Consolidated Financial Statements of

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD

And Independent Auditor’s report thereon

Year ended August 31, 2022

Hamilton-Wentworth District School Board
20 Education Court, P.O. Box 2558
Hamilton, ON L8N 3L1
Phone: 905 527-5092

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

A summary of the significant accounting policies are described in Note 1 to the 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 the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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

Sheryl Robinson Petrazzini	Denise Dawson
Director of Education	Senior Manager, Business Services

December 5, 2022

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Hamilton-Wentworth District School Board:

Opinion

We have audited the consolidated financial statements of Hamilton-Wentworth District School Board (the "Entity"), which comprise:

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

(hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated 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 in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditor's report.

We are independent of the Entity 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 responsibilities in accordance with these requirements.

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

Emphasis of Matter - Basis of Accounting

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance in accordance with Canadian public sector accounting standards, 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 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.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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 audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
December 5, 2022

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2022 (with comparative information for 2021)

	2021-22 ($000's)	2020-21 ($000's)
FINANCIAL ASSETS		
Cash	52,138	35,110
Accounts Receivable - Other	25,224	25,208
Accounts Receivable - Government of Ontario (note 2)	203,236	187,915
TOTAL FINANCIAL ASSETS	280,598	248,233
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	33,987	44,450
Net Debenture Debt, Capital Loans and Leases (note 6)	113,186	119,683
Deferred Revenue (note 3)	92,805	48,418
Employee Benefits Payable (note 5)	41,583	43,884
Deferred Capital Contributions (note 4)	660,471	669,307
TOTAL FINANCIAL LIABILITIES	942,032	925,742
NET DEBT	**(661,434)**	**(677,509)**
NON-FINANCIAL ASSETS		
Prepaid Expenses	2,874	2074
Inventories of Supplies – MGCS	4,626	1,592
Tangible Capital Assets (note 10)	774,008	778,166
TOTAL NON-FINANCIAL ASSETS	**781,508**	**781,832**
ACCUMULATED SURPLUS (note 11)	**120,074**	**104,323**

Contingent Liabilities (note 14)
Commitments (note 15)

On behalf of the Board

D Danko

_______________________ Chair

_______________________ Director of Education & Secretary

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2022 (with comparative information for 2021)

	2021-22 Budget ($000's)	2021-22 Actual ($000's)	2020-21 Actual ($000's)
REVENUES			
Provincial Grants - Grants for Student Needs (note 8)	632,313	655,002	633,671
Provincial Grants - Other	9,212	36,819	29,187
School Generated Funds	11,194	4,106	2,902
Federal Grants and Fees	1,155	2,152	1,048
Investment Income	250	279	182
Other Fees and Revenues from School Boards	-	9,113	7,608
Other Fees and Revenues	4,187	17,826	14,294
TOTAL REVENUES	658,311	725,297	688,892
EXPENSES			
Instruction	509,651	527,984	515,607
Administration	15,204	14,637	15,012
Transportation	19,595	28,058	22,254
Pupil Accommodation	97,955	118,000	106,646
School Generated Funds	11,194	4,274	3,273
Other	2,242	16,593	8,869
TOTAL EXPENSES (note 9)	655,841	709,546	671,661
ANNUAL SURPLUS	**2,470**	**15,751**	**17,231**
Accumulated Surplus at Beginning of Year	84,537	104,323	87,092
ACCUMULATED SURPLUS AT END OF YEAR (note 11)	**87,007**	**120,074**	**104,323**

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2022 (with comparative information for 2021)

	2021-22 ($000's)	2020-21 ($000's)
OPERATING TRANSACTIONS		
Annual Surplus	15,751	17,231
Sources and (Uses):		
Non-cash items including Amortization, Write-downs and Loss on disposal of TCA and excluding deferred gain on disposal of restricted assets	56,094	44,957
Deferred Capital Contributions Revenue	(45,956)	(41,739)
Deferred Gain on Disposal of Restricted Assets	(45,301)	(3,880)
Decrease(Increase) in Accounts Receivable-other	(7,188)	40,717
Decrease(Increase) in Accounts Receivable - Delayed Grant Payment	(4,891)	(4,934)
Increase(Decrease) in Accounts Payable and Accrued Liabilities	(10,463)	(52,241)
Increase(Decrease) in Deferred Revenue - Operating	3,061	1,119
Increase (Decrease) in Employee Benefits Payable	(2,302)	(2,696)
Decrease (Increase) in Prepaid Expense	(800)	(182)
Decrease (Increase) in Inventories of Supplies	(3,034)	(1,592)
CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS	**(45,029)**	**(3,240)**
CAPITAL TRANSACTIONS		
Proceeds on Sale of Tangible Capital Assets	51,076	3,934
Cash used to Acquire Tangible Capital Assets	(57,711)	(79,738)
CASH APPLIED TO CAPITAL TRANSACTIONS	**(6,635)**	**(75,804)**
INVESTING TRANSACTIONS		
Proceeds from disposal of long-term investments	-	-
CASH APPLIED TO INVESTING TRANSACTIONS	**-**	**-**
FINANCING TRANSACTIONS		
Proceeds from Long Term Debt Issued	-	-
Debt Repayments	(6,497)	(6,259)
Decrease (Increase) in Accounts Receivable - Government of Ontario - Approved Capital	(3,258)	16,404
Net additions to Deferred Capital Contributions	37,120	68,964
Increase (Decrease) in Deferred Revenues - Capital	41,327	(2,308)
CASH PROVIDED BY FINANCING TRANSACTIONS	**68,692**	**76,801**
CHANGE IN CASH	**17,028**	**(2,243)**
Opening Cash	35,110	37,353
CLOSING CASH	**52,138**	**35,110**

