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Report and consolidated financial  
statements of  
**Thames Valley District  
School Board**

August 31, 2023

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# Management Report

## Management's Responsibility for the Consolidated Financial Statements

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

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

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

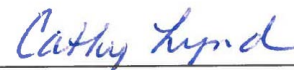
The Audit Committee of the board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the board's approval of the consolidated financial statements.

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



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Mark Fisher  
Director of Education



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Cathy Lynd  
Treasurer

November 29, 2023

## Independent Auditor's Report

To the Board of Trustees of  
Thames Valley District School Board

### Opinion

We have audited the consolidated financial statements of Thames Valley District School Board (the "board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations, cash flows, changes in net debt and remeasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

### Basis for Opinion

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

### Emphasis of Matter - Basis of Accounting

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

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

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
November 29, 2023

**Thames Valley District School Board**  
**Consolidated statement of financial position**

As at August 31, 2023  
(In thousands of dollars)

	Notes	2023 \$	2022 \$ (Restated)
<b>Financial assets</b>			
Cash and cash equivalents		18,045	18,033
Accounts receivable		29,818	50,851
Accounts receivable - Government of Ontario	3	245,001	221,486
Portfolio investments	5	7,987	8,104
		<b>300,851</b>	298,474
<b>Liabilities</b>			
Temporary borrowing	4	42,864	—
Accounts payable and accrued liabilities		73,355	63,809
Deferred revenue	6	29,335	50,839
Employee future benefits	7	17,341	16,924
Net debenture debt, capital leases	8	119,304	128,315
Deferred capital contributions	9	860,789	805,841
Asset retirement obligation	10	79,753	73,597
		<b>1,222,741</b>	1,139,325
<b>Net debt</b>			
		<b>(921,890)</b>	(840,851)
Contractual obligations and contingent liabilities			
	19		
<b>Non-financial assets</b>			
Prepaid expenses		3,819	3,472
Inventories of supplies		175	147
Tangible capital assets	12	1,006,493	897,855
Total non-financial assets		<b>1,010,487</b>	901,474
<b>Accumulated surplus</b>			
	13	<b>88,597</b>	60,623
<b>Accumulated surplus is comprised of</b>			
Accumulated operating surplus		88,550	60,623
Accumulated remeasurement gains		47	—

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

Approved by the Board

  
\_\_\_\_\_, Chair of the Board

  
\_\_\_\_\_, Director of Education

**Thames Valley District School Board**  
**Consolidated statement of operations**

Year ended August 31, 2023

(In thousands of dollars)

	Notes	<b>2023</b> <b>Approved</b> <b>budget</b> \$	<b>2023</b> \$	2022 \$
		<b>(Unaudited)</b> <b>(Note 1)</b>		(Restated)
<b>Revenue</b>				
Grants for student needs				
Provincial legislative grants	16	<b>864,172</b>	<b>899,299</b>	831,999
Education property tax	16	<b>172,285</b>	<b>173,547</b>	166,746
Provincial grants - other	28	<b>13,277</b>	<b>44,455</b>	41,187
Federal grants and fees	25	<b>5,497</b>	<b>7,374</b>	7,746
Other revenues - school boards		<b>375</b>	<b>680</b>	238
Fees and revenues from other sources		<b>6,451</b>	<b>8,473</b>	7,195
Investment income		<b>1,400</b>	<b>2,212</b>	712
School generated funds	27	<b>15,007</b>	<b>15,174</b>	7,947
		<b>1,078,464</b>	<b>1,151,214</b>	1,063,770
<b>Expenses</b>				
Instruction	17	<b>829,259</b>	<b>850,874</b>	821,282
Administration		<b>28,647</b>	<b>32,688</b>	30,392
Transportation		<b>48,845</b>	<b>50,288</b>	48,835
Pupil accommodation		<b>148,075</b>	<b>149,181</b>	141,276
Other	28	<b>16,808</b>	<b>24,935</b>	23,652
School generated funds	27	<b>15,007</b>	<b>15,321</b>	8,695
		<b>1,086,641</b>	<b>1,123,287</b>	1,074,132
Annual (deficit) surplus		<b>(8,177)</b>	<b>27,927</b>	(10,362)
Accumulated operating surplus, beginning of year, as previously stated		<b>103,696</b>	<b>103,696</b>	111,925
Adjustment on first time adoption of PSAS 3280	2	<b>(43,073)</b>	<b>(43,073)</b>	(40,940)
Accumulated operating surplus, beginning of year as restated		<b>60,623</b>	<b>60,623</b>	70,985
<b>Accumulated operating surplus, end of year</b>	13	<b>52,446</b>	<b>88,550</b>	60,623

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

**Thames Valley District School Board**  
**Consolidated statement of cash flows**

Year ended August 31, 2023

(In thousands of dollars)

