302
		1,214,861,823	1,088,075,499
Accumulated surplus	15	303,855,791	301,148,717

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

Approved on behalf of the Board

_____, Chair of the Board

_____, Director of Education

Durham District School Board**Consolidated statement of operations and accumulated surplus**

Year ended August 31, 2024

	Notes	Budget \$	2024 Actual \$	2023 Actual \$
Revenue				
Grants for student needs				
Provincial legislative grants	12	709,569,731	772,397,053	688,653,994
Education property tax	12	193,732,253	205,082,812	197,471,634
Amortization of deferred capital contributions	6			
Related to provincial legislative grants		45,031,346	50,334,214	50,480,687
Related to third parties		1,077,190	1,098,032	1,038,712
Other	22	10,074,940	102,040,841	20,134,616
Federal grants and fees	17	735,218	2,674,133	2,737,942
School generated funds		11,225,847	15,400,958	13,391,861
Individual tuition fees		297,804	759,695	622,668
Investment income		2,000,000	5,685,500	4,272,751
Other fees and revenue		14,872,479	14,879,797	18,816,192
		988,616,808	1,170,353,035	997,621,057
Expenses				
Instruction	13	765,206,326	907,472,480	750,551,260
Administration		26,562,306	34,257,548	24,148,483
Transportation		28,976,134	28,263,521	24,555,626
Pupil accommodation		144,977,146	166,147,133	151,391,398
School generated funds		11,225,847	14,686,582	13,133,237
Other	22	13,094,889	16,818,697	23,991,006
		990,042,648	1,167,645,961	987,771,010
Annual (deficit) surplus		(1,425,840)	2,707,074	9,850,047
Accumulated surplus, beginning of year		294,623,705	301,148,717	291,298,670
Accumulated surplus, end of year	15	293,197,865	303,855,791	301,148,717

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

Durham District School Board
Consolidated statement of changes in net debt
Year ended August 31, 2024

Notes	Budget \$	2024 Actual \$	2023 Actual \$
Annual (deficit) surplus	(1,425,840)	2,707,074	9,850,047
Tangible capital asset activities			
Purchase of tangible capital assets and addition of tangible capital assets asset retirement obligation, net of disposals	(121,047,634)	(192,684,216)	(86,650,787)
Amortization of tangible capital assets	53,082,016	59,609,713	59,332,067
Changes in estimate of tangible capital assets asset retirement obligation	—	(1,188,615)	(4,072,396)
	(67,965,618)	(134,263,118)	(31,391,116)
Other non-financial asset activities			
Change in prepaid expenses and other assets	—	7,476,794	(3,146,012)
Change in net debt	(69,391,458)	(124,079,250)	(24,687,081)
Net debt, beginning of year	(786,926,728)	(786,926,782)	(762,239,701)
Net debt, end of year	(856,318,186)	(911,006,032)	(786,926,782)

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

Durham District School Board
Consolidated statement of cash flows
Year ended August 31, 2024

	Notes	2024 \$	2023 \$
Operating activities			
Annual surplus		2,707,074	9,850,047
Items not involving cash			
Amortization of tangible capital assets	14	58,313,237	58,510,832
Gain on tangible capital assets' disposal	14	(36,857)	(268,415)
Amortization of tangible capital assets asset retirement obligation	14	1,296,476	930,493
Asset retirement obligation liability (excl settlements)	7	1,192,802	4,097,607
Tangible capital assets asset retirement obligation (excl amortization)	14	(1,171,673)	(4,083,516)
Amortization of deferred capital contributions	6	(51,432,246)	(51,519,399)
Changes in non-cash assets and liabilities			
Accounts receivable		1,072,559	(4,953,275)
Prepaid expenses and other assets		7,476,794	(3,146,012)
Accounts payable and accrued liabilities		31,629,916	16,989,518
Deferred revenue – operating	5	(2,566,256)	(401,491)
Retirement and other employee future benefits payable		2,298,478	(1,048,093)
Settlement of asset retirement obligation		(103,867)	(386,851)
		50,676,437	24,571,445
Capital activities			
Proceeds on sale of tangible capital assets	5	173,250	268,415
Purchase of tangible capital assets, net of disposals	14	(192,837,551)	(86,748,925)
		(192,664,301)	(86,480,510)
Investing activity			
Disposal of investments, net		15,000,000	–
Financing activities			
Increase in account receivable – Government of Ontario, net		(20,860,049)	(18,494,391)
Temporary borrowing		88,500,000	20,900,000
Capital loan repayments	11	(11,700,700)	(11,192,872)
Additions to deferred capital contributions	6	95,801,684	59,640,204
Change in deferred revenue – capital	5	(11,214,191)	(8,537,010)
		140,526,744	42,315,931
Increase (decrease) in cash and cash equivalents		13,538,880	(19,593,134)
Cash and cash equivalents, beginning of year		59,641,597	79,234,731
Cash and cash equivalents, end of year		73,180,477	59,641,597
Cash and cash equivalents consist of			
Cash		73,180,477	59,641,597
Cash equivalents		–	–
		73,180,477	59,641,597