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED AUGUST 31, 2022 (with comparative information for 2021)

	2021-22 ($000's)	2020-21 ($000's)
ANNUAL SURPLUS	15,751	17,231
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of Tangible Capital Assets	(57,711)	(79,738)
Amortization of Tangible Capital Assets	46,698	42,507
Loss on Sale of Tangible Capital Assets	9,396	2,450
Proceeds on Sale of Tangible Capital Assets	51,076	3,934
Gain on Sale Allocated to Deferred Revenue	(45,301)	(3,880)
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	**4,158**	**(34,727)**
OTHER NON-FINANCIAL ASSET ACTIVITY		
Acquisitions of supplies Inventories	(3,034)	(1,592)
Use of Prepaid Expenses	(800)	(182)
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	**(3,834)**	**(1,774)**
INCREASE IN NET DEBT	**16,075**	**(19,270)**
Net Debt at Beginning of Year	(677,509)	(658,239)
NET DEBT AT END OF YEAR	**(661,434)**	**(677,509)**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Hamilton-Wentworth District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below.

(a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

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

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

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

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

(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.

School generated funds, which include the assets, liabilities, revenues, and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities -
- Hamilton-Wentworth District School Board
- Hamilton Foundation for Student Success
- School Generated Funds

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Proportionately consolidated entities -

- Hamilton-Wentworth Student Transportation Services

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

(c) Trust Funds

Trust funds for teacher funded leave under the “four over five plan” and of the Hamilton School Boards Energy Consortium are not included in the consolidated financial statements, as these funds are not controlled by the Board.

(d) Cash

Cash is comprised of cash on hand.

(e) Investments

Temporary investments consist of marketable securities that are liquid short-term investments with maturities between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.

(f) Deferred Revenue

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

(g) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital 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
- 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, life insurance, health care benefits, dental benefits, retirement gratuity, sick leave, 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 2016-17: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE, OCEW and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff. Currently ONE-T ELHT also provides benefits to individuals who retired prior to the school board’s participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees’ associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

(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) Tangible Capital Assets

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

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(All amounts in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Improvement with Finite Lives	15
Buildings and Building Improvements	40
Portable Structures	20
Other Buildings	20
First-Time Equipping of Schools	10
Furniture	10
Equipment	5-15
Computer Hardware	3
Computer Software	5
Vehicles	5-10
Leasehold Improvements	Over the lease term

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

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

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

(j) Government Transfers

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

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

(k) Investment Income

Investment income is reported as revenue in the period earned.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from these estimates.

(n) Education Property Tax Revenue

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

2. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

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

The Board has an account receivable from the Province of Ontario of $203,236 as of August 31, 2022. The balance related to capital grants is $147,808 (2021 - $144,551).

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payable to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2022 is $43,997 (2021 - $39,106). The remaining balance is related to priority and partnership funding.

(All amounts in thousands of dollars)

3. DEFERRED REVENUE

Revenues received and set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2022 is comprised of:

	Balance as at August 31, 2021	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2022
Proceeds of Disposition	$ 34,940	$ 51,072	$ (11,193)	$ (500)	$ 74,319
Special Education	-	74,333	(74,333)	-	-
School Renewal	1,066	7,207	(1,593)	(4,253)	2,427
Other	12,412	64,885	(58,968)	(2,270)	16,059
Total Deferred Revenue	$ 48,418	$ 197,497	$ (146,087)	$ (7,023)	$ 92,805

4. DEFERRED CAPITAL CONTRIBUTIONS

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

	2022	2021
Balance at Beginning of Year	$ 669,307	$ 642,082
Additions to Deferred Capital Contributions	39,493	48,819
Transfers from Deferred Revenue	7,023	22,595
Disposals/Transfers to Financial Assets	(9,396)	(2,450)
Revenue Recognized in period	(45,956)	(41,739)
Balance at end of year	**$ 660,471**	**$ 669,307**

