Consolidated Financial Statements of

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

And Independent Auditors' Report thereon

Year ended August 31, 2022

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2022

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Consolidated Financial Statements

2021-2022 MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Board of Trustees and the Audit Committee meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board of Trustees. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Ottawa-Carleton District School Board's consolidated financial statements.

Concerns Regarding Provincial Funding of Education

The Board of Trustees continue to express their concerns on the level of funding provided by the provincial government to Ontario's school boards. Under the existing requirements of the Education Act, school boards are almost completely dependent on provincial government funding and must approve balanced budgets. The government's multi-year plan to deal with the provincial deficit indicates overall restraints in funding growth to less than the rate of inflation. If the application of the plan to the education sector results in a loss of existing purchasing power, the only significant action a school board will be able to implement to balance its budget is to reduce spending, thereby impacting the level of service provided to its students.

Camille Williams-Taylor	Randall Gerrior, CPA, CMA
Director of Education/Secretary of the Board	Associate Director, Business Operations and Treasurer

November 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Ottawa-Carleton District School Board

Opinion

We have audited the consolidated financial statements of the Ottawa-Carleton District School Board (the "Entity"), 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 change 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 consolidated 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(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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 – Basis of Presentation

Without modifying our opinion, we draw attention to note 1(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as described in note 1(a), 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

November 30, 2022

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	$ 38,846,395	$ 96,005,657
Accounts receivable:		
Government of Ontario - approved capital funding (note 2)	134,546,107	128,627,302
Municipality	35,850,729	34,669,354
Other	48,644,581	30,671,104
Total financial assets	257,887,812	289,973,417
Financial liabilities:		
Accounts payable and accrued liabilities	86,034,714	85,322,263
Other accounts payable (note 5c)	8,366,123	7,068,443
Net long-term liabilities (note 3)	80,738,889	85,782,513
Deferred revenue (note 4)	40,700,928	53,637,862
Employee future benefits liability (note 5)	35,043,587	40,572,762
Deferred capital contributions (note 6)	812,446,106	769,689,774
Total financial liabilities	1,063,330,347	1,042,073,617
Net debt	(805,442,535)	(752,100,200)
Non-financial assets:		
Prepaid expenses	4,903,633	4,239,562
Inventories of supplies	4,083,622	2,723,301
Tangible capital assets (note 7)	938,377,765	875,433,671
Total non-financial assets	947,365,020	882,396,534
Commitments and contingent liabilities (note 9)		
Impact of COVID-19 (note 16)		
Accumulated surplus (note 8)	$ 141,922,485	$ 130,296,334

See accompanying notes to consolidated financial statements.

Camille Williams-Taylor
Director of Education/Secretary of the Board

Lyra Evans
Chair of the Board

OTTAWA-CARLETON DISTRICT SCHOOL BOARD
Consolidated Statement of Operations and Accumulated Surplus

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

	2022 Budget	2022 Total	2021 Total
Revenue:			
Provincial grants:			
Grants for student needs (note 10)	$ 884,752,493	$ 894,777,384	$ 885,013,813
Program specific	13,125,411	29,432,022	28,928,051
Ontario Youth Apprenticeship Program	405,929	335,779	249,594
Amortization of deferred capital contributions	61,291,245	66,936,755	62,959,070
Federal grants and fees	2,406,887	2,925,288	2,724,323
Other school boards	614,678	703,460	497,873
Other fees and revenue	34,946,215	53,628,590	30,843,157
Interest income	800,000	448,950	721,674
School-funded activities	24,500,000	5,991,623	4,353,722
	1,022,842,858	1,055,179,851	1,016,291,277
Expenses (note 11):			
Instruction	754,896,095	776,455,847	751,603,075
School operations and maintenance	154,769,473	163,276,605	157,496,313
Transportation (note 14)	46,281,675	45,998,823	38,429,176
Administration	22,513,275	22,351,494	22,196,551
Other	24,645,096	29,641,079	28,228,967
School-funded activities	24,500,000	5,829,852	6,808,164
	1,027,605,614	1,043,553,700	1,004,762,246
Annual surplus (deficit)	(4,762,756)	11,626,151	11,529,031
Accumulated surplus, beginning of year	122,757,394	130,296,334	118,767,303
Accumulated surplus, end of year (note 8)	$ 117,994,638	$ 141,922,485	$ 130,296,334