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

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

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 (the "Ministry") 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 (the "Province"). A directive was provided by the Ministry 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, Accounting Policies and Practices Public Entities ("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 consolidated statement of operations and accumulated surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of 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 taxation revenue.

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

- (i) 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 PS 3410, Government Transfers;
- (ii) externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Public Sector Accounting Standard PS 3100, Restricted Assets and Revenues; and
- (iii) property taxation revenue be reported as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510, Tax Revenue.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenue and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Reporting entity

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

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

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

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

(c) Trust funds

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

(d) Financial instruments

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

Financial instrument	Measurement method
Derivatives	Fair value
Portfolio instruments in equity	Fair value
Bonds	Amortized cost*
Treasury bills	Amortized cost*
Guaranteed investment certificates	Amortized cost*
Accounts receivable	Amortized cost*
Short-term borrowing	Amortized cost*
Accounts payable and accrued liabilities	Amortized cost*
Accrued vacation pay	Amortized cost*
Debenture debt	Amortized cost*
Term deposits	Cost
Cash and cash equivalents	Cost

*Amortized cost is measured using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a 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.

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.

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

1. Significant accounting policies (continued)

(d) Financial instruments (continued)

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.

(e) Cash and cash equivalents

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

(f) Other 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.

The Board has other investments in guaranteed investment certificates, which are recorded at amortized cost using the effective interest rate method.

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

1. Significant accounting policies (continued)

(g) Derivatives

Derivatives are securities with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. The contract is settled at a future date, requires no initial net investment and the value of the contract changes over the life of the contract based on a term in the contract. The Board has not entered into any derivative contracts as at August 31, 2024 or August 31, 2023.

(h) 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, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(i) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset has been acquired as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same period as the related tangible capital asset is amortized. The following items fall under this category:

- (i) government transfers received or receivable for capital purposes;
- (ii) other restricted contributions received or receivable for capital purposes; and
- (iv) property taxation revenues which were historically used to fund capital assets.

(j) Public private partnerships

Public Private Partnerships (P3s) are an alternate financing and procurement model available to the Board to use private sector partners to design, build, acquire or better new or existing infrastructure projects with higher risk, multi-year construction period and significant investments. Assets procured via P3s are recognized as tangible capital assets, and the related obligations are recognized as other long-term financing liabilities for financial liability models and/or deferred revenue for P3 performance obligations arising from user pay obligations in the financial statements as the assets are constructed. At initial recognition, the total liability reflects the cost of the tangible capital asset. The total liability for combined consideration arrangements is allocated between a financial liability and performance obligation based on the portion of the asset cost financed through the respective models. Financial liabilities are measured at amortized cost using the implicit contract rate. The Board has not entered into any P3s as at August 31, 2024 or August 31, 2023.

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

1. Significant accounting policies (continued)

(k) Purchased intangibles

Purchased Intangibles (PIs) are identifiable non-monetary economic resources without physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other intangible assets or tangible capital assets;
- Have useful economic lives extending beyond one year;
- Are to be used on a continuing basis;
- Are purchased through an arm's length exchange transaction between knowledgeable, willing parties that are under no compulsion to act;
- Are not for sale in the ordinary course of operations; and
- Are not held as part of a collection.

A purchased intangible asset is recognized and capitalized on its acquisition date and is recorded at acquisition cost as a non-financial asset. The Board does not have any PIs as at August 31, 2024 or August 31, 2023.

