

Bluewater District School Board
Consolidated Financial Statements
For the year ended August 31, 2023

Contents

Management Report	2
Independent Auditors' Report	3 - 4
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flow	7
Consolidated Statement of Change in Net Debt	8
Notes to Consolidated Financial Statements	9 - 41



Bluewater District School Board

351 1st Avenue North
Chesley ON N0G 1L0
Telephone: (519) 363-2014 Fax: (519) 370-2909
www.bwdsb.on.ca

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future 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 BDO Canada LLP, independent external auditors appointed by the board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the board's consolidated financial statements.

Handwritten signature of Lori Wilder in black ink.

Lori Wilder
Director of Education and Secretary

Handwritten signature of Rob Cummings in black ink.

Rob Cummings
Superintendent of Business Services and
Treasurer

November 13, 2023



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 10th Street
Hanover ON N4N 1R2
Canada

Independent Auditors' Report

To the Chair and Trustees of the
Bluewater District School Board

Opinion

We have audited the consolidated financial statements of the Bluewater District School Board and its controlled entities (the Group), which comprise the consolidated statement of financial position as at August 31, 2023, the consolidated statements of operations, 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.

In our opinion, the accompanying consolidated financial statements of the Group as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.

BDO Canada LLP

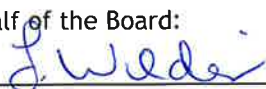
Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
November 13, 2023

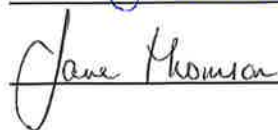
Bluewater District School Board Consolidated Statement of Financial Position

August 31	2023	2022 (Restated- Note 2)
Financial Assets		
Cash and cash equivalents	\$21,980,396	\$ 15,932,614
Accounts receivable		
Municipalities	6,143,395	6,168,031
Government of Ontario - Approved Capital (Note 3)	59,208,116	66,448,102
Government of Ontario - Delayed Grant Payments (Note 4)	53,444,193	45,261,256
Other	9,985,455	12,608,372
Assets held for sale (Note 5)	-	2,038,470
Total Financial Assets	150,761,555	148,456,845
Financial Liabilities		
Accounts payable and accrued liabilities	18,603,172	15,016,422
Deferred revenue (Note 8)	29,458,922	32,929,090
Deferred capital contribution (Note 9)	220,591,906	211,750,418
Long-term liabilities (Note 13)	55,792,794	60,604,540
Obligations under capital leases	231,374	263,337
Employee benefits payable (Note 14)	7,795,942	9,612,123
Asset Retirement Obligations (Note 10)	15,582,188	13,728,234
Total Financial Liabilities	348,056,298	343,904,164
Net Debt	(197,294,743)	(195,447,319)
Contractual obligations (Note 25)		
Non-financial Assets		
Prepaid expenses	1,229,749	601,389
Tangible capital assets (Note 6)	238,235,759	228,126,170
	239,465,508	228,727,559
Accumulated Surplus (Note 15)	\$ 42,170,765	\$ 33,280,240

On behalf of the Board:



Director of Education



Chair of the Board

Bluewater District School Board Consolidated Statement of Operations

For the year ended August 31	Budget	2023	2022
	(Restated -Note 29)		(Restated- Note 2)
Revenues			
Grant for student needs (Note 18)			
Provincial Legislative Grants	\$170,726,973	\$177,541,362	\$164,269,762
Education Property Tax	51,707,912	53,281,600	50,597,937
Provincial grants - other	2,522,059	4,581,269	8,862,651
Federal grants and fees	1,693,848	1,841,477	2,226,611
Other revenues - school boards	432,359	587,881	524,326
Other fees and revenues	1,121,000	3,149,365	1,965,361
Investment income	200,000	827,875	222,235
School generated funds	5,000,000	6,161,949	3,320,877
Amortization of deferred capital contributions	12,710,512	14,173,267	12,494,120
	<u>246,114,663</u>	<u>262,146,045</u>	<u>244,483,880</u>
Expenses (Note 20)			
Instruction	178,880,507	183,031,623	175,359,350
Administration	6,784,907	6,892,754	6,109,712
Transportation	16,010,025	16,879,392	16,302,980
Pupil accommodation	34,605,291	36,366,857	35,871,513
School generated funds	5,000,000	5,982,442	3,097,613
Other	1,191,808	4,102,452	2,755,557
	<u>242,472,538</u>	<u>253,255,520</u>	<u>239,496,725</u>
Annual Surplus	<u>3,642,125</u>	<u>8,890,525</u>	<u>4,987,155</u>
Accumulated Surplus, beginning of year	30,372,250	33,280,240	36,642,680
Accumulated Surplus PSAS Adjustments (Note 2)	(8,717,619)	-	(8,349,595)
Adjusted Accumulated Surplus at Beginning of Year	<u>21,654,631</u>	<u>33,280,240</u>	<u>28,293,085</u>
Accumulated Surplus, end of year	<u>\$ 25,296,756</u>	<u>\$ 42,170,765</u>	<u>\$ 33,280,240</u>