(All amounts in thousands of dollars)

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities		**2022**		**2021**
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Benefit Obligation – Opening Balance	$ 37,089	$ 9,982	$ 47,071	$ 51,449
Current Year Benefit Expense (Recovery)	-	1,765	1,765	1,794
Interest on Accrued Benefit Obligation	635	158	793	686
Benefit Expense (Recovery)[1]	635	1,923	2,558	2,480
Actuarial Loss (Gain)	(2,900)	360	(2,540)	(170)
Benefits Payment	(3,577)	(2,493)	(6,070)	(6,688)
	(5,842)	(210)	(6,052)	(4,378)
Accrued Benefit Obligation – Closing Balance	$ 31,247	$ 9,772	$ 41,019	$ 47,071
Unamortized Actuarial Gain (Loss)	564	-	564	(3,187)
Accrued Benefit Liability – Ending	$ 31,811	$ 9,772	$ 41,583	$ 43,884

[1] Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Amortization of actuarial losses during the year is $1,211 (2021 - $1,512). The unamortized actuarial loss is amortized over the expected average remaining service life of 5.1 years (2021 – 4.8 years).

Pension Plans:

(i) Ontario Teacher's Pension Plan

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

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the Board contributed $ 8,168 (2021 – $8,127) 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.

Employee Future Benefits:

(i) Retirement Gratuities

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

(ii) Workplace Safety and Insurance Board Plan Obligations

The Board is a Schedule 2 employer under the *Ontario 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.

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 collective agreements negotiated prior to 2012 included such a provision.

(iii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave who are not yet members of an ELHT. The employees are required to pay 100% of the premium costs. The Board provides these benefits through an unfunded defined benefit plan. The benefits costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(v) Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit cost expensed in the financial statements are $579 (2021 - $267).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2022. This actuarial valuation is based on assumptions about future events.

(All amounts in thousands of dollars)

5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial Assumptions

The accrued benefit obligations for long-term disability life insurance and health care benefit plans as at August 31, 2022 are based on actuarial valuations for accounting purposes as at August 31, 2022. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2022	2021
Inflation	2%	1.5%
Wage and Salary Escalation	0%	0%
Discount on Accrued Benefit Obligations	3.9%	1.8%

6. NET LONG TERM DEBT

The net long-term liabilities reported on the Consolidated Statement of Financial Position of $113,186 consists of loans of $113,186 (2021 – $119,365) and Capital Lease $NIL (2021 - $318). The debentures have a retractable feature, exercisable on specific dates only, at the option of the debenture holders. Details of the net long-term debt are as follows:

	2022	2021
Ontario Financing Authority Loan due Nov 15, 2031, 4.56%	5,884	6,369
Ontario Financing Authority Loan due Mar 3, 2033, 4.90%	19,309	20,638
Ontario Financing Authority Loan due Mar 13, 2034, 5.062%	7,292	7,733
Ontario Financing Authority Loan due Apr 13, 2035, 5.232%	16,313	17,180
Ontario Financing Authority Loan due Mar 11, 2036, 4.833%	7,421	7,791
Ontario Financing Authority Loan due Nov 15, 2036, 3.970%	8,650	9,084
Ontario Financing Authority Loan due Mar 9, 2037, 3.564%	13,253	13,922
Ontario Financing Authority Loan due Mar 19, 2038, 3.799%	33,834	35,367
Ontario Financing Authority Loan due Mar 11, 2039, 4.003%	1,230	1,281
Capital Lease Matures, August 24, 2022	-	112
Capital Lease Matures, April 18, 2022	-	78
Capital Lease Matures, July 9, 2022	-	128
	$ 113,186	**$ 119,683**

(All amounts in thousands of dollars)

6. NET LONG TERM DEBT (continued)

The principal and interest payments required in each of the next five fiscal years and thereafter in respect of the outstanding net long-term debt are as follows:

	Principal	Interest	Total
2023	6,456	4,875	11,331
2024	6,746	4,585	11,331
2025	7,049	4,282	11,331
2026	7,366	3,965	11,331
2027	7,698	3,633	11,331
Thereafter	77,871	16,227	94,098
Total	**$ 113,186**	**$ 37,567**	**$ 150,753**

7. DEBT CHARGES

The expenditure for debt charges and capital leases includes principal and interest payments made on debentures and capital leases as follows:

	2022	2021
Principal payments on debentures and capital leases	$ 6,497	$ 6,259
Interest payment on debentures and capital leases	5,152	5,418
Total	**$ 11,649**	**$ 11,677**