(l) 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: Elementary Teachers' Federation of Ontario ("ETFO"), ETFO-EW and Ontario Secondary School Teachers' Federation ("OSSTF"). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees ("CUPE"), Education Workers' Benefits Trust ("EWBT") and Ontario Non-union Education Trust ("ONE-T") for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff and retired individuals from the school board's participation date into the ELHTs. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board no longer administers health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency ("FTE"). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs ("GSN"), including additional ministry funding in the form of a Crown contribution, and Stabilization Adjustment.

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

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

1. Significant accounting policies (continued)

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

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

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the 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 cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pension, is the employer's contribution due to the plan during the year.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

(m) 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 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.

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

1. Significant accounting policies (continued)

(m) Tangible capital assets (continued)

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

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

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 that 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.

(n) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the year 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, and recorded as deferred capital contributions and recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

(o) Other revenues

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the Board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the Board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability. Board revenues do not fall under the new PS 3400 accounting standard (Note 2).

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

1. Significant accounting policies (continued)

(p) Investment income

Investment income is reported as revenue in the fiscal year 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.

(q) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees (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.

(r) Contaminated sites

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Board is directly responsible or accepts responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

(s) 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 (the "Province"). As a result, education property tax revenue received from the municipalities is recorded as part of grants for student needs revenue.

(t) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 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. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations and accumulated surplus in the year in which they become known. Estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. In addition, the Board's implementation of Public Sector Accounting Standard PS 3150, Tangible Capital Assets, requires management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

1. Significant accounting policies (continued)

(t) Use of estimates (continued)

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$34,119,026 (\$33,030,091 in 2023). 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.

2. Change in accounting policy – adoption of new accounting standards

The Board adopted the following standards concurrently beginning September 1, 2023 retroactively with restatement: PS 3160 Public Private Partnerships and PS 3400 Revenue, and adopted PSG-8 Purchased Intangibles prospectively.

PS 3160 – Public Private Partnerships

PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The Board does not have any P3s.

PS 3400 – Revenue

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. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. The retroactive restatement for 2022-2023 was \$nil.

PSG-8 Purchased Intangibles

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. The Board does not have any PIs as at August 31, 2024 or August 31, 2023.

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

3. Other investments

Investments consist of GICs and are recorded at amortized cost on the consolidated statement of financial position. Other investments consist of the following:

	Issue date	Maturity date	Interest rate %	Principal amount \$
August 31, 2024				
GIC, 3 years	December 14, 2021	December 16, 2024	1.85	15,000,000
				15,000,000
August 31, 2023				
GIC, 2 years	December 14, 2021	December 14, 2023	1.61	15,000,000
GIC, 3 years	December 14, 2021	December 16, 2024	1.85	15,000,000
				30,000,000

4. Accounts receivable – Government of Ontario

The Province replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010, that is supported by the existing capital programs. The Board 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 accounts receivable.

The balance of capital grants included in the accounts receivable balance from the Government of Ontario as at August 31, 2024 is \$221,831,100 (\$216,191,550 in 2023).

The Ministry 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, 2024 is \$76,727,031 (\$81,594,084 in 2023).

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

5. Deferred revenue

Revenue received that has been set aside for specific purposes by legislation, regulation or agreement is included in deferred revenue and reported in the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2024 is summarized below:

	Deferred revenue, beginning of year \$	Increase \$	Decrease \$	Deferred revenue, end of year \$
August 31, 2024				
Education development charges	—	7,204,707	7,204,707	—
Proceeds of disposition, including interest allocation	41,264,843	173,250	11,400,494	30,037,599
Other				
Capital	11,286,772	49,971,338	49,958,285	11,299,825
Operating	11,754,518	141,589,766	144,156,022	9,188,262
	64,306,133	198,939,061	212,719,508	50,525,686
	Deferred revenue, beginning of year \$	Increase \$	Decrease \$	Deferred revenue, end of year \$
August 31, 2023				
Education development charges	—	11,265,766	11,265,766	—
Proceeds of disposition, including interest allocation	48,003,392	268,415	7,006,964	41,264,843
Other				
Capital	13,085,233	46,517,609	48,316,070	11,286,772
Operating	12,156,009	129,200,144	129,601,635	11,754,518
	73,244,634	187,251,934	196,190,435	64,306,133

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

6. Deferred capital contributions

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

Amortization of deferred capital contributions reporting on the statement of operations and accumulated surplus has been modified to identify the split between amortization of deferred capital contributions related to provincial legislative grants and amortization of deferred capital contributions related to third parties (for example, Federal Government capital funding).