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

Bluewater District School Board Consolidated Statement of Cash Flow

For the year ended August 31	2023	2022
		(Restated- Note 2)
Cash provided by (used in)		
Operations		
Annual surplus (deficit)	\$ 8,890,525	\$ 4,987,155
Sources and (uses)		
Non-cash item: Amortization TCA-ARO and gain/loss on disposal	14,802,595	13,038,337
Non-cash item: Amortization of deferred capital contributions	(14,173,267)	(12,494,120)
Decrease (increase) in accounts receivable	1,704,602	(9,446,448)
Increase (decrease) in accounts payable and accrued liabilities	3,586,750	(2,427,815)
Increase (decrease) in deferred revenues	(3,470,168)	3,767,828
Increase (decrease) in employee benefits payable	(1,816,181)	(705,651)
Increase (decrease) in prepaid expenses	(628,360)	(193,678)
Settlement of Asset Retirement Liability through abatement	(74,864)	-
Decrease (increase) in assets held for sale	2,038,470	-
Net increase (decrease) in cash from operations	10,860,102	(3,474,392)
Capital transactions		
Proceeds on sale of tangible capital assets	31,391	54,832
Cash used to acquire tangible capital assets	(23,014,757)	(18,287,169)
	(22,983,366)	(18,232,337)
Financing transactions		
Debt repaid	(4,811,746)	(4,706,881)
Additions to deferred capital contributions	23,014,755	18,149,651
Increase (decrease) in capital lease obligations	(31,963)	(32,632)
	18,171,046	13,410,138
Change in cash and cash equivalents	6,047,782	(8,296,591)
Cash and cash equivalents, beginning of year	15,932,614	24,229,205
Cash and cash equivalents, end of year	\$21,980,396	\$ 15,932,614

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

Bluewater District School Board
Consolidated Statement of Change in Net Debt

For the year ended August 31	Budget (Restated -Note 29)	2023	2022 (Restated- Note 2)
Annual Surplus (Deficit)	\$ 3,642,125	\$ 8,890,525	\$ 4,987,155
Tangible Capital Asset Activity			
Acquisition of tangible capital assets and addition of TCA-ARO	(20,662,896)	(23,014,757)	(18,287,169)
Amortization of tangible capital assets	14,023,416	14,802,595	13,038,337
Proceeds on sale of tangible capital assets	-	31,391	54,832
Change in Estimate of TCA-ARO	-	(1,928,818)	-
	(6,639,480)	(10,109,589)	(5,194,000)
Other Non-Financial Asset Activity			
Acquisition of prepaid expenses	-	(1,229,749)	(601,389)
Use of prepaid expenses	-	601,389	407,711
	-	(628,360)	(193,678)
(Increase) Decrease in Net Debt	(2,997,355)	(1,847,424)	(400,523)
Net Debt, beginning of year	(195,447,319)	(195,447,319)	(181,318,562)
PSAS Adjustment to Net Debt (Note 2)	-	-	(13,728,234)
Restated Net Debt at beginning of year	(195,447,319)	(195,447,319)	(195,046,796)
Net Debt, end of year	\$ (198,444,674)	\$ (197,294,743)	\$ (195,447,319)

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies

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

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

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The consolidation of the Student Transportation Service Consortium of Grey-Bruce is a proportionate consolidation of Bluewater District School Board's usage to the total revenue and expenses. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Bluewater District School Board ("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:

Student Transportation Service Consortium of Grey-Bruce
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.

d) Financial Instruments

Cash quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Interest attributable to financial instruments are reported in the statement of operations.