See accompanying notes to consolidated financial statements.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

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

	2022	2021
Annual surplus	$ 11,626,151	$ 11,529,031
Tangible capital assets (note 7):		
Net acquisition of tangible capital assets	(130,640,672)	(79,035,152)
Amortization of tangible capital assets	67,696,578	63,758,382
Proceeds on sale of tangible capital assets	–	6,322,452
Less gain on sale allocated to deferred revenue	–	(5,892,409)
	(62,944,094)	(14,846,727)
Non-financial assets:		
Acquisition of inventories of supplies	(6,376,866)	(5,216,737)
Acquisition of prepaid expenses	(3,241,613)	(2,474,637)
Consumption of inventories of supplies	5,016,545	4,018,817
Use of prepaid expenses	2,577,542	10,321,009
	(2,024,392)	6,648,452
Decrease (increase) in net debt	(53,342,335)	3,330,756
Net debt, beginning of year	(752,100,200)	(755,430,956)
Net debt, end of year	$ (805,442,535)	$ (752,100,200)

See accompanying notes to consolidated financial statements.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

	2022	2021
Operating transactions:		
Annual surplus	$ 11,626,151	$ 11,529,031
Items not involving cash:		
Amortization of tangible capital assets	67,696,578	63,758,382
Amortization of deferred capital contributions	(66,936,755)	(62,959,070)
Deferred gain on disposal of tangible assets	–	(5,892,409)
Disposals, write-offs and adjustments of tangible capital assets	3,363,029	15,883,568
Disposals and transfers of deferred capital contributions	–	(378,343)
Gain on disposal of tangible capital assets	–	(430,043)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable (non-capital)	(19,154,852)	72,700,655
Increase (decrease) in accounts payable and accrued liabilities	712,451	(77,965,310)
Increase (decrease) in other accounts payable	1,297,680	(1,604,186)
Increase (decrease) in deferred revenue	(12,936,934)	15,736,670
Decrease in employee future benefits liability	(5,529,175)	(5,092,102)
Decrease (increase) in prepaid expenses	(664,071)	7,846,372
Increase in inventories of supplies	(1,360,321)	(1,197,920)
Cash applied to operating transactions	(21,886,219)	31,935,295
Capital transactions:		
Acquisition of tangible capital assets	(134,003,701)	(94,488,677)
Proceeds on sale of tangible capital assets	–	6,322,452
Cash applied to capital transactions	(134,003,701)	(88,166,225)
Financing transactions:		
Principal repayments of net long-term liabilities	(5,043,624)	(4,820,925)
Increase in accounts receivable - Government of Ontario approved capital funding	(5,918,805)	(17,817,149)
Additions to deferred capital contributions	109,693,087	74,933,648
Cash applied to financing transactions	98,730,658	52,295,574
Decrease in cash	(57,159,262)	(3,935,356)
Cash, beginning of year	96,005,657	99,941,013
Cash, end of year	$ 38,846,395	$ 96,005,657

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

The consolidated financial statements of the Ottawa-Carleton District School Board (the “Board”) are 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:

These 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 consolidated statement of operations and accumulated surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included government transfers, externally restricted contributions and, historically, education 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
- education property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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

(b) Reporting entity:

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.

The consolidated financial statements include the following organizations:

(i) The Ottawa-Carleton Education Network ("OCENET"): OCENET is consolidated in the financial statements. OCENET is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. OCENET's principal activity is to market products, programs, services and expertise to international students, and generate tuition revenue for the Board.

(ii) The Ottawa Student Transportation Authority ("OSTA"): OSTA is included in the consolidated financial statements using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board is a member of OSTA with the Ottawa Catholic School Board. OSTA is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. OSTA's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the Ottawa area on behalf of the member school boards.

(iii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board have been reflected in the consolidated financial statements.

Inter-departmental and inter-organizational transactions and balances are eliminated in these consolidated financial statements.