	2024	2023
	\$	\$
Balance, beginning of year	779,887,696	771,766,891
Additions to deferred capital contributions	95,801,684	59,640,204
Revenue recognized in the year	(51,432,246)	(51,519,399)
Balance, end of year	824,257,134	779,887,696

7. Asset retirement obligations

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

As at August 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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

	2024	2023
	\$	\$
Balance, beginning of year	33,030,091	—
Opening adjustments for PSAS adjustment	—	29,319,335
Liabilities incurred during the year	—	11,120
Increase in liabilities reflecting changes in the estimate of liabilities ⁽¹⁾	1,192,802	4,086,487
Liabilities settled during the year	(103,867)	(386,851)
Balance, end of year	34,119,026	33,030,091

⁽¹⁾ Consistent with previous year, the liability balances have been increased by the Board through an inflation adjustment of 3.66% as at March 31, 2024, as recommended by the Ministry. This percentage increase is based on updated information from the Canada Building Construction Price Index (BCPI).

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

8. Retirement and other employee future benefits

Retirement and other employee future benefits liabilities:

	Retirement benefits	Other employee future benefits	Total employee future benefits
	\$	\$	\$
August 31, 2024			
Accrued benefit obligation	17,925,185	15,372,587	33,297,772
Unamortized actuarial loss	116,564	—	116,564
Retirement and other employee future benefits liabilities	18,041,749	15,372,587	33,414,336
August 31, 2023			
Accrued benefit obligation	19,192,621	11,718,217	30,910,838
Unamortized actuarial loss	205,020	—	205,020
Retirement and other employee future benefits liabilities	19,397,641	11,718,217	31,115,858

Retirement and other employee future benefits expense:

	Retirement benefits	Other employee future benefits	Total employee future benefits
	\$	\$	\$
August 31, 2024			
Current year benefit cost	—	7,186,881	7,186,881
Cost due to plan amendment	47,033	—	47,033
Interest on accrued benefit obligation	788,721	415,219	1,203,940
Amortized actuarial loss	342,677	(170,157)	172,520
Employee future benefits expense ⁽¹⁾	1,178,431	7,431,943	8,610,374
August 31, 2023			
Current year benefit cost	—	3,150,509	3,150,509
Interest on accrued benefit obligation	789,665	367,636	1,157,301
Amortized actuarial loss	514,722	(72,234)	442,488
Employee future benefits expense ⁽¹⁾	1,304,387	3,445,911	4,750,298

⁽¹⁾ Excluding pension contributions to OMERS, a multi-employer pension plan described below.

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

8. Retirement and other employee future benefits (continued)

(a) Retirement benefits

(i) Ontario Teachers' Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of 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's contributions equal the employee's contributions to the plan. During the year ended August 31, 2024, the Board contributed \$15,660,650 (\$12,110,297 in 2023) 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.

(iii) Retirement gratuities

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

(iv) Retirement life insurance and health care benefits:

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

(b) Other employee future benefits

(i) 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 illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$437,814 (\$542,895 in 2023).

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, 2024 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2024.

Durham District School Board
Notes to the consolidated financial statements
 August 31, 2024

8. Retirement and other employee future benefits (continued)

(b) Other employee future benefits (continued)

(ii) Workplace Safety and Insurance Board ("WSIB") obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Board Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4-1/2 years for employees receiving payments from WSIB, where the collective agreement negotiated prior to 2012 included such a provision.

(iii) Long-term disability

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

The accrued benefit obligations for employee future benefit plans as at August 31, 2024 are based on actuarial assumptions of future events determined for accounting purposes as of August 31, 2024 and based on updated average daily salary and banked sick days as at August 31, 2024. These valuations take into account the plan changes outlined above and assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates:

	2024	2023
Inflation	2.00%	2.00%
Wages and salary escalation	2.00%	2.00%
Insurance and health care cost escalation	5.00%	5.00%
Discount on accrued benefit obligations	3.80%	4.40%

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

9. Capital loans

Capital loans reported on the consolidated statement of financial position comprises the following:

	2024	2023
	\$	\$
Capital loan - Good Places to Learn		
4.56%, 25-year amortizing loan for \$25,375,026 held with Ontario Financing Authority, maturing November 2031	10,769,101	11,949,059
4.90%, 25-year amortizing loan for \$14,996,927 held with Ontario Financing Authority, maturing March 2033	7,440,511	8,102,904
5.06%, 25-year amortizing loan for \$15,944,350 held with Ontario Financing Authority, maturing March 2034	8,703,048	9,372,340
5.232%, 25-year amortizing loan for \$34,865,412 held with Ontario Financing Authority, maturing April 2035	20,749,178	22,129,611
4.83%, 25-year amortizing loan for \$17,404,657 held with Ontario Financing Authority, maturing March 11, 2036	10,812,330	11,477,027
Capital loan - New Pupil Places		
4.86%, 25-year amortizing loan for \$16,000,000 held with Ontario Financing Authority, maturing June 2033	8,181,759	8,880,046
5.047%, 25-year amortizing loan for \$74,957,615 held with Ontario Financing Authority, maturing November 2034	42,875,270	45,906,704
3.97%, 25-year amortizing loan for \$1,772,255 held with Ontario Financing Authority, maturing March 2036	1,112,778	1,180,375
3.564%, 25-year amortizing loan for \$13,710,012 held with Ontario Financing Authority, maturing March 2037	8,549,407	9,067,820
4.003%, 25-year amortizing loan for \$12,786,341 held with Ontario Financing Authority, maturing March 2039	9,071,656	9,512,790
2.993%, 25-year amortizing loan for \$35,634,064 held with Ontario Financing Authority, maturing March 2040	25,613,995	26,864,138
3.242%, 25-year amortizing loan for \$25,580,732 held with Ontario Financing Authority, maturing March 2041	19,439,650	20,296,413
3.594%, 25-year amortizing loan for \$8,867,856 held with Ontario Financing Authority, maturing March 2042	7,101,047	7,381,203
	180,419,730	192,120,430

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

9. Capital loans (continued)

Principal and interest payments relating to capital loans of \$180,419,730 (\$192,120,430 in 2023) outstanding as at August 31, 2024 and 2023 are due as follows:

	Principal \$	Interest \$	2024 Total \$
2024 - 2025	12,232,284	7,694,045	19,926,329
2025 - 2026	12,788,763	7,137,566	19,926,329
2026 - 2027	13,371,329	6,555,000	19,926,329
Thereafter	142,027,354	30,872,797	172,900,151
	180,419,730	52,259,408	232,679,138

	Principal \$	Interest \$	2023 Total \$
2023 - 2024	11,700,700	8,225,630	19,926,330
2024 - 2025	12,232,284	7,694,045	19,926,329
2025 - 2026	12,788,763	7,137,566	19,926,329
2026 - 2027	13,371,329	6,555,000	19,926,329
2027 - 2028	13,981,234	5,945,095	19,926,329
Thereafter	128,046,120	24,927,702	152,973,822
	192,120,430	60,485,038	252,605,468

10. Temporary borrowing

The Board has a line of credit available to the maximum of \$175,000,000 to address operating requirements and/or to bridge capital expenditures.

Interest on the operating facilities is the bank's prime lending rate minus 0.50%, while CORRA facility is the CORRA rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdraft.

As at August 31, 2024, the amount drawn under the bankers' acceptance facility was \$146,000,000 (\$57,500,000 in 2023) at a rate of 5.4865% (6.120% in 2023).

Temporary borrowings are currently used for bridge financing of capital expenditures, primarily site purchases and preparation, pending receipt of education development charges and grant funding from the Province.

11. Debt charges and interest on capital loans and leases

	2024 \$	2023 \$
Capital loan principal repayments	11,700,700	11,192,872
Interest on capital loan	8,225,630	8,733,457
Interest on temporary financing	6,375,274	3,002,849
	26,301,604	22,929,178

Durham District School Board
Notes to the consolidated financial statements
August 31, 2024

12. Grants for student needs

School boards in Ontario receive the majority of their funding from the Province. 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. The Province provides additional funding up to the level set by the education funding formulas. 87 percent of the consolidated revenues of the Board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2024	2023
	\$	\$
Provincial legislative grants	772,397,053	688,653,994
Education property tax	205,082,812	197,471,634
Grants for student needs	977,479,865	886,125,628