When investment income from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

e) Cash and Cash Equivalents

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

f) Deferred Revenue

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

g) Deferred Capital Contributions

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

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

h) Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Elementary Teachers' Federation of Ontario (ETFO), Ontario Secondary School Teachers' Federation (OSSTF), and Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE), and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff) and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the board continues to provide health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some who retired under these plans.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

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

For 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, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

i) Tangible Capital Assets

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

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	20-40
Portable structures	20
Furniture and equipment	5-15
Computers	3-5
Vehicles	5-10

Assets under construction 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 net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

j) Government Transfers

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

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

k) Investment Income

Investment income is reported as revenue in the period earned.

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

1. Significant Accounting Policies (Continued)

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 (Note 29).

m) Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates include retirement and other employee future benefits, useful lives of tangible capital assets, asset retirement obligation and accrued liabilities. Actual results may vary from current estimates.

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

n) Education Property Tax Revenue

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

2. Change in Accounting Policy - Adoption of New Accounting Standards

The board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

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

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS3450 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.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

2. Change in Accounting Policy - Adoption of New Accounting Standards (Continued)

PS 3280 Asset Retirement Obligation (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

2. Change in Accounting Policy - 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 board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

As a result of applying this accounting standard, an asset retirement obligation of \$15,582,187 (2022 - \$13,728,234) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The adoption of PS 3280 ARO was applied to the comparative period as follows:

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

2. Change in Accounting Policy - Adoption of New Accounting Standards (Continued)

2022	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible Capital Assets including ARO	\$ 223,115,555	\$ 5,010,615	\$ 228,126,170
Asset retirement obligation liability	-	(13,728,234)	(13,728,234)
Accumulated Surplus (deficit)	41,997,859	(8,717,619)	33,280,240
Statement of Change in Net Debt			
Net Debt, beginning of the year	(181,318,562)	(13,728,234)	(195,046,796)
Annual Surplus (deficit)	5,355,179	(368,024)	4,987,155
Amortization of TCA (incl TCA-ARO)	12,670,313	368,024	13,038,337
Change in Net Debt	(400,523)	-	(400,523)
Statement of Operations			
Accumulated surplus, beginning of the year	36,642,680	(8,349,595)	28,293,085
Amortization of TCA-ARO	-	368,024	368,024
Surplus/(deficit) for the year	5,355,179	(368,024)	4,987,155

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

3. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario 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 this account receivable.

	2023	2022
Opening Balance	\$ 66,448,102	\$ 72,621,255
Add funding for current year capital projects:		
School Condition Improvement	8,981,141	10,432,814
Capital priorities	2,380,745	619,578
Other projects	2,693,047	2,426,472
COVID-19 resilience infrastructure stream	53,490	879,452
	<u>14,108,423</u>	<u>14,358,316</u>
Net funding for permanently financed projects:		
Debt payments received - Ontario Financing Authority	(3,269,568)	(3,131,787)
Debt payments received - other debt	(968,431)	(914,565)
	<u>(4,237,999)</u>	<u>(4,046,352)</u>
Net funding for non-permanently financed projects:		
Full day Kindergarten	-	(688,402)
Other projects	(2,879,030)	(2,182,837)
Capital priorities	(885,673)	(6,088,188)
School condition improvement	(12,466,254)	(5,509,534)
COVID-19 resilience infrastructure stream	(879,453)	(2,016,156)
	<u>(17,110,410)</u>	<u>(16,485,117)</u>
Closing Balance	<u>\$ 59,208,116</u>	<u>\$ 66,448,102</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

4. Accounts Receivable - Government of Ontario - Delayed Grant Payments

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 \$53,444,193 (2022- \$45,261,256).