	2023 \$	2022 \$ (Restated)
<b>Operating activities</b>		
Annual surplus (deficit)	27,927	(10,362)
Sources and (uses)		
Non-cash items		
Amortization of tangible capital assets	51,473	50,012
Amortization of TCA - ARO	2,133	2,133
Gain on sale of tangible capital assets	(6)	—
Increase of ARO liabilities excluding settlements	9,825	—
Increase of TCA-ARO asset excluding amortization on TCA-ARO	(9,737)	—
Total remeasurement losses opening PSAS adjustments	(223)	—
Total unrealized gain on portfolio investments	243	—
Loss on sale of portfolio investments	27	—
Revenue recognized in period for deferred capital contributions	(48,952)	(47,733)
Deferred gain on disposal of restricted assets	(213)	—
Decrease (increase) in accounts receivable	21,033	(20,773)
Decrease in assets held for sale	—	600
Increase in accounts payable and accrued liabilities	9,546	625
Increase in deferred revenue - operating	1,242	371
Increase (decrease) in employee future benefits	417	(624)
Increase in prepaid expenses	(347)	(84)
Increase in inventories of supplies	(28)	(20)
Settlement of asset retirement liability through abatement	(3,669)	—
	<b>60,691</b>	<b>(25,855)</b>
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	219	—
Acquisition of tangible capital assets	(152,507)	(95,514)
	<b>(152,288)</b>	<b>(95,514)</b>
<b>Investing activities</b>		
Proceeds on sale of portfolio investments	414	197
Purchase of portfolio investments	(297)	(585)
	<b>117</b>	<b>(388)</b>
<b>Financing activities</b>		
Debt repayments	(9,011)	(8,601)
Increase in temporary borrowing	42,864	—
(Increase) decrease in accounts receivable - Government of Ontario	(23,515)	15,973
Additions to deferred capital contributions	103,900	90,685
(Decrease) increase in deferred revenues - capital	(22,746)	1,642
	<b>91,492</b>	<b>99,699</b>
Change in cash and cash equivalents	12	(22,058)
Cash and cash equivalents, beginning of year	18,033	40,091
<b>Cash and cash equivalents, end of year</b>	<b>18,045</b>	<b>18,033</b>

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



**Thames Valley District School Board**  
**Consolidated statement of changes in net debt**

Year ended August 31, 2023

(In thousands of dollars)

Notes	<b>Budget</b>	<b>2023</b>	2022
	\$	\$	\$
	<b>(Restated)</b>		(Restated)
<b>Annual (deficit) surplus</b>	<b>(8,177)</b>	<b>27,927</b>	(10,362)
<b>Tangible capital asset activities</b>			
Amortization of tangible capital assets	<b>52,185</b>	<b>53,606</b>	52,145
Acquisition of tangible capital assets	<b>(94,963)</b>	<b>(152,507)</b>	(95,514)
Gain on sale of tangible capital assets	—	<b>(6)</b>	—
Proceeds on sale of tangible capital assets	—	<b>219</b>	—
Gains on sale allocated to deferred revenue	—	<b>(213)</b>	—
Changes in estimate of TCA-ARO	—	<b>(9,737)</b>	—
	<b>(42,778)</b>	<b>(108,638)</b>	(43,369)
<b>Other non-financial asset activities</b>			
Increase in inventories of supplies	—	<b>(28)</b>	(20)
Increase in prepaid expenses	—	<b>(347)</b>	(84)
	—	<b>(375)</b>	(104)
Change in net debt excluding net remeasurement gains and (losses)	<b>(48,954)</b>	<b>(81,086)</b>	(53,835)
<b>Net remeasurement gains</b>			
Portfolio investments	—	<b>270</b>	—
<b>Total net remeasurement gains</b>	—	<b>270</b>	—
Change in net debt			
Net debt, beginning of year	<b>(840,851)</b>	<b>(840,851)</b>	(713,419)
PSAS adjustment to net debt	—	<b>(223)</b>	(73,597)
Restated net debt, beginning of year	<b>(840,851)</b>	<b>(841,074)</b>	(787,016)
<b>Net debt, end of year</b>	<b>(889,805)</b>	<b>(921,890)</b>	(840,851)

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

**Thames Valley District School Board****Consolidated statement of remeasurement gains and losses**

Year ended August 31, 2023

(In thousands of dollars)

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	<b>2023</b>
	<b>\$</b>
Portfolio investments	<b>(223)</b>
Total accumulated remeasurement losses, beginning of year	<b>(223)</b>
<b>Unrealized gains attributable to</b>	
Unrealized gains - portfolio investments	<b>243</b>
Total unrealized gains	<b>243</b>
<b>Amounts reclassified to the statement of operations</b>	
Net realized losses - portfolio investments	<b>(27)</b>
<b>Total amount reclassified to the statement of operations</b>	<b>(27)</b>
Net remeasurement gains for the year	<b>270</b>
<b>Accumulated remeasurement gains, end of year</b>	<b>47</b>

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**1. Significant accounting policies**

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below:

*Basis of accounting*

The consolidated financial statements have been prepared in accordance with the financial reporting provision of the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and the accounting requirements of 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 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 Consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

# Thames Valley District School Board

## Notes to the consolidated financial statements

August 31, 2023

(In thousands of dollars)

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### 1. Significant accounting policies (continued)

#### *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Thames Valley District School Board ("the board"), including the following:

#### Thames Valley Education Foundation ("Foundation")

The Foundation is a registered charitable organization that exists to build partnerships with the community that enhance opportunities in our schools and enrich public education.

