

Consolidated Financial Statements of

**ALGOMA DISTRICT
SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2022

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Algoma District School Board are the responsibility of 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director of Education



Superintendent of Business

December 1, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Algoma District School Board

Opinion

We have audited the consolidated financial statements of Algoma District School Board (the Board), which comprise:

- the consolidated statement of financial position as at August 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2022, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in Note 1 of 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 Financial Statements"** section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Financial Reporting Framework

We draw attention to Note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.



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As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 the 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

December 1, 2022

ALGOMA DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 20,050,253	\$ 8,336,616
Accounts receivable - other (note 2)	17,780,010	15,160,113
Accounts receivable - approved capital funding (note 3)	77,666,188	84,944,641
Total financial assets	115,496,451	108,441,370
Liabilities		
Temporary borrowing (note 4)	5,000,000	-
Accounts payable and accrued liabilities	18,744,335	16,240,327
Net debenture debt, capital loans and leases (note 5)	70,252,436	73,514,597
Deferred revenue (note 6)	1,792,248	1,213,896
Deferred capital contributions (note 7)	196,035,562	192,695,877
Employee future benefits liability (note 8)	3,113,986	3,292,941
Total liabilities	294,938,567	286,957,638
Net debt	(179,442,116)	(178,516,268)
Non-financial assets		
Prepaid expenses	1,252,431	1,307,974
Tangible capital assets (note 9)	205,056,960	201,293,923
Total non-financial assets	206,309,391	202,601,897
Contingent liabilities (note 20)		
Accumulated surplus (note 10)	\$ 26,867,275	\$ 24,085,629

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

 Director of Education

 Chair of the Board

ALGOMA DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenues:			
Grants for student needs (note 11):			
- Provincial legislative grants	\$ 124,746,879	\$ 129,589,661	\$ 122,390,837
- Education property tax	19,173,224	18,030,466	18,777,003
- Amortization of deferred capital contributions	13,150,942	20,464,587	17,931,067
Provincial grants - other	4,573,063	12,563,606	10,702,139
School generated funds revenues	2,428,300	1,879,471	1,027,905
Federal grants and fees	6,257,278	6,619,296	6,543,249
Investment income	200,000	115,641	44,184
Other fees and revenues from school boards	180,000	199,471	221,460
Fees and revenues from other sources	650,534	2,003,591	1,965,900
Total revenue	171,360,220	191,465,790	179,603,744
Expenses (note 12):			
Instruction	115,948,278	116,553,984	113,030,520
Administration	5,134,339	5,618,136	5,458,632
Transportation	9,707,994	11,034,791	9,232,478
Pupil accommodation	33,839,307	42,293,626	38,326,471
School generated funds expenses	2,211,800	1,932,218	798,226
Other	4,573,063	11,251,389	10,962,324
Total expenses	171,414,781	188,684,144	177,808,651
Annual surplus (deficit)	(54,561)	2,781,646	1,795,093
Accumulated surplus, beginning of year	24,085,629	24,085,629	22,290,536
Accumulated surplus, end of year	\$ 24,031,068	\$ 26,867,275	\$ 24,085,629

See accompanying notes to the consolidated financial statements.

ALGOMA DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ 2,781,646	\$ 1,795,093
Tangible capital assets:		
Acquisition of tangible capital assets	(24,683,832)	(29,576,923)
Amortization of tangible capital assets	20,816,825	17,971,174
Loss on sale of tangible capital assets	-	75,390
Proceeds on disposal of tangible capital assets	179,749	67,873
Gain on sale allocated to deferred revenue	(75,779)	(36,948)
	(3,763,037)	(11,499,434)
Other non-financial asset activity:		
Acquisition of prepaid expenses	(1,252,431)	(1,307,974)
Use of prepaid expenses	1,307,974	1,443,469
	55,543	135,495
Increase in net debt	(925,848)	(9,568,846)
Net debt, beginning of year	(178,516,268)	(168,947,422)
Net debt, end of year	\$ (179,442,116)	\$ (178,516,268)

See accompanying notes to consolidated financial statements.