(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) Non-financial assets:

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

1. Significant accounting policies (continued):

(e) 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 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:

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 to 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 to 10 years
Leasehold improvements	Over term of lease

Assets under construction and assets that relate to pre-acquisition and pre-construction 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 the carrying value is written down to its residual 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 in these consolidated financial statements.

(f) Deferred revenue:

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

1. Significant accounting policies (continued):

(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 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 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
- Education property taxation revenues which were historically used to fund capital assets

(h) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, service awards, and worker's compensation. 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 principals and vice-principals associations, Employee Life and Health Trusts ("ELHTs") were established between 2016 and 2018 for all employee groups. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. School boards are required to remit a negotiated amount per full-time equivalency on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs and additional Ministry funding in the form of a Crown contribution and Stabilization Adjustment. The Board continues to be responsible for its share of the cost of benefits based on the cost sharing arrangement prior to the transition to the ELHT.

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 estimate of salary escalation, accumulated sick days, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days (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 event occurs. 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.

(i) Accumulated surplus - available for compliance, internally appropriated:

Certain amounts, as approved by the Board of Trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

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 that give rise to a liability, they are deferred and recognized in revenue when the stipulations are met. As required by Regulation 395/11, government transfers for the purchase or development of tangible capital assets are recorded as deferred capital contributions and recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

(k) Interest income:

Interest income is reported as revenue in the period earned.

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

(l) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees ("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 Board approves its budget annually. The operating budget for 2021-2022 was approved on June 15, 2021, and is reflected on the consolidated statement of operations and accumulated surplus.

(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.

1. Significant accounting policies (continued):

(n) Use of estimates:

The preparation of the 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 amount 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 these current estimates.

Significant estimates include assumptions used in performing actuarial valuations of employee future benefits liabilities. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

2. Accounts receivable:

Government of Ontario approved capital funding:

The Province of Ontario (the “Province”) replaced variable capital funding with a one-time debt support grant in 2009-2010. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that supports the capital programs as of that date. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. In any year, the Board may also receive additional capital grants to support new capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of $134,546,107 (2021 - $128,627,302) as at August 31, 2022 with respect to capital grants.

3. Net long-term liabilities and temporary borrowing:

(a) Net long-term liabilities:

The Board's long-term liabilities result from new school construction and major school renewal renovation projects. The provincial government has committed to fully funding the annual payments for this debt as disclosed in note 2. Net long-term liabilities consist of the following:

	2022	2021
Ontario Financing Authority capital debenture debt:		
bearing interest at a rate of 4.56% per annum (1st issue), maturity date November 17, 2031	$ 24,735,528	$ 26,774,995
bearing interest at a rate of 4.90% per annum (2nd issue), maturity date March 31, 2033	9,026,976	9,648,413
bearing interest at a rate of 5.06% per annum (3rd issue), maturity date March 31, 2034	6,553,665	6,950,207
bearing interest at a rate of 5.232% per annum (4th issue), maturity date April 13, 2035	12,866,387	13,549,737
bearing interest at a rate of 4.833% per annum (5th issue), maturity date March 11, 2036	4,888,375	5,132,233
bearing interest at a rate of 3.97% per annum (6th issue), maturity date November 17, 2036	507,322	532,777
bearing interest at a rate of 3.564% per annum (7th issue), maturity date March 9, 2037	9,200,079	9,664,542
bearing interest at a rate of 3.799% per annum (8th issue), maturity date March 19, 2038	9,007,935	9,416,138
bearing interest at a rate of 4.003% per annum (9th issue), maturity date March 11, 2039	3,532,576	3,677,449
bearing interest at a rate of 3.242% per annum (10th issue), maturity date March 15, 2041	420,046	436,022
	$ 80,738,889	$ 85,782,513

3. Net long-term liabilities and temporary borrowing (continued):

(a) Net long-term liabilities (continued):

Future principal and interest payments relating to the net long-term liabilities are due as follows:

	Principal	Interest	Total
2022-2023	$ 5,276,739	$ 3,597,085	$ 8,873,824
2023-2024	5,520,762	3,353,062	8,873,824
2024-2025	5,776,209	3,097,615	8,873,824
2025-2026	6,043,620	2,830,204	8,873,824
2026-2027	6,323,562	2,550,262	8,873,824
Thereafter	51,797,997	10,059,358	61,857,355
	$ 80,738,889	$ 25,487,586	$ 106,226,475

Principal and interest payments made on the net long-term liabilities in the year are as follows:

	2022	2021
Principal payments	$ 5,043,624	$ 4,820,925
Interest payments	3,830,199	4,052,899
	$ 8,873,823	$ 8,873,824

(b) Temporary borrowing:

The Board has credit facilities available to a maximum of $95,000,000 to address operating requirements and to bridge funding of capital expenditures. Interest on the credit facilities is determined based on the bank's prime lending rate discounted pursuant to the agreement with the bank. All loans are unsecured and due on demand. There was no temporary borrowing as at August 31, 2022 (2021 - $Nil) and, accordingly, no liability is reported.

4. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside for specific purposes by legislation, regulation or agreement. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

Deferred revenue is comprised of:

	2022	2021
By legislation, regulation or agreement:		
Proceeds of disposition - school buildings	$ 60,140	$ 7,895,920
Amounts restricted by external funders	40,640,788	45,741,942
	$ 40,700,928	$ 53,637,862
Balance, beginning of year	$ 53,637,862	$ 37,901,192
Amounts received during the year (note 4(b))	79,751,814	71,470,795
Amounts recognized as revenue or transferred to deferred capital contributions	(92,688,748)	(55,734,125)
Balance, end of year	$ 40,700,928	$ 53,637,862

(a) Proceeds of disposition - school buildings:

The proceeds of disposition deferred revenue balance consists of proceeds from the sale of schools. The Board is required to use this amount with Ministry of Education approval to fund future capital costs related to Board facilities.

(b) Detail of amounts received during the year:

	2022	2021
School renewal	$ 14,894,345	$ 14,795,667
Temporary accommodations	1,495,911	1,228,470
Special education	2,658,636	2,617,514
Grants from other provincial ministries	8,853,871	3,787,279
Other various Ministry of Education	37,537,048	35,711,915
Education development charges	9,195,877	8,836,118
School generated funds, OCENET and other	5,026,044	(1,798,674)
Proceeds of disposition	90,082	6,292,506
Total	$ 79,751,814	$ 71,470,795

5. 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 and health care benefits, retirement gratuity, service awards, 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 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 administrative and support 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 $13,140,925 (2021 - $13,512,783) 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.

The OMERS pension plan had a deficit as at December 31, 2021, based on the actuarial valuation of the pension benefit obligation resulting in the plan being 97% funded (2021 - 97% funded). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

(iii) Retirement gratuity benefits:

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.

5. Retirement and other 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 the Board to provide a salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(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 illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $550,561 (2021 - $551,118).

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

(iii) Long-term disability life insurance:

Prior to 2019, the Board provided group life insurance benefits to employees on long-term disability leave that were not yet members of an ELHT. The premiums were waived for the employee and the Board. The costs were reflected in the experience of the plan. The Board provided these benefits through an unfunded defined benefit plan. Commencing 2019, all employees were members of an ELHT and, accordingly the Board did not incur costs during the year. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iv) Post-employment life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to employee groups after retirement until the age of 65. The premiums are based on the Board's experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2012, employees retiring on or after this date no longer qualify for Board subsidized premiums or contributions.

5. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability:

The accrued benefit obligations for employee future benefit plans are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2022. The actuarial valuation was based on assumptions about future events.

During 2018, an assumption relating to the eligibility of certain teachers to receive a gratuity payment upon retirement was amended. The amended assumption resulted in an increase to the accrued employee future benefit obligation reported at August 31, 2018. The increase in the obligation was reported as an unamortized actuarial loss which is being recognized over the remaining service life of employees eligible for a gratuity payment.