#### School Generated Funds

The consolidated financial statements include the assets, liabilities, revenues, expenses and fund balances of various activities that exist at the school level and which are controlled by the board.

#### Southwestern Ontario Student Transportation Services

As detailed in Note 21 the board proportionately consolidates its partnership interest in Southwestern Ontario Student Transportation Services. Decisions related to the financial and operating activities of the Southwestern Ontario Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

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

#### *Trust funds*

The board's trust funds for scholarships and awards (excluding scholarships and awards included in the Foundation) are not included in the consolidated financial statements as the board does not control them according to PSAB Section 1300. These trust funds are administered and maintained by the board according to the terms and conditions specified by the donor. Specifically, the board's trust funds include both the Student Awards/Scholarships and Self Funded Leaves. The total assets of each fund amount to \$2,599 (\$2,253 in 2022) and \$2,901 (\$3,372 in 2022) respectively.

#### *Financial instruments*

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

Financial instrument	Measurement method
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Portfolio investments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Temporary borrowing	Amortized cost
Net debenture debt	Amortized cost

# Thames Valley District School Board

## Notes to the consolidated financial statements

August 31, 2023

(In thousands of dollars)

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### 1. Significant accounting policies (continued)

**Fair value category:** The board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated statement of operations and accumulated surplus and related balances reversed from the Consolidated statement of remeasurement gains and losses.

**Amortized cost:** Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

**Cost category:** Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

#### *Establishing fair value*

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

#### *Fair value hierarchy*

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

#### *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.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Investments*

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the Consolidated statement of remeasurement gains and losses.

*Tangible capital assets*

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

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

Asset	Estimated useful life in years
Land improvements with finite lives	15
Buildings and building improvements	40
Other buildings	20
Portable structures	20
Equipment	5-15
First-time equipping of schools	10
Furniture	10
Computer hardware	3
Computer software	5
Capital leases	Over the lease term
Leasehold improvements	Over the lease term

Assets under 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.

A building permanently removed from service ceases to be amortized. 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.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Deferred revenue*

Certain revenue 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 expenses are incurred or services performed.

*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 gratuities and workers' compensation.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts "(ELHTs)" were established in 2016-2017:

Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency "(FTE)". Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs "(GSN)", including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by non-unionized employees including principals and vice-principals.

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 or the date of retirement and the actuary'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 vested or accumulated 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 periodically, such as obligations for workers' 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.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Employee future benefits (continued)*

- (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.

*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:

- (i) Government transfers received or receivable for capital purposes
- (ii) Other restricted contributions received or receivable for capital purposes
- (iii) Property taxation revenues which were historically used to fund capital assets

*Government transfers*

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

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

*Investment income*

Investment income earned on surplus operating funds and capital funds are reported as revenue in the period earned.

Investment income earned on externally restricted funds such as proceeds of disposition is added to the fund balance and forms part of the respective deferred revenue balances.

*Budget figures*

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 21, 2022. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements.



# Thames Valley District School Board

## Notes to the consolidated financial statements

August 31, 2023

(In thousands of dollars)

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### 1. Significant accounting policies (continued)

#### *Use of estimates*

The preparation of consolidated financial statements in conformity with the basis of accounting described in this note above, 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 these estimates. Accounts subject to significant estimates include accrued liabilities (general & capital), useful lives of tangible capital assets, employee future benefits and contingent liabilities.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$79,753. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities.

#### *Education property tax revenue*

Under Canadian public sector accounting standards, the entity that determines and sets the tax levy records the revenue in the consolidated 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.

### 2. Adoption of new accounting standards

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

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 Consolidated statement of remeasurement gains and losses separate from the Consolidated statement of operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

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

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to 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 no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments. The standard requires fair value measurement of 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. The adoption of these standards has resulted in the inclusion of the Consolidated statement of remeasurement gains and losses in the current year, which shows an adjustment of (\$233) to the operating remeasurement gains and losses on the fair value of portfolio investments.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**2. Adoption of new accounting standards**

*Asset retirement obligations*

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. This standard was adopted on September 1, 2022 on a modified retroactive basis with prior period restatement.

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

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a tangible capital asset.