ALGOMA DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Operating transactions:		
Annual surplus	\$ 2,781,646	\$ 1,795,093
Items not involving cash:		
Amortization of tangible capital assets	20,816,825	17,971,174
Amortization of deferred capital contributions	(20,464,587)	(17,931,067)
Loss on sale of tangible capital assets	-	75,390
Deferred gain on disposal of restricted assets	(75,779)	(36,948)
	3,058,105	1,873,642
Change in non-cash assets and liabilities:		
(increase) decrease in accounts receivable - other	(2,619,897)	6,779,603
Increase (decrease) in accounts payable and accrued liabilities	2,504,008	(8,234,562)
Increase (decrease) in deferred revenue	578,352	(1,833,356)
Decrease in employee future benefits liability	(178,955)	(435,549)
Decrease in prepaid expenses	55,543	135,495
Cash provided by (applied to) operating transactions	3,397,156	(1,714,727)
Capital transactions:		
Cash used to acquire tangible capital assets	(24,683,832)	(29,576,923)
Proceeds on disposal of tangible capital assets	179,749	67,873
Cash applied to capital transactions	(24,504,083)	(29,509,050)
Financing transactions:		
Increase in temporary borrowings	5,000,000	-
Net debenture debt, capital loans and leases issued	1,396,119	1,810,612
Net debenture debt, capital loans and leases principal repayments	(4,658,280)	(4,577,382)
Decrease in accounts receivable - Approved Capital Funding	7,278,453	3,209,092
Net additions to deferred capital contributions	23,804,272	26,643,345
Cash provided by financing transactions	32,820,564	27,085,667
Increase (decrease) in cash	11,713,637	(4,138,110)
Cash, beginning of year	8,336,616	12,474,726
Cash, end of year	\$ 20,050,253	\$ 8,336,616

See accompanying notes to consolidated financial statements.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

The principal activity of the Algoma District School Board (the "Board") is to administer the operations of the English elementary and secondary schools in the District of Algoma.

1. Significant accounting policies:

The consolidated financial statements of the Board have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following 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 regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with 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.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

1. Significant accounting policies (continued):

(b) Reporting entity:

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

- (i) 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.

(c) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all Organizations, committees and Boards which are owned or controlled by the Board. The following entities have been proportionately consolidated:

Algoma & Huron-Superior Transportation Services Consortium
School Generated Funds

All inter-entity transactions and balances have been eliminated.

(d) 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.

(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 of changes in value and have a short maturity term of less than 90 days.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

1. Significant accounting policies (continued):

(f) 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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all 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, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	40 years
Portable structures	20 years
Equipment	5 - 15 years
First-time equipping	10 years
Furniture	10 years
Computer hardware	3 years
Vehicles	5 - 10 years
Capital leases – computer hardware	Term of lease

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

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

(g) Deferred revenue:

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

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

1. Significant accounting policies (continued):

(h) 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

(i) 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, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and, Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefit Trust (CUPE EWB), 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 ELHTs also provide benefits to individuals who retired prior to the school 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 unions/federations: ETFO, OSSTF and CUPE.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

1. Significant accounting policies (continued):

(i) Retirement and other employee future benefits (continued):

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

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

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") 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.

(j) 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 Trustees approve the budget annually. The approved budget for 2021-2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the expense by object note.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known. Significant estimates include assumptions used in:

- (i) estimating provisions for accrued liabilities,
- (ii) performing actuarial valuations of employee future benefits liabilities, and
- (iii) useful life of fixed capital assets

(l) Government transfer:

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.

(m) Education property tax revenue:

Under 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) Investment income:

Investment income earned is reported as revenue in the period earned.

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

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

2. Accounts receivable – Other

	2022	2021
Government of Ontario	\$ 10,533,795	\$ 7,881,815
Government of Canada	1,858,879	1,832,178
First Nations	251,308	1,837,412
Local governments	1,026,954	1,502,054
Other school boards	199,471	221,459
Other	3,909,603	1,885,195
	<u>\$ 17,780,010</u>	<u>\$ 15,160,113</u>

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, 2022 is \$10,002,309 (2021 - \$ 6,293,975).

3. Accounts receivable – Approved Capital Funding:

The Province of Ontario ("Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable. The Board has an account receivable with respect to capital grants consisting of the following:

	2022	2021
Government of Ontario	\$ 77,098,382	\$ 80,789,231
Government of Canada	567,806	4,155,410
	<u>\$ 77,666,188</u>	<u>\$ 84,944,641</u>

4. Temporary borrowing:

The board has lines of credit available to the maximum of \$30 million to address operating requirements and to bridge capital expenditures.