5. Assets Held for Sale

As of August 31, 2023, \$- (2022- \$1,963,363) related to buildings and \$- (2022- \$75,107) related to land and land improvements were recorded as assets held for sale. During the year, 1 (2022- 0) school property was sold. Net proceeds of \$1,643,848 (2022- \$NIL) were received on the sale of this property, which had a carrying value of \$2,038,470 (2022- \$NIL), resulting in a net loss of \$394,622 (2022- \$NIL).

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

6. Tangible Capital Assets

	Balance August 31, 2022	Additions	Disposals	Balance August 31, 2023
Cost				
Land	\$ 5,692,974	\$ -	\$ -	\$ 5,692,974
Land improvements	12,534,384	3,479,458	-	16,013,842
Buildings	343,576,857	18,505,126	-	362,081,983
Portable structures	451,460	-	(223,162)	228,298
Computers	5,821,908	1,659,830	(654,976)	6,826,762
Furniture and equipment	4,414,585	341,452	(459,115)	4,296,922
Vehicles	665,834	140,249	(23,198)	782,885
Construction in progress	1,856,726	4,046,255	(3,228,795)	2,674,186
	<u>\$ 375,014,728</u>	<u>\$ 28,172,370</u>	<u>\$ (4,589,246)</u>	<u>\$ 398,597,852</u>
Accumulated Amortization				
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	6,023,643	866,437	-	6,890,080
Buildings	135,987,999	11,068,082	-	147,056,081
Portable structures	380,211	22,816	(223,162)	179,865
Computers	1,775,318	2,296,034	(654,976)	3,416,376
Furniture and equipment	2,261,186	495,107	(459,115)	2,297,178
Vehicles	460,201	85,510	(23,198)	522,513
Construction in progress	-	-	-	-
	<u>\$ 146,888,558</u>	<u>\$ 14,833,986</u>	<u>\$ (1,360,451)</u>	<u>\$ 160,362,093</u>
Net Book Value				
Land	\$ 5,692,974			\$ 5,692,974
Land improvements	6,510,741			9,123,762
Buildings	207,588,858			215,025,902
Portable structures	71,249			48,433
Computers	4,046,590			3,410,386
Furniture and equipment	2,153,399			1,999,744
Vehicles	205,633			260,372
Construction in progress	1,856,726			2,674,186
	<u>\$ 228,126,170</u>			<u>\$ 238,235,759</u>

Bluewater District School Board
Notes to the Consolidated Financial Statements

August 31, 2023

6. Tangible Capital Assets (Continued)

	Balance August 31, 2021	Adjustment for Opening PS3280 ¹	Balance Adjusted ¹	Additions	Disposals	Revaluation of TCA-ARO	Balance August 31, 2022 (Restated)
Cost							
Land	\$ 5,692,974	\$ -	\$ 5,692,974	\$ -	\$ -	\$ -	\$ 5,692,974
Land improvements	10,626,981	-	10,626,981	1,907,403	-	-	12,534,384
Buildings	318,095,940	13,728,234	331,824,174	11,752,683	-	-	343,576,857
Portable structures	634,212	-	634,212	-	(182,752)	-	451,460
Computers	3,706,856	-	3,706,856	3,467,914	(1,352,862)	-	5,821,908
Furniture and equipment	4,181,532	-	4,181,532	554,233	(321,180)	-	4,414,585
Vehicles	736,343	-	736,343	150,601	(221,110)	-	665,834
Construction in progress	1,402,391	-	1,402,391	2,481,287	(2,026,952)	-	1,856,726
	\$ 345,077,229	\$ 13,728,234	358,805,463	\$ 20,314,121	\$ (4,104,856)	\$ -	\$ 375,014,728
Accumulated Amortization							
Land	-	-	-	-	-	-	-
Land improvements	5,343,291	-	5,343,291	680,352	-	-	6,023,643
Buildings	117,154,920	8,349,595	125,504,515	10,483,484	-	-	135,987,999
Portable structures	530,831	-	530,831	32,132	(182,752)	-	380,211
Computers	1,812,878	-	1,812,878	1,315,302	(1,352,862)	-	1,775,318
Furniture and equipment	2,076,261	-	2,076,261	506,105	(321,180)	-	2,261,186
Vehicles	605,517	-	605,517	75,794	(221,110)	-	460,201
Construction in progress	-	-	-	-	-	-	-
	\$ 127,523,698	\$ 8,349,595	135,873,293	\$ 13,093,169	\$ (2,077,904)	\$ -	\$ 146,888,558