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**2. Adoption of new accounting standards (continued)**

*Asset retirement obligations (continued)*

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of \$79,753 (\$73,597 in 2022) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization and amortization expense for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
	\$	\$	\$
<b>Consolidated statement of financial position</b>			
Tangible capital assets	<b>867,331</b>	<b>30,524</b>	<b>897,855</b>
Asset retirement obligation liability	—	<b>73,597</b>	<b>73,597</b>
Accumulated surplus	<b>103,696</b>	<b>(43,073)</b>	<b>60,623</b>
<b>Consolidated statement of change in net debt</b>			
Annual deficit	<b>(8,229)</b>	<b>(2,133)</b>	<b>(10,362)</b>
Amortization of TCA (incl. TCA-ARO)	<b>50,012</b>	<b>2,133</b>	<b>52,145</b>
Change in net debt	<b>(53,835)</b>	—	<b>(53,835)</b>
<b>Consolidated statement of operations</b>			
Amortization of TCA-ARO	—	<b>2,133</b>	<b>2,133</b>
Surplus for the year	<b>(8,229)</b>	<b>(2,133)</b>	<b>(10,362)</b>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**3. Accounts receivable - Government of Ontario**

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The board received a one-time grant that recognized capital debt as at 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 accounts receivable.

As at August 31, 2023, the Board has a receivable from the Province of \$170,823 (\$181,577 in 2022) with respect to approved capital and land expenditures that is expected to be received as follows:

	\$
2023/24	61,049
2024/25	9,846
2025/26	10,320
2026/27	10,269
2027/28	10,205
Thereafter	69,134
	<u>170,823</u>

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays parts of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2023 is \$2,645 (\$39,909 in 2022).

**4. Temporary borrowing**

Banker's acceptance facility ranges from the short-term interest costs for the one, two or three month banker's acceptance rate (BA) plus 75 points. As at August 31, 2023, the amount drawn under the banker's acceptance facility was \$42,864 (nil in 2022).

The board has lines of credit available to the maximum of \$118,000 to address operating requirements and/or to bridge capital expenditures. The balance drawn on the overdraft at August 31, 2023 was nil (nil in 2022). Interest on the operating facility bears interest at prime less 0.65%.

**5. Portfolio investments**

Investments consist of mutual fund type investments. The terminology for investments has changed as at September 1, 2022 and the terms Temporary Investments and Investments are discontinued as of August 31, 2022.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**5. Portfolio investments (continued)**

Portfolio investments are carried at amortized cost if not actively traded on the open market or at fair value in the open market as follows:

	Cost \$	2023 Fair value \$	Cost \$	2022 Fair value \$
Thames Valley Education Foundation RBC PH&N Investment Council	<b>7,940</b>	<b>7,987</b>	8,104	7,881

These investments are assessed regularly for impairment and are written down if a permanent impairment exists. Impairment of nil was recorded for the year ended August 31, 2023.

**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, 2023 is comprised of:

	Balance as at August 31, 2022 \$	Externally restricted revenue and investment income \$	Revenue recognized in the period \$	Transferred to deferred capital contributions (Note 8) \$	Balance as at August 31, 2023 \$
Operating Grants for Student Needs (GSNs)	3,884	<b>132,780</b>	<b>(132,170)</b>	—	<b>4,494</b>
Other Ministry of Education operating grants	1,060	<b>12</b>	<b>(1,068)</b>	—	<b>4</b>
Other provisional operating grants	100	<b>164</b>	<b>(100)</b>	—	<b>164</b>
Third party operating	3,397	<b>4,902</b>	<b>(3,278)</b>	—	<b>5,021</b>
Ministry of Education capital grants	39,790	<b>50,788</b>	<b>(30,691)</b>	<b>(42,106)</b>	<b>17,781</b>
Federal government grants	—	<b>909</b>	<b>(909)</b>	—	—
Proceeds of disposition	1,629	<b>211</b>	—	<b>(789)</b>	<b>1,051</b>
Other third party capital	979	<b>888</b>	—	<b>(1,047)</b>	<b>820</b>
	<b>50,839</b>	<b>190,654</b>	<b>(168,216)</b>	<b>(43,942)</b>	<b>29,335</b>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**7. Employee future benefits**

*Employee future benefit liabilities*

	<b>Retirement benefits</b>	<b>Other employee future benefits</b>	<b>2023 Total employee future benefits</b>	2022 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations, end of year	<b>1,844</b>	<b>15,482</b>	<b>17,326</b>	16,816
Unamortized actuarial gain	<b>15</b>	—	<b>15</b>	108
Total employee future benefit liability, end of year	<b>1,859</b>	<b>15,482</b>	<b>17,341</b>	16,924

*Employee benefits payable expenses*

	<b>Retirement benefits</b>	<b>Other employee future benefits</b>	<b>2023 Total employee future benefits</b>	2022 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	<b>69</b>	<b>5,335</b>	<b>5,404</b>	3,745
Interest on accrued benefit obligation	<b>81</b>	<b>447</b>	<b>528</b>	266
Recognized unamortized actuarial (gain) loss	<b>(9)</b>	<b>(159)</b>	<b>(168)</b>	73
Employee future benefits expenses	<b>141</b>	<b>5,623</b>	<b>5,764</b>	4,084

The amounts above exclude pension contributions to the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer pension plan, described below.