Interest on the operating facilities is the bank's prime lending rate, while banker's acceptance facility is 0.75%. All loans are secured by a borrowing resolution, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

As at August 31, 2022, the amount drawn under the bankers' acceptance facility was \$5,000,000 (2021 - \$Nil). Borrowings outstanding under this facility shall be repaid with bi-annual payments from the Ministry of Education.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

5. Net debenture debt, capital loans and leases:

Net debenture debt, capital loans and leases reported on the consolidated statement of financial position consist of the following:

	2022	2021
<i><u>Net debenture debt and capital loans:</u></i>		
Loans payable to the Ontario Financing Authority with interest rates ranging from 2.993% to 5.232%, due in semi-annual installments including interest, with maturity dates ranging from November 2031 to March 2040	\$ 67,960,633	\$ 71,555,939
<i><u>Capital Leases:</u></i>		
Dell Financial Services capital lease due \$109,500 annually including interest at 6% per annum, maturing November 2022	103,302	200,756
Dell Financial Services capital lease due \$115,186 annually including interest at 6% per annum, maturing August 2023	143,661	279,189
De Lage Landen capital lease due \$7,272 annually including interest at 6% per annum, maturing June 2025	13,333	19,438
Dell Financial Services capital lease due \$80,645 annually including interest at 6% per annum, maturing June 2025	147,854	215,565
Dell Financial Services capital lease due \$152,280 annually including interest at 6% per annum, maturing November 2025	307,893	399,131
De Lage Landen capital lease due \$174,598 annually including interest at 6% per annum, maturing November 2025	466,702	605,000
De Lage Landen capital lease due \$19,087 annually including interest at 6% per annum, maturing November 2025	51,021	66,141
Dell Financial Services capital lease due \$331,147 annually including interest at 6% per annum, maturing August 2026	1,034,011	—
De Lage Landen capital lease due \$6,934 annually including interest at 6% per annum, maturing August 2026	24,026	—
Dell Financial Services capital lease due \$14,323 annually including interest at 6% per annum, maturing October 2021	—	13,512
Dell Financial Services capital lease due \$169,522 annually including interest at 6% per annum, maturing June 2022	—	159,926
	\$ 70,252,436	\$ 73,514,597

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

5. Net debenture debt, capital loans and leases (continued):

The net debenture debt and capital loans of the Board are subject to non-financial debt covenants. The Board is in compliance with all net debenture debt and capital loans non-financial covenants as of August 31, 2022.

Principal and interest payments relating to long-term debt and capital leases outstanding are due as follows:

	Principal	Interest	Total
2022 – 2023	\$ 4,595,466	\$ 2,690,828	\$ 7,286,294
2023 – 2024	4,531,904	2,493,607	7,025,511
2024 – 2025	4,635,472	2,303,157	6,938,629
2025 – 2026	4,378,047	2,106,563	6,484,610
2026 – 2027	4,359,274	1,934,603	6,293,877
Thereafter	47,752,273	13,135,247	60,887,520
	\$ 70,252,436	\$ 24,664,005	\$ 94,916,441

Included in the consolidated statements of operations and accumulated surplus is interest on long-term debt and capital leases paid of \$2,896,609 (2021 - \$2,893,506).

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

6. 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, 2022 is comprised of:

	Balance as at August 31, 2021	Contributions received and externally restricted investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2022
Rural and Northern Education Fund	\$ 599,017	241,132	(263,146)	–	\$ 577,003
Third party – capital grants	–	400,000	–	(28,040)	371,960
Special Education Allocation - Regular	–	347,457	–	–	347,457
Provincial grants	49,852	6,513,825	(6,350,667)	–	213,010
Temporary accommodation	43,987	74,795	–	(3,193)	115,589
Experiential Learning Envelope	–	442,314	(329,242)	–	113,072
Third party – operating grants	36,245	19,715	(7,420)	–	48,540
School renewal	484,795	3,344,183	–	(3,823,361)	5,617
Total deferred revenue	\$ 1,213,896	11,383,421	(6,950,475)	(3,854,594)	\$ 1,792,248

