



Consolidated financial statements of Dufferin-Peel Catholic District School Board

August 31, 2022

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Management Report

August 31, 2022

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Dufferin-Peel Catholic District School Board



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Independent Auditor's Report

To the Board of Trustees of the Dufferin-Peel Catholic District School Board

Opinion

We have audited the consolidated financial statements of Dufferin-Peel Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2022, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Board as at and for the year ended August 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the 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 Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

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Dufferin-Peel Catholic District School Board
 Consolidated statement of financial position
 As at August 31, 2022
 (In thousands of dollars)

	Notes	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents		8,790	47,852
Accounts receivable – other		35,230	32,486
Accounts receivable – Province of Ontario	2	44,311	11,770
Accounts receivable – Province of Ontario – Approved Capital	2	232,740	256,735
		<u>321,071</u>	<u>348,843</u>
Financial liabilities			
Temporary Borrowing	8	56,482	-
Accounts payable and accrued liabilities		48,883	88,109
Accounts payable – Province of Ontario		2,186	10,789
Deferred revenue	4	73,841	36,749
Obligation under capital leases	15	1,871	1,028
Net long-term debt	7	210,745	238,137
Retirement and other employee future benefits payable	6	10,030	11,087
Deferred capital contributions	5	897,796	909,269
		<u>1,301,834</u>	<u>1,295,168</u>
Net debt		<u>(980,763)</u>	<u>(946,325)</u>
Non-financial assets			
Prepaid expenses		5,486	3,708
Inventories of supplies		10,098	3,166
Tangible capital assets	12	1,216,210	1,220,895
Total non-financial assets		<u>1,231,794</u>	<u>1,227,769</u>
Accumulated surplus		<u>251,031</u>	<u>281,442</u>

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

 _____, Director of Education

 _____, Chair of the Board

Dufferin-Peel Catholic District School Board
Consolidated statement of operations
Year ended August 31, 2021
(In thousands of dollars)

	Notes	Budget \$	2022 Actual \$	2021 Actual \$
Revenue				
Provincial grants				
Grants for Student Needs	10	617,771	640,651	643,151
Other	10	15,932	61,070	40,999
Education Property Tax	10	263,961	234,219	256,845
Deferred capital contributions recognized	5	48,975	46,931	47,953
School generated funds		7,200	9,510	1,354
Federal grants and fees		324	1,708	223
Investment income		250	152	478
Other fees and revenues		17,050	17,538	9,726
		971,469	1,011,787	1,000,734
Expenses				
11				
Instruction		774,666	807,437	828,823
Administration		26,522	26,265	26,103
Transportation		25,752	24,486	24,078
School operations/pupil accommodation		155,732	156,503	157,298
School generated funds		7,200	8,497	3,785
Other		5,456	19,012	13,630
		995,328	1,042,200	1,053,717
Annual deficit		(23,859)	(30,413)	(52,983)
Accumulated surplus, beginning of year		281,444	281,444	334,427
Accumulated surplus, end of year	13	257,585	251,031	281,444

The accompanying notes are an integral part of the consolidated financial state

Dufferin-Peel Catholic District School Board
 Consolidated statement of change in net debt
 Year ended August 31, 2022
 (In thousands of dollars)

	Budget	2022	2021
	\$	Actual	Actual
	\$	\$	\$
Annual deficit	(23,859)	(30,413)	(52,983)
Tangible capital asset activities			
Acquisition of tangible capital ass	(56,300)	(45,326)	(57,462)
Amortization and write downs of tangible capital assets	50,000	47,987	48,994
Proceeds on sale of tangible capital assets	-	20,000	-
Gain on sale of tangible capital asset	-	(17,976)	-
Total tangible asset activities	(6,300)	4,685	(8,468)
Other non-financial asset activities			
Acquisition of prepaid expenses	-	(5,486)	(3,708)
Acquisition of inventories of supplies	-	(10,098)	(3,166)
Consumption of Supplies inventories	-	3,166	-
Use of prepaid expenses	-	3,708	2,926
Total other non-financial asset activities	-	(8,710)	(3,948)
Increase in net debt	(30,159)	(34,438)	(65,399)
Net debt, beginning of year	(946,325)	(946,325)	(880,926)
Net debt, end of year	(976,484)	(980,763)	(946,325)