*Retirement benefits*

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 of Ontario. Accordingly, no costs or liabilities related to this plan are included in the board's consolidated financial statements.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

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**7. Employee future benefits (continued)**

*Retirement benefits (continued)*

Ontario Municipal Employees Retirement System

All non-teaching employees of the board are eligible to be members of the OMERS, a multi employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. For 2023, eligible employees contributed at rates of up to 14.6% (14.6% in 2022) of earnings. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the board contributed \$13,702 (\$13,202 in 2022) 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.

Retirement gratuities

The board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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 or at the date of retirement.

Retirement life insurance and health care benefits

The board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the board's 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, most employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

*Other employee future benefits*

*Workplace Safety and Insurance Board obligations*

The board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("the Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the board's consolidated financial statements.

School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such a provision.

The board's liability as at August 31, 2023 for worker's compensation is \$14,021 (\$12,777 in 2022) and is included in the retirement and other employee future benefits figure in the board's consolidated statement of financial position.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**7. Employee future benefits (continued)**

*Other employee future benefits (continued)*

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 sick leave benefit costs expensed in the consolidated financial statements are \$806 (\$1,205 in 2022).

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

Long-term disability life insurance and health care benefits

The ELHT may provide life insurance, dental and health care benefits to employees on long term disability leave at the request of employees; however employees are directly responsible for any associated costs. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in the defined benefit plan.

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are per actuarial valuations for accounting purposes as of August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the actuary's best estimate of expected rates of:

	<b>2023</b>	2022
	<b>%</b>	%
Inflation	<b>2.00</b>	2.00
Discount rate	<b>4.40</b>	3.90
Wage and salary escalation - retirement gratuity	<b>2.00</b>	2.00
Wage and salary escalation - sick leave top-up benefits	<b>2.00</b>	2.00
Health care cost escalation	<b>5.00</b>	5.00
Dental care cost escalation	<b>5.00</b>	5.00
WSIB only		
Inflation	<b>2.50</b>	2.70
Discount rate	<b>4.40</b>	3.90



**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**8. Net debenture debt, capital leases**

Net debenture debt, capital leases reported on the consolidated statement of financial position is comprised of the following:

	<b>2023</b>	2022
	<b>\$</b>	\$
Ontario Financing Authority 2006 - 4.560%, due November 2031	<b>11,354</b>	12,426
Ontario Financing Authority 2008 - 4.900%, due March 2033	<b>17,753</b>	19,136
Ontario Financing Authority 2008 - 5.054%, due November 2028	<b>7,404</b>	8,545
Ontario Financing Authority 2009 - 5.062%, due March 2034	<b>8,112</b>	8,663
Ontario Financing Authority 2010 - 4.557%, due November 2026	<b>3,500</b>	4,403
Ontario Financing Authority 2010 - 5.232%, due April 2035	<b>17,668</b>	18,714
Ontario Financing Authority 2011 - 4.833%, due March 2036	<b>33,156</b>	34,986
Ontario Financing Authority 2011 - 3.970%, due November 2036	<b>1,473</b>	1,554
Ontario Financing Authority 2012 - 3.564%, due March 2037	<b>5,508</b>	5,812
Ontario Financing Authority 2013 - 3.799%, due March 2038	<b>13,241</b>	13,895
Capital leases	<b>135</b>	181
Balance as at August 31	<b>119,304</b>	128,315

Principal and interest payments relating to net debenture debt, capital leases of \$119,304 outstanding as at August 31, 2023 are due as follows:

	Interest	Principal	Total
	\$	\$	\$
2023/24	5,508	9,442	14,950
2024/25	5,056	9,894	14,950
2025/26	4,582	10,360	14,942
2026/27	4,086	10,269	14,355
2027/28	3,603	10,205	13,808
Thereafter	12,627	69,134	81,761
Net debenture debt, capital leases	<b>35,462</b>	<b>119,304</b>	<b>154,766</b>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**9. Deferred capital contributions ("DCC")**

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

	<b>2023</b>	2022
	\$	\$
Opening balance	<b>805,841</b>	762,889
Additions to DCC	<b>103,900</b>	90,685
Amortization of deferred capital contributions	<b>(48,952)</b>	(47,733)
Closing balance	<b>860,789</b>	805,841

**10. Asset retirement obligations**

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

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

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

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

	<b>2023</b>	2022
	\$	\$
Liability for asset retirement obligations, beginning of year	<b>73,597</b>	—
Adjustment on first time adoption of PS 3280	—	73,597
Revaluation of ARO liability	<b>9,825</b>	—
Liabilities settled during the year	<b>(3,669)</b>	—
Ending balance, August 31	<b>79,753</b>	73,597

**11. Revaluation of asset retirement obligations liability**

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**12. Tangible capital assets**