Bluewater District School Board
Notes to the Consolidated Financial Statements

August 31, 2023

6. Tangible Capital Assets (Continued)

	Balance August 31, 2021	Adjustment for Opening Balance PS3280 ¹	Adjusted ¹	Additions	Disposals	Revaluation of TCA-ARO	Balance August 31, 2022 (Restated)
Net Book Value							
Land	\$ 5,692,974						\$ 5,692,974
Land improvements	5,283,690						6,510,741
Buildings	200,941,020						207,588,858
Portable structures	103,381						71,249
Computers	1,893,978						4,046,590
Furniture and equipment	2,105,271						2,153,399
Vehicles	130,826						205,633
Construction in progress	1,402,391						1,856,726
	<u>\$ 217,553,531</u>						<u>\$ 228,126,170</u>

¹ See Note 2 Change in Accounting Policy

Assets under construction

Assets under construction having a cost of \$2,674,186 (2022- \$1,856,726) have not been amortized. Amortization of these assets will commence when the asset is put into service. During the year \$3,228,795 of Construction in Progress were transferred to Buildings. This amount has been included in building additions for 2023. Cash additions for 2023 were \$23,014,757.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

7. Bank Borrowings

The board has lines of credit available to a maximum of \$15 million to address operating requirements. At August 31, 2023, the line of credit has a \$0 balance.

The bank line of credit is due on demand, bears interest at a negotiated rate related to prime payable monthly and is secured by a borrowing resolution dated November 15, 2022.

8. 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	Revenue Recognized in the Period	Transfers (to) deferred capital contributions	Balance as at August 31 2023
Interest on Capital	\$ -	\$ 2,415,061	\$ (2,415,061)	\$ -	\$ -
Priority and Partnership Funds (PPF)	364,695	4,174,895	(4,245,173)	-	294,417
Insurance Recovery	84,808	-	-	-	84,808
Special Education	4,449,763	28,994,770	(28,764,341)	-	4,680,192
School Renewal	20,048,076	3,595,030	(94,734)	(6,479,583)	17,068,789
Third party	270,322	1,689,156	(1,097,457)	(412,304)	449,717
Ministry of Advanced Education	8,258	-	(6,297)	-	1,961
Minor TCA	-	5,743,286	(4,577,813)	(1,165,473)	-
Indigenous Education	175,181	2,071,493	(2,213,001)	-	33,673
Rural and Northern Education Fund	20,000	1,267,043	(367,578)	(919,465)	-
Temporary Accommodation	433,923	378,390	(402,715)	-	409,598
PPF-Technology Devices	-	-	-	-	-
Student achievement	1,242,953	1,688,523	(2,002,946)	-	928,530
Proceeds of Disposition	5,826,958	-	(394,622)	-	5,432,336
Other	4,153	1,068,149	(997,038)	(363)	74,901
	<u>\$32,929,090</u>	<u>\$53,085,796</u>	<u>\$(47,578,776)</u>	<u>\$(8,977,188)</u>	<u>\$29,458,922</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

9. Deferred Capital Contributions

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

	2023	2022
Balance, beginning of the year	\$211,750,418	\$206,094,887
Additions to deferred capital contributions	14,037,567	13,799,635
Revenue recognized in the period	(14,173,267)	(12,494,120)
Transfers from (to) deferred revenue	8,977,188	4,350,016
Balance, end of the year	<u>\$220,591,906</u>	<u>\$211,750,418</u>

10. Asset Retirement Obligations

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

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

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

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

As at August 31	2023	2022
Liability for Asset Retirement Obligations at Beginning of Year	\$13,728,234	\$ -
Opening Adjustments for PSAB Adjustment	-	13,728,234
Increase in Liabilities Reflecting Changes in the Estimates of Liabilities (Note 11)	1,928,818	-
Liabilities Settled During the Year	<u>(74,864)</u>	<u>-</u>
Liabilities for Asset Retirement Obligations at End of Year	<u>\$15,582,188</u>	<u>\$ 13,728,234</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

11. Revaluation of Asset Retirement Obligations Liability

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

12. Financial Instruments

The board is exposed to a variety of financial risks including credit risk, and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

1. Credit risk

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

2. Market risk

The board is exposed to interest rate risk on its long-term debt, which are regularly monitored.