13. Expenses by object

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

	Budget	2024	2023
	\$	Actual	Actual
	(Note 19)	\$	\$
Salary and wages	686,200,050	823,988,036	661,538,708
Employee benefits	116,332,156	131,838,662	113,694,342
Staff development	907,216	1,230,234	1,320,785
Supplies and services	53,207,832	57,512,892	59,637,147
Interest	10,430,087	14,446,678	11,598,969
Rental expenses	312,774	333,483	342,802
Fees and contract services	44,319,566	46,849,565	36,225,376
Other	13,190,575	17,000,493	30,951,257
School funded activities	11,225,847	14,686,582	13,123,691
Amortization, write-down and gain on disposal of TCA and TCA-ARO	53,916,545	59,759,336	59,337,933
	990,042,648	1,167,645,961	987,771,010

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14. Tangible capital assets

	Balance at August 31, 2023 \$	Additions and Transfers \$	Disposals \$	Revaluation of TCAARO \$	Balance at August 31, 2024 \$
Cost					
Land	217,739,069	86,035,635	(7,899)	—	303,766,805
Land improvements	20,754,944	2,867,842	(70,498)	1,174	23,553,462
Buildings – 40 years	1,344,611,023	35,162,385	(968,395)	1,187,441	1,379,992,454
Buildings – 20 years	1,732,114	—	—	—	1,732,114
Buildings – leasehold improvements	15,651	—	—	—	15,651
Portable structures	33,691,354	14,028,135	(574,700)	—	47,144,789
First-time equipping of schools	11,660,237	1,154,048	(857,902)	—	11,956,383
Furniture	656,725	70,732	(23,235)	—	704,222
Equipment	7,344,562	857,745	(144,333)	—	8,057,974
Computer hardware	50,031,259	9,059,317	(12,770,218)	—	46,320,358
Computer software	433,814	—	(326,220)	—	107,594
Vehicles	840,952	25,540	(427,273)	—	439,219
Assets under construction	15,622,813	43,576,172	—	—	59,198,985
	1,705,134,517	192,837,551	(16,170,673)	1,188,615	1,882,990,010

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Notes to the consolidated financial statements
August 31, 2024

14. Tangible capital assets (continued)

	Balance at August 31, 2023 \$	Amortization \$	Disposals, write-offs, and Transfers \$	Revaluation of TCAARO \$	Balance at August 31, 2024 \$
Accumulated amortization					
Land improvements	7,139,622	1,508,070	(56,505)	—	8,591,187
Buildings – 40 years	566,678,702	43,294,975	(836,952)	—	609,136,725
Buildings – 20 years	501,471	86,606	—	—	588,077
Buildings – leasehold improvements	15,651	—	—	—	15,651
Portable structures	11,167,779	2,025,302	(574,700)	—	12,618,381
First-time equipping of schools	7,107,736	1,089,415	(857,902)	—	7,339,249
Furniture	316,886	65,726	(23,235)	—	359,377
Equipment	3,361,807	718,664	(144,333)	—	3,936,138
Computer hardware	35,452,310	10,747,093	(12,770,218)	—	33,429,185
Computer software	409,832	17,370	(326,220)	—	100,982
Vehicles	671,419	56,492	(427,273)	—	300,638
	632,823,215	59,609,713	(16,017,338)	—	676,415,590

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Notes to the consolidated financial statements
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14. Tangible capital assets (continued)

	2024	2023
	\$	\$
Net book value		
Land	303,766,805	217,739,069
Land improvements	14,962,275	13,615,322
Buildings - 40 years	770,855,729	777,932,321
Buildings - 20 years	1,144,037	1,230,643
Buildings - leasehold improvements	—	—
Portable structures	34,526,408	22,523,575
First-time equipping of schools	4,617,134	4,552,501
Furniture	344,845	339,839
Equipment	4,121,836	3,982,755
Computer hardware	12,891,173	14,578,949
Computer software	6,612	23,982
Vehicles	138,581	169,533
Assets under construction	59,198,985	15,622,813
	1,206,574,420	1,072,311,302

(a) *Assets under construction*

Assets under construction, consisting of new schools and expansions of existing schools, have a value of \$59,198,985 (\$15,622,813 in 2023) and have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) *Write-down and disposal of tangible capital assets*

During the year, tangible capital assets, including land with a net book value of \$7,899 (\$1 in 2023) and buildings with a net book value of \$114,501 (\$109,257 in 2023) and land improvements with a net book value of \$13,933 (\$0 in 2023) were disposed of for proceeds of \$173,250 (\$268,416 in 2023), resulting in a gain of \$36,857 (\$268,415 in 2023). In accordance with Ontario Regulation 193/10, the full proceeds were deferred for future tangible capital asset purchases.