					Cost
	Opening balance	Adjustment for PS3280*	Additions	Disposals, write-downs and transfers	Closing balance
	\$	\$	\$	\$	\$
	(Restated)				
Land	19,848	—	44,052	244	64,144
Land improvements	13,115	—	391	(189)	13,317
Buildings	1,371,858	9,737	83,047	3,757	1,468,399
Other buildings	98	—	116	—	214
Portable structures	25,566	—	7,110	—	32,676
Equipment	9,527	—	1,237	(305)	10,459
First-time equipping of schools	8,983	—	855	(1,673)	8,165
Furniture	803	—	134	(35)	902
Computer hardware	18,108	—	5,408	(4,151)	19,365
Computer software	1,902	—	556	—	2,458
Assets permanently removed from service	3,805	—	—	—	3,805
Assets under construction	3,928	—	5,977	(2,570)	7,335
Pre-acquisition costs	228	—	3,624	(1,431)	2,421
Capital leases	234	—	—	—	234
	<b>1,478,003</b>	<b>9,737</b>	<b>152,507</b>	<b>(6,353)</b>	<b>1,633,894</b>

					Accumulated amortization
	Opening balance	Adjustment for PS3280*	Amortization	Disposals, write-downs and transfers	Closing balance
	\$	\$	\$	\$	\$
	(Restated)				
Land	—	—	—	—	—
Land improvements	5,588	—	981	(189)	6,380
Buildings	547,439	—	42,345	—	589,784
Other buildings	42	—	8	—	50
Portable structures	5,056	—	1,457	—	6,513
Equipment	4,350	—	979	(305)	5,024
First-time equipping of schools	4,831	—	857	(1,673)	4,015
Furniture	415	—	85	(35)	465
Computer hardware	9,395	—	6,411	(4,151)	11,655
Computer software	707	—	436	—	1,143
Assets permanently removed from service	2,270	—	—	—	2,270
Assets under construction	—	—	—	—	—
Pre-acquisition costs	—	—	—	—	—
Capital leases	55	—	47	—	102
	<b>580,148</b>	<b>—</b>	<b>53,606</b>	<b>(6,353)</b>	<b>627,401</b>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**12. Tangible capital assets (continued)**

	<b>2023</b>	2022
	<b>Net book</b>	Net book
	<b>value</b>	value
	<b>\$</b>	<b>\$</b>
		(Restated)
Land	<b>64,144</b>	19,848
Land improvements	<b>6,937</b>	7,527
Buildings	<b>878,615</b>	824,419
Other buildings	<b>164</b>	56
Portable structures	<b>26,163</b>	20,510
Equipment	<b>5,435</b>	5,177
First-time equipping of schools	<b>4,150</b>	4,152
Furniture	<b>437</b>	388
Computer hardware	<b>7,710</b>	8,713
Computer software	<b>1,315</b>	1,195
Assets permanently removed from service	<b>1,535</b>	1,535
Assets under construction	<b>7,335</b>	3,928
Pre-acquisition costs	<b>2,421</b>	228
Capital leases	<b>132</b>	179
	<b>1,006,493</b>	897,855

\*See Note 2 Change in accounting policy

Adjustments, totaling \$6,353 (\$11,137 in 2022), relate to the removal of assets that are fully depreciated and represent a non-cash transaction that is not recorded in the consolidated statement of cash flows.

*Assets under construction*

Assets under construction having a value of \$7,335 (\$3,928 in 2022) have not been amortized. Amortization of these assets will commence when the asset is put into service.

*Assets permanently removed from service*

The board has identified three (three in 2022) building properties that qualify as "assets permanently removed from service" totaling \$1,535 (\$1,535 in 2022). This amount has been included in the net book value ending balance as of August 31, 2023.

*Disposal of tangible capital assets*

During the year, one school property was sold. Net proceeds of \$213 (\$746 in 2022) were received on the sale of this property, which had a carrying value of nil (\$600 in 2022), resulting in a gain of \$213 (\$146 in 2022). \$213 of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

*Capital leases*

The board has an obligation under capital leases for two photocopiers. The leases contain no renewal options and the asset reverts to the leasing company at the termination of the lease. Lease obligations are included in Note 8.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**13. Accumulated operating surplus**

Accumulated operating surplus consists of the following:

	<b>2023</b>	2022
	\$	\$
		(Restated)
Total operating accumulated surplus - unappropriated	<b>16,355</b>	18,777
Available for budget compliance - internally appropriated		
School carry-forwards and support	<b>1,447</b>	3,603
Other internal appropriations	<b>49,081</b>	62,023
Thames Valley Education Foundation	<b>8,473</b>	8,585
	<b>59,001</b>	74,211
Total accumulated surplus available for budget compliance	<b>75,356</b>	92,988
Unavailable for budget compliance		
Employee future benefits	<b>(11,145)</b>	(11,145)
Other unavailable for compliance	<b>(1,648)</b>	(1,766)
Asset Retirement Obligations to be covered in the future	<b>(41,625)</b>	(43,073)
Revenues recognized for land	<b>64,159</b>	20,019
School generated funds	<b>3,453</b>	3,600
	<b>13,194</b>	(32,365)
	<b>88,550</b>	60,623

**14. Financial instruments**

As the valuation of all financial instruments held by the board at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