The board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

13. Long-Term Liabilities

	2023	2022
Loan, Ontario Financing Authority, 5.23%, repayable \$167,576 semi-annual principal and interest, due April 2035	\$ 2,942,666	\$ 3,116,988
Loan, Ontario Financing Authority, 5.06%, repayable \$425,116 semi-annual principal and interest, due March 2034	3,509,325	3,747,712
Loan, Ontario Financing Authority, 5.38%, repayable \$607,951 semi-annual principal and interest, due May 2034	4,997,351	5,323,035
Loan, Ontario Financing Authority, 3.80%, repayable \$639,823 semi-annual principal and interest, due March 2038	14,413,897	15,125,616
Loan, Ontario Financing Authority, 4.56%, repayable \$463,092 semi-annual principal and interest, due November 2031	6,466,144	7,076,519
Debenture, 5.8%, repayable \$752,355 semi-annual principal and interest, due November 2028	6,999,976	8,052,677
Loan, Ontario Financing Authority, 3.56%, repayable \$344,372 semi-annual principal and interest, due March 2037	3,730,773	3,936,660
Loan, Ontario Financing Authority, 4.83%, repayable \$63,850 semi-annual principal and interest, due March 2036	1,209,798	1,276,597
Loan, Ontario Financing Authority, 4.9%, repayable \$461,770 semi-annual principal and interest, due March 2033	7,117,392	7,671,726
Demand instalment loan, CIBC, 4%, repayable \$23,712 monthly principal and interest	-	163,792
Loan, Ontario Financing Authority, 4.04%, repayable \$453,547 semi-annual principal and interest, due October 2028	4,405,472	5,113,218
	<u>\$55,792,794</u>	<u>\$ 60,604,540</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

13. Long-Term Liabilities (Continued)

Principal and interest payments relating to long-term liabilities outstanding of \$55,792,794 as at August 31, 2023 payable over the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2024	\$ 4,871,597	\$ 2,509,868	\$ 7,381,465
2025	5,106,283	2,275,182	7,381,465
2026	5,352,570	2,028,896	7,381,466
2027	5,611,044	1,770,421	7,381,465
2028	5,882,325	1,499,141	7,381,466
Thereafter	28,968,975	4,930,673	33,899,648
	<u>\$ 55,792,794</u>	<u>\$ 15,014,181</u>	<u>\$ 70,806,975</u>

14. Retirement and Other Employee Future Benefits

	2023		2022	
	Retirement Benefits	Other Employee Future Benefits	Total	Total
Accrued Benefit Obligations at August 31	\$ 5,397,318	\$ 2,411,145	\$ 7,808,463	\$ 9,777,139
Unamortized Actuarial Gains (Losses)	(12,521)	-	(12,521)	(165,016)
Employee Future Benefits Liability at August 31	<u>\$ 5,384,797</u>	<u>\$ 2,411,145</u>	<u>\$ 7,795,942</u>	<u>\$ 9,612,123</u>

Retirement and Other Employee Future Benefit Expenses

Current year benefit cost	\$ -	\$ 279,867	\$ 279,867	\$ 1,161,472
Interest on accrued benefit	233,722	94,225	327,947	179,219
Amortization (gain) loss	124,963	(67,578)	57,385	252,309
Employee Future Benefits Expense	<u>\$ 358,685</u>	<u>\$ 306,514</u>	<u>\$ 665,199</u>	<u>\$ 1,593,000</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

14. Retirement and Other Employee Future Benefits (Continued)

Actuarial Assumptions

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

	2023	2022
Inflation	2.0%	2.0%
Insurance and health care cost escalation	5.00	5.00
Discount on accrued benefit obligations	4.40	3.90

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees contribute at rates from 9.0% to 15.8% (2022- 9.0% to 15.8%) of earnings. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the board contributed \$3,312,733 (2022- \$3,113,297) to the plan. As this is a multi-employer pension plan, these contributions are the board's pension benefit expenses. No pension liability for this type of plan is included in the board's financial statements. At December 31, 2022 OMERS reported an actuarial funding deficit of \$6.68 billion (2021 - \$3.10 billion).