During the year, tangible capital assets related to asset retirement obligations, including buildings with a net book value of \$16,942 (\$0 in 2023) were disposed of for proceeds of \$0 (\$0 in 2023), resulting in a loss of \$16,942 (\$0 in 2023). In accordance with Ontario Regulation 193/10, the full proceeds were deferred for future tangible capital asset purchases.

(c) *Assets permanently removed from service*

The Board has not identified any land or building properties that qualify as assets permanently removed from service.

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15. Accumulated surplus

Accumulated surplus consists of the following:

	2024 \$	2023 \$
Working funds	48,372,571	45,137,256
Amounts restricted for future use of Board		
Retirement benefits	18,000,000	19,300,000
WSIB	14,764,616	11,103,099
School block budget	2,258,474	5,261,237
Transportation	798,478	798,478
Continuing education	250,000	250,000
Outdoor education	600,557	600,550
Special education	—	120,413
Committed capital projects	15,347,837	16,250,592
	52,019,962	53,684,369
Amounts to be recovered		
Employee future benefits	(3,846,095)	(3,846,095)
Interest accrual	(2,719,061)	(2,719,061)
Asset retirement obligation	(22,002,872)	(20,785,947)
Committed sinking fund interest earned	40,404,707	46,176,660
	11,836,679	18,825,557
Other		
School-generated funds	9,022,568	8,446,678
Revenue recognized for land	182,604,011	175,054,857
	191,626,579	183,501,535
Total accumulated surplus	303,855,791	301,148,717

According to the Education Act, most of the specific restricted amounts described below can only be used for the purposes for which they were created. If it is determined that the need for a specific fund is no longer required, such as due to legislative changes or discontinuance in benefits programs, then these funds are transferred to Working Funds. The Board has limited discretionary authority to utilize restricted funds for purposes other than those for which they were created.

(a) *Working funds*

This fund can be used to provide for unexpected contingencies and cash flow requirements.

(b) *Retirement benefits*

This fund is drawn on for the payment of retirement gratuities.

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15. Accumulated surplus (continued)

(c) Other employee future benefits

The Board is self-insured for Workplace Safety Insurance and has a liability set up that equals the estimate provided by the Board's Actuary. This fund is used to cover claims against the Board.

(d) School block budget

This fund represents the net surplus/deficit of all schools at year-end and is allocated back to each in the following year.

(e) Transportation

This fund was created to assist with increased operating costs for student transportation, as a consequence of fuel price increases.

(f) Continuing education

This fund was created to assist with increased operating costs associated with continuing education programs.

(g) Outdoor education

This fund represents fees from the after-hours programs operating at the various centres and is intended to cover future maintenance and equipment purchases.

(h) Special education

This fund can only be used for special education requirements.

(i) Committed capital projects

This fund represents the net book value of tangible capital assets where there have not been any capital contributions from the Province and therefore no offsetting deferred capital contributions have been set up.

16. Ontario School Board Insurance Exchange

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 \$27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2023, were \$1,560,666 (2022 - \$1,421,667).

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.

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16. Ontario School Board Insurance Exchange (continued)

In the event that the Board of Trustees determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of OSBIE, 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.

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 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 Trustees to buy out such liability.

17. Mississaugas of Scugog Island First Nation

The Mississaugas of Scugog Island First Nation paid tuition fees of \$183,706 and transportation fees of \$27,924 to the Board (\$164,730 and \$21,623, respectively, in 2023).

18. Commitments and contingencies

The Board had in previous years entered into contracts for several major projects under the Board's School Improvement and Accommodation Plan. These projects relate to the construction and upgrading of several schools. As at August 31, 2024, the Board has contracts outstanding for capital work valued at approximately \$115,753,100 (\$61,368,594 in 2023).

19. Budget data

The budget data presented in these consolidated financial statements is based upon the 2024 budgets approved by the Board on June 17, 2024. Where amounts were not budgeted for, the actual amounts for 2024 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 consolidated statement of operations and accumulated surplus, the budget figures in the consolidated statement of financial position and consolidated statement of changes in net debt have not been provided.