*Risks arising from financial instruments and risk management*

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

*Credit risk*

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

*Market risk*

The board is exposed to interest rate risk and price risk with regard to its short and long-term investments and interest rate risk on its long-term debt, all of which are regularly monitored.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**14. Financial instruments (continued)**

*Market risk (continued)*

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

**15. Debt charges, capital loans and leases interest**

The payments for debt charges, capital loans and capital lease interest include principal and interest payments as follows:

	<b>2023</b>	2022
	\$	\$
Principal payments on long-term liabilities	<b>8,965</b>	8,554
Interest payments on long-term liabilities	<b>5,937</b>	6,348
Interest payments on temporary financing of capital projects	<b>1,823</b>	320
Principal payments on capital leases	<b>46</b>	47
Interest payments on capital leases	<b>3</b>	4
	<b>16,774</b>	15,273

**16. 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. 92 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:

	<b>2023</b>	2022
	\$	\$
Provincial legislative grants	<b>899,299</b>	831,999
Education property tax	<b>173,547</b>	166,746
	<b>1,072,846</b>	998,745

**Thames Valley District School Board**  
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**17. Expenses by object**

The following is a summary of the operating, capital and school generated funds expenses reported on the consolidated statement of operations by object:

	<b>Budget</b>	<b>2023</b>	2022
	\$	\$	\$
	<b>(Unaudited)</b>		(Restated)
Expenses			
Salary and wages	<b>729,250</b>	<b>753,213</b>	732,313
Employee benefits	<b>130,706</b>	<b>129,644</b>	120,708
Staff development	<b>2,280</b>	<b>1,870</b>	1,548
Supplies and services	<b>66,096</b>	<b>63,008</b>	61,536
Interest	<b>6,291</b>	<b>7,645</b>	6,560
Rental expenditures	<b>1,085</b>	<b>991</b>	933
Fees and contractual services	<b>64,592</b>	<b>72,165</b>	64,725
Other	<b>16,953</b>	<b>25,803</b>	24,956
Transfer to other boards	<b>195</b>	<b>20</b>	13
Amortization and writedowns, and losses on disposal - TCA and TCA-ARO	<b>54,186</b>	<b>53,607</b>	52,145
School generated funds (Note 27)	<b>15,007</b>	<b>15,321</b>	8,695
	<b>1,086,641</b>	<b>1,123,287</b>	1,074,132

**18. Ontario School Board Insurance Exchange**

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022 were \$1,673 (\$1,668 in 2022). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

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

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

- (1) In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**18. Ontario School Board Insurance Exchange (continued)**

(2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

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

**19. Contractual obligations and contingent liabilities**

In the normal course of operations, the board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2023 cannot be predicted with certainty, it is the opinion of the board that their resolution will not have a material adverse effect on the board's financial position or results of operations.

The board is committed to capital expenditures in the amount of \$9,615.

The board has committed to three contracts to purchase natural gas and propane for specified delivery periods into the future expiring in 2024/25. The sum of \$1,174 is payable with respect to these contracts during the next two years.

	<u>\$</u>
2023/24	1,035
2024/25	<u>139</u>
	<u>1,174</u>

The board has ongoing commitments under operating leases for buildings, office equipment and vehicles expiring through to 2026/27. The sum of \$3,140 is payable with respect to these operating leases during the next four years as follows:

	<u>\$</u>
2023/24	1,212
2024/25	1,057
2025/26	870
2026/27	<u>1</u>
	<u>3,140</u>



**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**20. 2022-23 budget reconciliation**

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

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

Where amounts were not budgeted for (ARO amortization), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

As school boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable

	<b>2023 Board approved Budget \$</b>	<b>Adjustments to reflect adoption of PSAS 3280 \$</b>	<b>2023 Budget presented \$</b>
Revenue	<b>1,078,464</b>	—	<b>1,078,464</b>
Expenses			
Amortization of tangible capital assets	<b>1,084,508</b>	—	<b>1,084,508</b>
- asset retirement obligations	—	<b>2,133</b>	<b>2,133</b>
	<b>1,084,508</b>	<b>2,133</b>	<b>1,086,641</b>
Annual deficit	<b>(6,044)</b>	<b>(2,133)</b>	<b>(8,177)</b>
Accumulated surplus, beginning of year	<b>103,696</b>	—	<b>103,696</b>
Accumulated surplus - PSAS adjustments	—	<b>(43,073)</b>	<b>(43,073)</b>
Adjusted accumulated surplus, beginning of year	<b>103,696</b>	<b>(43,073)</b>	<b>60,623</b>
Accumulated surplus, end of year	<b>97,652</b>	<b>(45,206)</b>	<b>52,446</b>

**21. Transportation consortium**

The consortium is incorporated and is a separate legal entity known as Southwestern Ontario Student Transportation Services (SWOSTS). SWOSTS includes the Thames Valley District School Board and the London District Catholic School Board.