Bluewater District School Board

Notes to the Consolidated Financial Statements

August 31, 2023

14. Retirement and Other Employee Future Benefits (Continued)

(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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. During the year ended August 31, 2023, the board paid \$1,572,725 in retirement gratuities (2022- \$1,605,185).

(iv) Retirement Life Insurance and Health Care Benefits

The board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums 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, will no longer qualify for the board subsidized premiums or contributions.

Other Employee Future Benefits

(i) Workplace Safety & Insurance Board Obligations

The board is a Schedule 2 employer under the Workplace Safety & Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the board's financial statements. School boards are required to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance board, where the collective agreement negotiated prior to 2012 included such provision. During the year ended August 31, 2023, the board paid \$757,956 in benefits (2022 - \$492,948).

(ii) Sick Leave Benefits

Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$92,237 (2022 - \$134,389).

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

15. Accumulated Surplus

Accumulated surplus consists of the following:

	2023	2022
		(Restated)
Operating accumulated surplus (deficit)	\$ -	\$ -
Invested in non-depreciable tangible capital assets (Note 6)	5,692,974	5,692,974
Reserves and reserve funds		
set aside for specific purpose by the board (Note 16)	44,980,585	35,909,192
Amounts to be recovered (Note 17)	(2,629,708)	(2,629,708)
Asset Retirement Obligations to be covered in the future	(9,077,994)	(8,349,595)
School generated funds	3,204,908	3,025,401
	<u>\$ 42,170,765</u>	<u>\$ 33,648,264</u>

16. Reserves and Reserve Funds

	2023	2022
Reserve for working funds	\$42,568,121	\$ 33,477,998
Reserve for workers compensation	2,300,000	2,300,000
Reserve for sinking fund interest	24,447	47,947
Reserve for capital improvements - OSCVI Auditorium	88,017	83,247
	<u>\$44,980,585</u>	<u>\$ 35,909,192</u>

17. Amounts to be Recovered in Future Years

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	2023	2022
Amounts to be financed in future years		
Employee future benefits liability	\$ 1,573,291	\$ 1,573,291
Interest accrual	1,056,417	1,056,417
	<u>\$ 2,629,708</u>	<u>\$ 2,629,708</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

18. Grant 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. 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. 88% percent of the consolidated revenues of the board are directly controlled by the provincial government through the grant for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial Legislative Grants	\$177,541,362	\$ 164,269,762
Education Property Tax	53,281,600	50,597,937
Grant for Student Needs	<u>\$230,822,962</u>	<u>\$ 214,867,699</u>

19. Debt Charges and Capital Loan Interest

	2023	2022
Principal payments on long-term liabilities	\$ 4,811,746	\$ 4,706,881
Interest payments on long-term liabilities	2,669,979	2,896,501
	<u>\$ 7,481,725</u>	<u>\$ 7,603,382</u>

Bluewater 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 by object:

	2023 Budget (Restated)	2023 Actual	2022 Actual (Restated)
Expenses			
Salary and wages	\$159,065,108	\$160,614,116	\$155,111,790
Employee benefits	27,825,417	27,820,533	27,589,090
Staff development	316,124	529,498	439,422
Supplies and services	12,844,283	13,497,870	11,729,369
Interest	2,735,701	2,669,979	2,896,501
Fees & Contract services	20,478,074	22,810,423	22,784,214
Other	788,530	4,102,452	2,755,557
Amortization and Write Downs and Net Loss on Disposal - TCA and TCA-ARO	13,419,301	15,228,607	13,093,169
School funded activities	5,000,000	5,982,442	3,097,613
	<u>\$242,472,538</u>	<u>\$253,255,920</u>	<u>\$239,496,725</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

21. 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 million per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022 amounted to \$322,439 (2021 - \$335,153). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

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

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

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

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

22. Contributions from First Nation Bands

The board provides education for certain students from the Chippewas of the Saugeen First Nation and the Chippewas of Nawash Unceded First Nation. During the year the costs associated with this service, which are fully recoverable from the bands, were Chippewas of the Saugeen Band \$1,437,563 (2022- \$1,478,783) and Chippewas of the Nawash Band \$211,004 (2022- \$213,343).