The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2022	2021
Discount rate	3.95% per annum	1.80% per annum

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

	Retirement gratuities	Other employee future benefits	2022 Total employee future benefits	2021 Total employee future benefits
Accrued employee future benefit obligations at August 31	$ 37,803,532	$ 565,141	$ 38,368,673	$ 49,333,744
Unamortized actuarial gains (losses) at August 31	(1,194,025)	2,429	(1,191,596)	(6,798,794)
	36,609,507	567,570	37,177,077	42,534,950
Current portion of retirement gratuities included in other accounts payable	(2,133,490)	–	(2,133,490)	(1,962,188)
Employee future benefits liability at August 31	$ 34,476,017	$ 567,570	$ 35,043,587	$ 40,572,762

5. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability (continued):

	Retirement gratuities	Other employee future benefits	2022 Total employee future benefits	2021 Total employee future benefits
Current year benefit cost	$ 580,882	$ 548,627	$ 1,129,509	$ 1,222,403
Interest on accrued benefit obligation	830,278	317	830,595	765,460
Benefits paid	(6,762,860)	(555,117)	(7,317,977)	(6,577,058)
Change in employee future benefits liability	$ (5,351,700)	$ (6,173)	$ (5,357,873)	$ (4,589,195)

6. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2022	2021
Opening balance, September 1	$ 769,689,774	$ 758,093,539
Additions to deferred capital contributions	109,693,087	74,933,648
Disposals and transfers to financial assets	–	(378,343)
Amortization of deferred capital contributions	(66,936,755)	(62,959,070)
Closing balance, August 31	$ 812,446,106	$ 769,689,774

7. Tangible capital assets:

Cost	Balance at August 31, 2021	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2022
Land	$ 94,852,422	$ 19,241,339	$ –	$ 114,093,761
Land improvements	35,883,992	6,072,992	(97,031)	41,859,953
Buildings	1,266,633,241	63,459,496	–	1,330,092,737
Portable structures	28,067,724	1,317,407	–	29,385,131
First-time equipping of schools	8,752,703	495,897	(1,215,288)	8,033,312
Furniture	1,624,885	448,415	(14,018)	2,059,282
Equipment	11,421,980	260,103	(2,241,653)	9,440,430
Computer hardware	20,615,449	8,941,625	(4,769,309)	24,787,765
Computer software	6,907,978	71,640	(132,769)	6,846,849
Vehicles	1,751,091	47,402	(124,551)	1,673,942
Leasehold improvements	155,627	1,318	–	156,945
Construction-in-progress	11,783,941	33,646,067	(3,363,029)	42,066,979
Total	$ 1,488,451,033	$ 134,003,701	$ (11,957,648)	$ 1,610,497,086

Accumulated amortization	Balance at August 31, 2021	Amortization	Disposals write-offs and adjustments	Balance at August 31, 2022
Land improvements	$ 22,687,494	$ 5,219,539	$ (97,031)	$ 27,810,002
Buildings	558,222,500	50,931,339	–	609,153,839
Portable structures	7,333,650	1,441,200	–	8,774,850
First-time equipping of schools	5,670,318	462,430	(1,215,288)	4,917,460
Furniture	695,568	181,056	(14,018)	862,606
Equipment	6,249,343	900,868	(2,241,653)	4,908,558
Computer hardware	8,151,444	6,897,535	(4,769,309)	10,279,670
Computer software	3,182,373	1,337,219	(132,769)	4,386,823
Vehicles	725,780	314,973	(124,551)	916,202
Leasehold improvements	98,892	10,419	–	109,311
Total	$ 613,017,362	$ 67,696,578	$ (8,594,619)	$ 672,119,321

7. Tangible capital assets (continued):

	Net book value August 31, 2022	Net book value August 31, 2021
Land	$ 114,093,761	$ 94,852,422
Land improvements	14,049,951	13,196,498
Buildings	720,938,898	708,410,741
Portable structures	20,610,281	20,734,074
First-time equipping of schools	3,115,852	3,082,385
Furniture	1,196,676	929,317
Equipment	4,531,872	5,172,637
Computer hardware	14,508,095	12,464,005
Computer software	2,460,026	3,725,605
Vehicles	757,740	1,025,311
Leasehold improvements	47,634	56,735
Construction-in-progress	42,066,979	11,783,941
Total	$ 938,377,765	$ 875,433,671