7. Deferred capital contributions:

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

	2022	2021
Opening balance	\$ 192,695,877	\$ 183,983,599
Additions to deferred capital contributions	23,908,242	26,749,660
Revenue recognized in the period	(20,464,587)	(17,931,067)
Disposal of tangible capital assets	(103,970)	(106,315)
Ending balance	\$ 196,035,562	\$ 192,695,877

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

8. Employee future benefits:

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

a) 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 \$1,906,189 (2021 - \$1,973,201) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities:

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

(iv) Retirement Life Insurance and Health Care Benefits:

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

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

8. Employee future benefits (continued):

b) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

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

(ii) Long-term Disability Salary Compensation:

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. 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.

(iii) 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 illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$142,520 (2021 - \$197,373).

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, 2022 and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

(iv) Life Insurance Benefits:

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the board's prior arrangements, retirees' premiums could be subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

(v) Health Care and Dental Benefits:

The Board sponsors a separate plan for certain retirees to provide group health care and dental benefits. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the Board's prior arrangements, retirees' premiums could be subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

8. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2022 and based on updated average daily salary and banked sick days as at August 31, 2022. 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:

	2022	2021
Inflation	2.0%	1.5%
Wage and salary escalation	0.0%	0.0%
Insurance and health care cost escalation	4.0%	4.0%
Discount on accrued benefit obligation	3.9%	1.8%

The Board has internally appropriated an amount for retirement gratuities totaling \$1,310,279 (2021 - \$1,310,279).

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

			2022	2021
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee futures benefits obligations	\$ 1,449,666	\$ 1,720,385	\$ 3,170,051	\$ 3,377,726
Actuarial (gain) loss in fiscal year	(139,529)	5,410	(134,119)	31,661
Unamortized actuarial (loss) gain	78,054	—	78,054	(116,446)
Employee future benefit liability	\$ 1,388,191	\$ 1,725,795	\$ 3,113,986	\$ 3,292,941

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

8. Employee future benefits (continued):

Accrued benefit liability		2022		2021
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Balance, beginning of year	\$ 1,728,283	\$1,564,658	\$3,292,941	\$ 3,728,490
Prior year unamortized loss	116,446	–	116,446	226,558
Current period benefit costs	–	283,127	283,127	115,285
Interest cost	30,555	24,299	54,854	49,750
Benefits paid	(294,454)	(291,228)	(585,682)	(742,357)
Recognition of unamortized actuarial losses (gains) on plan amendments / curtailments	8,365	–	8,365	–
	1,589,195	1,580,856	3,170,051	3,377,726
Actuarial loss (gain) in fiscal year	139,529	(273,648)	(134,119)	31,661
Unamortized actuarial (loss) gain	78,054	–	78,054	(116,446)
Balance, end of year	\$ 1,806,778	\$1,307,208	\$3,113,986	\$ 3,292,941

Employee future benefit expense ¹		2022		2021
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ –	\$ 283,127	\$ 283,127	\$ 115,285
Interest on accrued benefit obligation	30,555	24,299	54,854	49,750
Amortization of actuarial loss	54,971	5,410	60,381	141,773
	\$ 85,526	\$ 312,836	\$ 398,362	\$ 306,808

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement system, a multi-employer pension plans, described in note 8 a) (iii).

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

9. Tangible capital assets:

Cost	Balance at August 31, 2021	Additions and transfers	Disposals write-offs and adjustments	Balance at August 31, 2022
Land	\$ 2,776,473	\$ 91,208	\$ -	\$ 2,867,681
Land improvements	18,054,237	307,991	-	18,362,228
Buildings	299,647,789	20,422,021	(407,551)	319,662,259
Portable structures	455,061	3,193	(82,500)	375,754
Equipment (5 years)	8,352	33,438	-	41,790
Equipment (10 years)	1,716,010	112,088	(100,815)	1,727,283
Equipment (15 years)	32,143	-	(11,808)	20,335
First-time equipping (10 years)	1,195,994	-	(501,799)	694,195
Furniture	1,112,546	249,685	-	1,362,231
Computer hardware	228,759	953,352	(65,977)	1,116,134
Vehicles	201,539	219,837	(57,696)	363,680
Capital leases - computer hardware	5,945,110	1,396,119	(305,994)	7,035,235
Construction in progress	529,063	894,900	-	1,423,963
	\$ 331,903,076	\$ 24,683,832	\$ (1,534,140)	\$ 355,052,768