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

Dufferin-Peel Catholic District School Board
Notes to the consolidated financial statements
August 31, 2022
(In thousands of dollars)

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

The reporting entity is comprised of:

- x The Dufferin-Peel Catholic District School Board
- x School Generated Funds

All material interdepartmental and inter-organizational transactions and balances between these organizations are eliminated on consolidation.

(c) Trust funds

Trust funds and their related operations administered by the board amounting to \$2,227 (\$2,817 in 2021) are not included in the consolidated financial statements. Specifically, the Trust Funds include both student scholarships and awards and deferred salary leaves.

(d) Cash and cash equivalents

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

(e) Deferred revenue

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

(f) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the

1. Significant accounting policies (continued)

(g) Retirement and other employee future benefits

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

Employee Life and Health Trusts

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: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE), Education Workers' Benefits Trust (EWBT), Educational Workers' Alliance of Ontario (EWAO), Ontario Council of Educational Workers (OCEW) 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. Currently, ONE-T ELHT also provide benefits to individuals who retired prior to the Board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. 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 that were previously represented by the following associations: Principals and Vice-Principals and Non-Union employees.

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 that vested or accumulated over the periods of service provided by the employee is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and 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.
- (ii) For self-insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such 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.
- (iii) 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

1. Significant accounting policies (continued)
 - (g) Retirement and other employee future benefits (continued)

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

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

1. Significant accounting policies (continued)

(l) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and as adjustments become necessary, they are reported in the period in which they become known. Accounts subject to significant estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable, long-term disability benefits payable, liability for contaminated sites and the useful life of tangible capital assets.

(m) Education Property tax revenue

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

(n) Contaminated sites

The Board is required to record a liability in the consolidated financial statements if the Board has a contaminated site that meets the requirements as set out in the Canadian public sector accounting standard PS 3260 Liability for Contaminated Sites (the "standard"). Based on the Board's review of its sites, no liability has been identified in respect of this standard.

2. Accounts receivable - Province of Ontario

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 the Board 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 from the Government of Ontario included in the Accounts receivable – Province of Ontario balance at August 31, 2022 is \$6,269 (2021 - \$6,269).

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 recognized capital debt as of August 31, 2010 that is supported by 10.8 Td8Canadmis

3. Assets held for sale

As at August 31, 2022, there was \$Nil (2021 - \$Nil) assets held for sale.

During the year, one piece of land was sold (2021 – None). Net proceeds of \$20,000 were received on the sale of this property, which had a carrying value of \$2,024, resulting in a gain of \$17,976. The gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

4. Deferred revenue

(i) Deferred revenue externally restricted for specific purposes by legislation, regulation or agreement as at August 31 is comprised of the following:

	2022 \$	2021 \$
Proceeds from disposition	24,171	6,270
Deferred revenue – other		
Restricted Provincial capital grants received	8,329	3,157
Restricted Provincial operating grants received	14,547	6,934
Other – tuition fees, permits	26,794	20,388
	<u>73,841</u>	<u>36,749</u>

(ii) The continuity of deferred revenue of the Board is summarized below:

	2022 \$	2021 \$
Balance, beginning of year	36,749	14,144
Increase in deferred revenue	236,480	210,597
Interest earned	17	18
Transferred to deferred capital contributions	(5,621)	(19,900)
Deferred revenue recognized in the year	(193,784)	(168,110)
Balance, end of year	<u>73,841</u>	<u>36,749</u>

5. Deferred capital contributions

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

	2022 \$	2021 \$
Balance, beginning of year	909,269	899,762
Deferred capital contributions received	35,458	57,460
Revenue recognized in the year	(46,931)	(47,953)
Balance, end of year	<u>897,796</u>	<u>909,269</u>