8. Accumulated surplus:

Accumulated surplus consists of the following:

	2022	2021
Available for compliance - unappropriated		
Operating accumulated surplus	$ 1,926,714	$ 14,294,727
Available for compliance - internally appropriated by Board:		
Provision for contingencies	10,000,000	12,200,000
Employee future benefits	4,000,000	4,000,000
Computer systems replacement	1,000,000	1,000,000
School budget carry-forwards	2,177,870	3,291,583
Department budget carry-forwards	209,219	482,028
Extended Day and Child Care Programs	(1,471,265)	(708,079)
Committed capital projects	11,837,900	10,891,476
Total internally appropriated	27,753,724	31,157,008
Total accumulated surplus available for compliance	29,680,438	45,451,735
Unavailable for compliance:		
OCENET	4,900,203	4,534,991
School generated funds	9,069,353	9,272,794
Employee future benefits (note 5)	(15,821,271)	(23,815,609)
Revenue recognized for land	114,093,762	94,852,423
Total externally appropriated	112,242,047	84,844,599
Total accumulated surplus	$ 141,922,485	$ 130,296,334

8. Accumulated surplus (continued):

Available for compliance - unappropriated:

(a) Total operating accumulated surplus:

This amount is the sum of the net annual surpluses and deficits from the start of the school year less any transfers to internally appropriated accumulated surpluses. The Board is able to use the amount to balance future years' budgets within limits set by the Ministry of Education.

Available for compliance - internally appropriated:

(b) Provision for contingencies:

A provision for contingencies has been established to respond to reduced revenues and increased expenses in comparison to the annual budget.

(c) Employee future benefits:

The Board has set aside an amount for use in years when actual employee future benefit costs (retirement gratuities and Workplace Safety and Insurance Board costs) exceed the annual budget.

(d) Computer systems replacement:

A provision has been established to provide for the replacement of financial, human resources, and payroll management systems.

(e) School budget carry-forwards:

The Board has approved the carry-forward of certain unspent budget amounts for use in the subsequent year.

(f) Department budget carry-forwards:

The Board has approved the carry-forward of certain unspent budget amounts for use in the subsequent year.

(g) Extended Day and Child Care Programs:

The Board has approved the carry-forward of the combined net operating surplus or deficit of the Extended Day and Child Care programs.

(h) Committed capital projects:

The Ministry of Education required school boards to establish appropriated accumulated surplus amounts equal to their spending on non-Ministry funded capital projects. There is an annual transfer to unappropriated accumulated surplus of an amount equal to the amortization of the relevant capital assets.

8. Accumulated surplus (continued):

Unavailable for compliance:

(i) OCENET:

The balance is OCENET's accumulated surplus. The Board of OCENET determines its use.

(j) School generated funds:

Schools and school councils operate various fundraising activities during the year. The proceeds are used for the benefit of the students in the schools.

(k) Employee future benefits:

The basis of accounting described in note 1(a), requires school boards to record the annual deemed impact of employee earning benefits that will not actually be paid to them until future years. This balance is the offset to the accumulated annual expense entries.

(l) Revenue recognized for land:

The amount of revenue recognized for the purchase of land.

9. Commitments and contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations; however, a liability of $2,500,000 (2021 - $4,230,000) has been reported in response to a number of specific sexual assault claims. In the opinion of the administration, any additional liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments arising from these matters will be provided for in future years.

(b) Capital construction:

Letters of credit totalling $5,474,297 (2021 - $6,854,851) were issued on behalf of the Board as required by the City of Ottawa for ongoing school construction projects.

(c) Contractual obligations:

The Board has a total of $77,706,982 (2021 - $82,852,051) of contractual obligations at year end relating to the construction or renovation of buildings, which are funded from government grants, existing deferred revenues and reserves and the issuance of new debt during the year.

9. Commitments and contingent liabilities (continued):

(d) Ontario School Board Insurance Exchange (“OSBIE”):

The school board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks for this school board, and as such the Board shares in the pooled risk of all OSBIE members.

The ultimate premiums over a five-year period are based on the reciprocals 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.