Accumulated amortization	Balance at August 31, 2021	Amortization	Disposals write-offs and adjustments	Balance at August 31, 2022
Land	\$ -	\$ -	-	\$ -
Land improvements	13,443,088	1,234,837	-	14,677,925
Buildings	111,277,690	17,926,793	(303,581)	128,900,902
Portable structures	303,614	26,892	(82,500)	248,006
Equipment (5 years)	835	5,014	-	5,849
Equipment (10 years)	475,319	172,638	(100,815)	547,142
Equipment (15 years)	24,293	1,749	(11,808)	14,234
First-time equipping (10 years)	800,115	94,960	(501,799)	393,276
Furniture	463,584	124,481	-	588,065
Computer hardware	149,762	213,461	(65,977)	297,246
Vehicles	100,518	56,522	(57,696)	99,344
Capital leases - computer hardware	3,570,335	959,478	(305,994)	4,223,819
	\$ 130,609,153	\$ 20,816,825	\$ (1,430,170)	\$ 149,995,808

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

9. Tangible capital assets (continued):

	Net book value August 31, 2022	Net book value August 31, 2021
Land	\$ 2,776,473	\$ 2,776,473
Land improvements	3,684,303	4,611,149
Buildings	190,761,357	188,370,099
Portable structures	127,748	151,447
Equipment (5 years)	35,941	7,517
Equipment (10 years)	1,180,141	1,240,691
Equipment (15 years)	6,101	7,850
First-time equipping (10 years)	300,919	395,879
Furniture	774,166	648,962
Computer hardware	818,888	78,997
Vehicles	264,336	101,021
Capital leases - computer hardware	2,811,416	2,374,775
Construction in progress	1,515,171	529,063
	\$ 205,056,960	\$ 201,293,923

The net book value of tangible capital assets not being amortized because they are under construction is \$1,515,171 (2021 - \$529,063).

10. Accumulated surplus:

The Board segregates its accumulated surplus in the following categories:

	2022	2021
Total operating accumulated surplus, unappropriated	\$ 15,466,253	\$ 13,158,797
Available for budget compliance, internally appropriated:		
Retirement gratuities	1,310,279	1,310,279
School renewal	552,275	547,078
Capital	6,153,721	5,724,105
Other	403,228	402,312
	8,419,503	7,983,774
Total accumulated surplus for budget compliance	23,885,756	21,142,571
Unavailable for budget compliance:		
Employee future benefits	(1,310,279)	(1,310,279)
Interest to be accrued	(803,037)	(803,037)
School generated funds	2,227,154	2,279,901
Revenues recognized for land	2,867,681	2,776,473
	2,981,519	2,943,058
Total accumulated surplus	\$ 26,867,275	\$ 24,085,629

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

11. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 87.8% percent of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2022	2021
Provincial legislative grants	\$ 129,589,661	\$ 122,390,837
Education property tax	18,030,466	18,777,003
Amortization of deferred capital contributions	20,464,587	17,931,067
Grants for student needs	\$ 168,084,714	\$ 159,098,907

12. Expenses by object:

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

	2022 Budget	2022 Actual	2021 Actual
Current expenses:			
Salary and wages	\$ 108,335,070	\$ 109,837,121	\$ 107,002,035
Employee benefits	17,979,280	18,478,065	17,035,541
Staff development	461,934	712,550	475,644
Supplies and services	13,971,572	19,552,122	17,676,593
Interest	3,061,238	2,896,609	2,893,506
Rental	29,020	40,578	7,638
Fees and contract services	11,570,835	13,634,428	11,609,350
School funded activities	2,211,800	1,932,218	798,226
Other	643,090	783,628	2,263,554
Amortization of tangible capital assets	13,150,942	20,816,825	17,971,174
Loss on disposal of tangible capital assets	—	—	75,390
	\$ 171,414,781	\$ 188,684,144	\$ 177,808,651

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

13. 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 1, 2022, OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$5 million per occurrence.

The premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2026.

Premiums paid to OSBIE for the policy year ending December 31, 2021 amounted to \$259,121 (2020 - \$236,118).