23. Subsequent Event: Monetary Resolution to Bill 124, The Protecting a Sustainable Public Sector for Future Generations Act

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

24. Trust Funds

Trust funds and their related operations administered by the board have not been included in the Consolidated Financial Statements. As at August 31, 2023, the Scholarship Trust Fund balance was \$2,556,442 (2022- \$2,617,400).

25. Contractual Obligations

The board has commitments with respect to outstanding construction contracts relating to school accommodations as at August 31, 2023, in the amount of approximately \$18,000,000 (2022 - \$2,400,000).

26. Contingent Liability

The board has unratified collective agreements at the central level for all unions except for CUPE. To be effective, the collective agreements must be ratified at both the central and local level. As of the report date of these financial statements, local ratification has not occurred. An accrual of \$2,197,166 has been recorded in the financial statements for the retro pay that is owing for the 2022-23 fiscal year based on management's best estimate.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

27. Repayment of The 55 School Board Trust Funding

On June 1, 2003, the board received \$10,584,205 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NFP) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the board's debt in consideration for the assignment by the board to the trust of future provincial grants payable to the board in respect of the not permanently financed debt.

As a result of the above agreement, the liability in respect of the NFP debt is no longer reflected in the board's financial position. The flow through of \$788,530 (2022- \$788,530) in grants in respect of the above agreement for the year ended August 31, 2023 is recorded in these consolidated financial statements.

28. Segment Information

The major functional classification of activities that the board operates in is education and the reportable segment is education.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

29. 2022-23 Budget Reconciliation

The budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

Where amounts were not budgeted for (ARO amortization and accretion 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.

The adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable.

Consolidate Statement of Operations (Simplified) For the year ended August 31

	2022-23 Budget	Change	2022-23 Budget (Restated)
Revenues	\$246,114,663		\$ 246,114,663
Expenses	(241,989,227)		(241,989,227)
Amortization of TCA-ARO		(483,311)	(483,311)
Annual Surplus (Deficit)	4,125,436	(483,311)	3,642,125
Accumulated Surplus (Deficit) at beginning of year	30,372,250	-	30,372,250
Accumulated Surplus (Deficit) PSAS Adjustments		(8,717,619)	(8,717,619)
Adjusted Accumulated Surplus (Deficit) at beginning of year	30,372,250	(8,717,619)	21,654,631
Accumulated Surplus (Deficit) at end of year	\$ 34,497,686	\$ (9,200,930)	\$ 25,296,756

30. Related Party Disclosures

The board and the Ontario Financing Authority (OFA) are subject to common control and are therefore related parties. During the year the board paid the OFA \$2,281,503 (2022-\$2,436,135) in interest. This amount has been included in Pupil accommodation expenses.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

31. Partnership in Student Transportation Service Consortium of Grey-Bruce

On January 31, 2007, the Bluewater District School Board entered into an agreement with the Conseil Scolaire des ecoles catholiques du Sud-Ouest and the Bruce-Grey Catholic District School Board to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of the Student Transportation Service Consortium of Grey-Bruce are shared. No partner is in a position to exercise unilateral control. Effective June 30, 2012, the Conseil Scolaire des ecoles catholiques du Sud-Ouest is no longer part of the consortium.

Each board participates in the shared costs associated with this service for the transportation of their respective students through the Student Transportation Service Consortium of Grey-Bruce. The board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. The board's pro-rata share for 2023 is 68.45% (2022 - 55.79%).

The following provides condensed financial information.

	2023		2022	
	Total	Board Portion	Total	Board Portion
Operations:				
Revenues	\$ 1,246,933	\$ 853,509	\$ 618,427	\$ 345,003
Expenses	1,246,933	853,509	618,427	345,003
Annual Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -

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

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$- (2022- \$1,967,030) with expenses based on use of \$- (2022- \$1,967,030) for a net impact of \$NIL (2022- \$NIL).

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2023

33. Future Accounting Standard Adoption

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

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

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

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

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