6. Retirement and other employee future benefits
Retirement and other employee future benefit liabilities

		2022	2021
Retirement gratuity	Other employee future benefits		

6. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

(ii) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the statement of operations are \$927 (\$1,966 in 2021) and included as a liability in retirement and other employee future benefits in the consolidated statement of financial position are \$929 (\$1,167 in 2021).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2022. This actuarial valuation is based on assumptions about future events determined as at August 31, 2022 and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

Additional Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the board contributed \$13,808 (\$12,272 in 2021) to the plan. As this is a multi-employer pension plan, these contributions are the board's pension benefit expenses. No

7. Net long-term debt

- (a) Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

Debenture	Interest rate %	Maturity	2022 \$	2021 \$
OSBFC By-Law #99	7.20	June 9, 2025	13,982	18,021
OSBFC By-Law #103	6.55	October 19, 2026	27,066	32,087
OSBFC By-Law #111	5.48	November 26, 2029	58,403	64,549
OSBFC By-Law #113	4.79	August 8, 2030	11,933	13,132
OFA By-Law #124	3.94	September 19, 2025	12,862	16,389
OFA By-Law #116	4.56	November 15, 2031	6,828	7,391
OSBFC By-Law #118	5.38	June 25, 2032	66,197	71,084
OFA By-Law #120	4.90	March 3, 2033	2,908	3,108
OFA By-Law #123	5.23	April 13, 2035	10,566	11,127
OFA By-Law #126	2.43	November 15, 2021	-	1,249
Balance as at August 31			210,745	238,137

- (b) Payments relating to net long-term debt of \$210,745 outstanding as at August 31, 2022 are due as follows:

	Principal \$	Interest \$	Total \$
2022/2023	27,646	11,379	39,025
2023/2024	29,237	9,639	38,876
2024/2025	30,623	7,955	38,578
2025/2026	24,294	6,051	30,345
Thereafter	98,945	15,463	114,408
Net long-term debt	210,745	50,487	261,232

8. Temporary borrowing

In accordance with Section 243(1) of the Education Act, the Board has two resolutions to authorize the borrowing, by way of promissory note, bankers' acceptance or operating overdraft, up to a maximum of \$150,000 (2021 - \$150,000) for operating purposes and \$65,000 (2021 - \$Nil) for capital purposes. The outstanding amount at any given time would substantially represent the unreceived or uncollected balance of the estimated revenues and the outstanding capital expenditure grant payments.

The Board has two available credit facilities which include a \$60,000 (2021 - \$60,000) general operating facility and a \$60,000 (2021 - \$Nil) capital facility to provide interim funding for capital projects pending receipt of the Ministry of Education capital grants. At year-end, the general operating facility had \$56,482 outstanding (2021 - \$Nil) and the capital facility had no outstanding borrowings (2021 - \$Nil). The interest on temporary borrowings, when drawn, would be at the bank's prime lending rate minus 0.75%, or bankers' acceptance facility at the bank's prime lending rate.

9. Debt charges

Debt charges for the year include principal and interest payments as follows:

	2022	2021
	\$	\$
Principal payments on long-term debt	27,392	27,178
Interest payments on long-term debt	12,757	14,235
Total	40,149	41,413

10. Grants for Student Needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which

11. Expenses by object

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

	Budget	2022 Actual	2021 Actual
	\$	\$	\$
Operating expenses			
Salary and wages	680,190	689,607	684,572
Employee benefits	143,635	158,405	189,596
Staff development	2,132	1,296	757
Supplies and services	49,973	58,806	52,778
Interest charges on capital	12,364	12,410	13,836

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13. Accumulated surplus

Accumulated surplus consists of the following:

2022	2021
\$	\$

16. Ontario School Board Insurance Exchange (OSBIE)

The board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. The school board entered into this agreement on January 01, 2022. OSBIE insures general liability, property damage and certain other risks.

21. Future Accounting Standard (continued)

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