14. Board Performs Duties of a Municipal Council:

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2022 in respect of performing duties of municipal council is reported by area in a separate statement. Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

15. First Nation fees:

Tuition and transportation fee revenue for education services provided to First Nations' students for the year are as follows:

	2022	2021
Batchewana First Nation	\$ 1,509,779	\$ 1,700,978
Brunswick House First Nation	437,519	439,209
Chapleau Cree First Nation	173,705	169,276
Chapleau Ojibwe	26,250	52,211
Garden River First Nation	2,549,562	2,493,978
Michipicoten First Nation	111,183	119,467
Mississauga First Nation	561,502	569,679
Serpent River First Nation	749,533	562,080
Thessalon First Nation	410,618	413,928
	<u>\$ 6,529,651</u>	<u>\$ 6,520,806</u>

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

16. Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received funds 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 (NPF) 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 NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's consolidated statement of financial position.

17. Partnership in Algoma & Huron-Superior Transportation Services Consortium:

The Board provides transportation services in partnership with the Huron-Superior Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Algoma & Huron Superior Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through Algoma & Huron-Superior District Transportation Consortium. The Board's consolidated statements reflect proportionate , whereby, it's the Algoma District School Board's pro-rata share of revenues and expenses. The Board's prorated share for 2022 is 66.8% (2021 - 62.8%).

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

17. Partnership in Algoma & Huron-Superior Transportation Services Consortium (continued):

The following provides condensed financial information.

	2022		2021	
	Total	Board portion	Total	Board portion
Operations:				
Revenues	\$ 16,294,855	\$10,879,621	\$ 14,258,080	\$ 8,954,337
Expenses	(16,294,855)	(10,879,621)	(14,258,080)	(8,954,337)
	\$ -	\$ -	\$ -	\$ -

18. In-kind Transfers from the Ministry of Public and Business Service Delivery Government and Consumer Services:

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 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 \$3,266,460 with expenses based on use of \$3,266,460 for a net impact of \$Nil. These balances are included as part of Provincial grants – other revenue and other expenses on the statement of operations. Expenses are included as part of supplies and services in the expense by object note.

19. Related party disclosures:

The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Board. At August 31, 2022, \$67,960,633 (2021 - \$71,555,939) was owing to the OFA and includes in et debenture debt, capital loans and leases on the statement of financial position. Interest paid to OFA during the year was \$2,712,272 (2021 - \$2,847,852).

20. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss if any, from these contingencies will be accounted for in the year in which the matters are resolved. Management maintains adequate insurance to cover these matters. Amounts, if any, not covered by insurance are not determinable at this time and will be recorded in the period the matters are resolved.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

21. Effects of COVID-19:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") a global pandemic. This resulted in the Province mandating that all Boards close their schools and administrative buildings on March 13, 2020 and moving to online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario. For the 2020-2021 school year the schools reopened to students, effective September 2020, with enhanced public health protocols, or the option to continue with online education and at-home distance learning. In person learning ceased in March of 2021 in response to the pandemic. For the 2021-2022 school year the schools reopened for in person learning for students. The Board continues to monitor the situation and plan for potential changes during the fiscal 2022 school year and beyond.

As a result of the pandemic, the Board may experience increased risk exposure in several areas. This includes an increased credit risk exposure on accounts receivable where the risk of default on contractual obligations may increase.

The Board is actively monitoring cash flow forecasts and budget.

As at August 31, 2022, the Board did not have significant adjustments to reflect the possible future impact of COVID-19. Management assessed the impact on the Board and believes there are no significant financial issues as the Board has strong working capital available and access to sufficient liquid resources to sustain operations in the coming year. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

22. Future accounting standard adoption:

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

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments* must be implemented at the same time. The board has not adopted any new accounting standards for the year ended August 31, 2022.

(a) Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the board as of September 1, 2022 for the year ending August 31, 2023):

- (i) PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2022

22. Future accounting standard adoption (continued):

- (a) Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the board as of September 1, 2022 for the year ending August 31, 2023) (continued):
 - (ii) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.
 - (iii) PS 3401 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* will no longer apply.
 - (iv) PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.
 - (v) 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.
- (b) Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board for as of September 1, 2023 for the year ending August 1, 2024):
 - (i) 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.
 - (ii) 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.
 - (iii) 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.