As OSBIE’s financial information is not yet readily available for school boards to consolidate into their 2021-2022 financial statements, the Ministry of Education is deferring the requirement to consolidate. Active subscribers of OSBIE will now be required to include their proportionate share of OSBIE financial results from September 1, 2021, to August 31, 2022 into their 2023 March Reporting to the Ministry. Consistent with the consolidation approach for school generated funds and the financial results of school board subsidiaries, the financial results of OSBIE for this period will be used as a proxy for the provincial fiscal year for the purpose of Public Accounts consolidation.

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 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. Eighty-four percent of the consolidated revenues of the Board are directly controlled by the provincial government through the grants for student needs. The payment methods of this funding are as follows:

	2022	2021
Education property tax	$ 280,169,817	$ 283,814,748
Provincial legislative grants	614,607,567	601,199,065
	$ 894,777,384	$ 885,013,813

11. 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
Salary and wages	$ 690,184,598	$ 710,274,247	$ 696,585,772
Employee benefits	125,981,143	128,449,257	122,124,605
Total salary and benefits	816,165,741	838,723,504	818,710,377
Staff development	2,815,736	1,514,821	1,165,202
Supplies and services	41,437,354	39,605,495	35,731,050
Utilities	16,538,396	16,496,850	16,530,651
Rentals/leases	1,453,190	1,121,754	1,078,686
Fees/contracts/provincial schools	17,931,920	22,121,541	19,906,806
Transportation contracts	44,457,251	43,834,498	36,475,943
Other	4,571,444	10,772,948	8,538,425
Interest on debt	3,830,199	3,830,199	4,052,899
Amortization of tangible capital assets	61,898,723	67,696,578	63,758,382
School-funded activities	24,500,000	5,829,852	6,808,165
Subtotal other operating expenses	219,434,213	212,824,536	194,046,209
Decrease in employee future benefits	(7,994,340)	(7,994,340)	(7,994,340)
Total expenses	$ 1,027,605,614	$ 1,043,553,700	$ 1,004,762,246

12. School council activities:

The cash balance on the consolidated statement of financial position includes $1,355,713 (2021 - $1,503,046) relating to school councils whose activities were included in these consolidated financial statements. The school-funded activities revenue and school-funded activities expenses respectively include $744,779 (2021 - $428,678) and $892,112 (2021 - $1,053,852) of school council activities.

13. Trust funds:

Trust funds administered by the Board amounting to $3,496,193 (2021 - $3,472,288) have not been included in the consolidated statement of financial position, nor have their operations been included in the consolidated statement of operations and accumulated surplus, in accordance with the basis of accounting described in note 1(c).

14. Ottawa Student Transportation Authority:

The Board is a member of OSTA with the Ottawa Catholic School Board ("OCSB"). Related party transactions and balances with OSTA include the following:

(a) The Board had expenditures of $45,998,823 (2021 - $38,429,176) for student transportation services of OCDSB students in the year.

(b) The Board has a payable to OSTA of $304,530 (2021 - $477,296) for student transportation services.

(c) The Board has a receivable from OSTA of $1,425,008 (2021 - $2,070,098).

OSTA's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2022 are as follows:

	2022	2021
Financial assets	$ 4,270,877	$ 5,236,780
Financial liabilities	(5,157,875)	(5,898,910)
Net debt	(886,998)	(662,130)
Non-financial assets	886,998	662,130
Accumulated surplus	$ –	$ –

	2022	2021
Revenue	$ 72,991,628	$ 59,435,012
Expenses	(72,991,628)	(59,435,012)
Annual deficit	$ –	$ –

15. In-kind transfers from the 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 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 $5,136,341 (2021 - $3,878,056) with an equivalent amount of expenses based on use.

As at August 31, 2022, a deferred revenue of $2,607,321 (2021 - $1,272,892) is reported as required by the Ministry. An equivalent amount of inventory of PPE and critical supplies and equipment is also reported.

16. Impact of COVID-19:

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had significant financial, market and social impacts, due to government-imposed lockdowns and social distancing requirements. The Board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. Although all 2021-22 financial impacts were managed, the full extent of the financial impact on the financial position and results of the board for future periods is not possible to reliably estimate.