20. Durham student transportation services

On December 19, 2005, the Durham Student Transportation Services was created as a Membership Agreement between the Board and the Durham Catholic District School Board ("DCDSB") in order to provide common administration of student transportation in the Durham Region. This agreement was executed in an effort to increase delivery efficiency and cost-effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Durham Student Transportation Services are shared. No party is in a position to exercise unilateral control.

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20. Durham student transportation services (continued)

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

	DDSB \$	DCDSB \$	2024 \$	2023 \$
Student transportation	24,991,768	8,076,083	33,067,851	28,662,137
Administrative costs	2,263,272	1,038,699	3,301,971	2,952,987
Total expenditures	27,255,040	9,114,782	36,369,822	31,615,124
Administrative costs paid directly	(1,155,798)	—	(1,155,798)	(974,146)
	26,099,242	9,114,782	35,214,024	30,640,978

21. Trust funds

The trust fund balances administered by the Board amount to \$1,905,221 (\$1,891,902 in 2023) and have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

22. In-Kind transfers from the Ministry of Public and Business Service Delivery (MPBSD)

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 MPBSD. The amounts recorded were calculated based on the weighted average cost of the supplies as determined by the MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$6,023,635 (\$1,709,670 in 2023), included in grants for student needs – other revenue, with expenses, included in other expenses, based on use of \$6,023,635 (\$1,709,670 in 2023) for a net impact of nil.

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23. 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.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the board for as of September 1, 2026 for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity;
- Non-substantive changes to terminology/definitions;
- Financial statement objectives foreshadow changes in the reporting model;
- Relocation of recognition exclusions to the reporting model; and
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

Reporting Model- PS 1202- Financial Statement Presentation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201 - Financial Statement Presentation. The model is expected to be implemented retroactivity with restatement of prior year amounts.

The main changes are:

- Restructured statement of financial position;
- Introduction of financial and non-financial liabilities;
- Amended non-financial asset definition;
- New components of net assets (accumulated other and issued share capital);
- Relocated net debt to its own statement;
- Renamed the net debt indicator;
- Revised the net debt calculation;
- Removed the statement of change in net debt;
- New statement of net financial assets/liabilities;
- New statement of changes in net assets/liabilities; and
- Isolated financing transaction in the cash flow statement.

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24. Monetary Resolution to Bill 124, the Protecting a Sustainable Public Sector for Future Generations Act

A monetary resolution to Bill 124 was reached between the Crown and the following education sector unions Elementary Teachers' Federation of Ontario (ETFO), Ontario Secondary School Teachers' Federation (OSSTF), Ontario English Catholic Teachers' Association (OECTA), and Association des Enseignantes et Enseignants Franco-Ontariens (AEFO) <Canadian Union of Public Employees (CUPE), Elementary Teachers' Federation of Ontario- Education Workers (ETFO-EW), Ontario Secondary School Teachers' Federation- Education Workers (OSSTF-EW), Education Workers' Alliance of Ontario (EWAO), Ontario Council of Education Workers (OCEW). This agreement provides a 0.75% increase for salaries and wages on September 1, 2019, a 0.75% increase for salaries and wages on September 1, 2020, and a 2.75% increase in salaries and wages on September 1, 2021, in addition to the original 1% increase applied on September 1 in each year during the 2019-22 collective agreements. The same increases also apply to non-unionized employee groups [excluding Principals and Vice-Principals and school board executives].

The Crown has funded the monetary resolution for these employee groups to the applicable school boards through the appropriate changes to the Grants for Student Needs (GSN) benchmarks and additional Priorities and Partnerships Funding (PPF).

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and the associations representing principals and vice-principals (Ontario Principals' Council, Catholic Principals' Council of Ontario and Association des directions et directions adjointes des écoles franco-ontariennes). This agreement provides a 0.75% increase for salaries and wages on September 1, 2020, a 2.75% increase for salaries and wages on September 1, 2021, and a 2.00% increase in salaries and wages on September 1, 2022, in addition to the original 1% increase applied on September 1 in each year during the 2020-23 collective agreements. The memorandum of settlement was reached on August 10, 2024 and was ratified on September 30, 2024.

The Crown intends to fund the monetary resolution for principals and vice-principals to the applicable school boards through the appropriate changes to the GSN benchmarks.

Due to this resolution, there is an impact on salary and wages expenses of \$6,623,936 in the 2023-24 fiscal year. The portion related to 2019-20 to 2022-23 is \$3,621,223, with the remainder of \$3,002,713 related to 2023-24.