The board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. Inter-organizational transactions and balances have been eliminated.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**21. Transportation consortium (continued)**

The following provides condensed financial information.

	<b>Total</b>	<b>2023</b>	Total	2022
	\$	Board	\$	Board
		portion		portion
		\$		\$
Financial position				
Assets	<b>417</b>	<b>292</b>	151	109
Liabilities	<b>417</b>	<b>292</b>	151	109
	—	—	—	—
Operations				
Revenue	<b>67,600</b>	<b>49,054</b>	65,573	47,684
Expenses	<b>67,600</b>	<b>49,054</b>	65,573	47,684
	—	—	—	—

**22. Thames Valley Education Foundation**

The Foundation supports programs and initiatives that directly benefit students and that promote equity across Thames Valley. The Foundation was incorporated in Ontario on September 22, 1997 as a not-for-profit organization and is a registered charity under the Income Tax Act. The Foundation's mission is to provide enhanced learning opportunities for students across the District. The goal of the Foundation is to improve the quality of public education by fostering parent, community and business support and attracting resources that complement provincial funding and local school fundraising.

The Foundation has been consolidated in the board's consolidated financial statements. A financial summary of the Foundation for the year ended August 31, 2023 is as follows:

	<b>2023</b>	2022
	\$	\$
Financial assets		
Cash	<b>1,081</b>	1,110
Accounts receivable	<b>18</b>	8
Investments	<b>7,987</b>	8,104
	<b>9,086</b>	9,222
Liabilities	<b>560</b>	562
Deferred revenue	<b>7</b>	75
Accumulated surplus	<b>8,519</b>	8,585
	<b>9,086</b>	9,222
Operations		
Revenues	<b>1,003</b>	1,431
Expenses	<b>1,115</b>	1,138
Annual (deficit)/surplus	<b>(112)</b>	293

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2023

(In thousands of dollars)

**23. Repayment of "55 School Board Trust" funding**

On June 1, 2003, the board received \$107,066 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 without recourse 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 financial position. The flow-through of \$7,976 (\$7,976 in 2022) in grants in respect of the above agreement for the year ended August 31, 2023 is recorded in these consolidated financial statements.

**24. Related party disclosures**

Ontario Regulation 41/10 under the Education Act requires school boards to borrow money for permanent improvements from the Ontario Financing Authority (OFA) when the initial maturity is more than one year. The OFA is a provincial agency of the Crown responsible for managing the Province's debt and issuing debt to public bodies and therefore a related party of the board. The net long-term debt issued to the board by the OFA in the form of debentures is \$119,169 as at August 31, 2023 (\$128,134 in 2022) as described in Note 8.

**25. Government of Canada**

Tuition fees for First Nation pupils attending the board are recorded in the Consolidated statement of operations and are as follows:

	<b>2023</b>	2022
	\$	\$
Chippewas of the Thames First Nation	<b>645</b>	722
Oneida Nation of the Thames	<b>1,497</b>	1,599
Munsee-Delaware Nation	<b>548</b>	508
	<b>2,690</b>	2,829

**26. Letters of credit**

The board has letters of credit outstanding at August 31, 2023 in the amount of \$1,293 (\$1,453 in 2022).

**Thames Valley District School Board**  
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**27. School generated funds**

The following is a summary of the school generated funds reported in the Consolidated statement of operations.

	<b>Schools</b>	<b>School Councils and other</b>	<b>2023 Total</b>	2022 Total
	\$	\$	\$	\$
School generated funds				
Field trips/excursions	<b>3,824</b>	—	<b>3,824</b>	1,258
Fundraising for external charities	<b>419</b>	—	<b>419</b>	247
Student activities and resources (including fees)	<b>8,549</b>	—	<b>8,549</b>	5,251
Other	<b>1,063</b>	<b>1,319</b>	<b>2,382</b>	1,191
	<b>13,855</b>	<b>1,319</b>	<b>15,174</b>	7,947
School generated funds expenses				
Field trips/excursions	<b>3,803</b>	—	<b>3,803</b>	1,251
Donations to external charities	<b>414</b>	—	<b>414</b>	228
Student activities and resources	<b>8,901</b>	—	<b>8,901</b>	5,840
Other	<b>930</b>	<b>1,273</b>	<b>2,203</b>	1,376
	<b>14,048</b>	<b>1,273</b>	<b>15,321</b>	8,695

**28. 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 (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$2,539 (\$14,440 in 2022) with expenses based on use of \$2,539 (\$14,440 in 2022) for a net impact of nil (nil in 2022).

**29. Future accounting standard adoption**

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

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

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

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

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

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(In thousands of dollars)

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**30. Subsequent event**

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and two education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers for the 2019-20, 2020-21 and 2021-22 school years. An agreement between the Crown and these education sector unions will be awarded through an arbitration process expected to be completed in the 2023-24 school year. As the board is unable to determine the possible outcome, the board has not recognized an accrual at August 31, 2023. The board is aware that there are other unions and employee groups that may also negotiate monetary resolutions to Bill 124.