8. 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. 90 percent of consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2022	2021
Provincial Legislative Grant	$ 518,557	$ 493,906
Education Property Tax	136,445	139,765
Grants for Student Needs	**$ 655,002**	**$ 633,671**

(All amounts in thousands of dollars)

9. EXPENDITURES BY OBJECT

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

Current Expenditures:	2022 Budget note 1(l)	2022 Actual	2021 Actual
Salary and Wages	$ 448,048	$ 463,984	$ 453,325
Employee Benefits	77,645	79,829	76,434
Staff Development	3,093	1,116	868
Supplies and Services	35,788	39,253	40,312
Interest Charges on Capital	5,152	5,078	5,329
Rental Expenditures	2,575	4,234	3,927
Fees & Contractual Services	27,202	32,647	30,191
Other	2,714	13,859	5,317
Transfer to Other Boards	-	9,178	7,728
Amortization of Tangible Capital Assets and Loss on Disposal	42,430	56,094	44,957
School Funded Activities	11,194	4,274	3,273
Total	**$ 655,841**	**$ 709,546**	**$ 671,661**

10. TANGIBLE CAPITAL ASSETS

(a) Assets Under Construction

Assets under construction having a value of $157 (2021 - $15,087) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of Tangible Capital Assets

There were no write-downs of tangible capital assets during the year (2021 – $6,784).

(c) Asset Inventories for Resale (Assets Permanently Removed from Service)

There were no assets inventoried for resale or assets permanently removed from service during the year (2021 – Nil).

(All amounts in thousands of dollars)

10. TANGIBLE CAPITAL ASSETS (continued):

Year ended August 31, 2022

	Cost (in 000's)					Accumulated Amortization (in 000's)					
	Balance at August 31, 2021	Additions, transfers and adjustments	Disposals and Write Offs	Transfers to-from CIP	Balance at August 31, 2022	Balance at August 31, 2021	Amortization and adjustment	Disposals and Write Offs	Balance at August 31, 2022	Net Book Value August 31, 2022	Net Book Value August 31, 2021
Land	$ 93,921	$ 11,196	$ (5,775)	$ -	$ 99,342	$ -	$ -	$ -	$ -	$ 99,342	$ 93,921
Land Improvements	46,831	5,029	(185)	-	51,675	11,259	6,065	(96)	17,228	34,447	35,572
Buildings	1,096,333	37,310	(41,050)	16,807	1,109,400	472,914	37,856	(31,743)	479,027	630,373	623,419
Portable Structures	5,739	50	-	-	5,789	3,622	285	-	3,907	1,882	2,117
Furniture and Equipment	9,299	925	(907)	-	9,317	6,174	933	(907)	6,200	3,117	3,125
Computer Hardware and Software	7,409	1,324	(1,829)	-	6,904	3,350	897	(1,829)	2,418	4,486	4,059
Vehicles	44	-	(32)	-	12	43	-	(32)	11	1	1
Construction in Progress	15,087	1,877	-	(16,807)	157	-	-	-	-	157	15,087
Leasehold Improvements	2,318	-	-	-	2,318	1,897	344	-	2,241	77	421
Capital Leased Assets	1,829	-	-	-	1,829	1,385	318	-	1,703	126	444
	$ 1,278,810	$ 57,711	$ (49,778)	$ -	$ 1,286,743	$ 500,644	$ 46,698	$ (34,607)	$ 512,735	$ 774,008	$ 778,166

(All amounts in thousands of dollars)

11. ACCUMULATED SURPLUS

	2022	**2021**
Unappropriated	$ 13,434	$ 15,349
Amounts Restricted for Future Use of the Board		
WSIB	750	750
School Budgets	2,664	3,271
Computer Technology	206	881
Board Initiatives	6,268	7,079
Cafeteria Equipment Replacement	114	114
Support for Student Fund	616	403
Amounts Restricted for Capital Construction		
Administrative Building	14,072	14,496
Committed Capital Projects	-	(424)
Other Capital Projects	2,000	2,000
Available for Compliance	40,124	43,919
Amounts to be Recovered		
Employee Future Benefits	(4,694)	(7,164)
Interest Accrual	(1,689)	(1,763)
Other		
School Generated Funds	3,319	3,484
Committed Capital Projects	-	424
Revenues Recognized for Land	83,014	65,423
Balance at August 31, 2022	**$ 120,074**	**$ 104,323**

12. TRUST FUNDS

Trust funds administered by the board amounting to $1,738 (2021 - $1,627) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures the Board for general public liability, property damage and vehicles. The membership period is for five years, ending December 31, 2026.

14. CONTINGENT LIABILITIES

The Board has been named in personal injury and property damage claims. The amounts specified in the claims are within the Board's insurance coverage. The Board, as well as its insurers, has instructed legal counsel to act on behalf of the Board to defend against these claims. No provision has been made in the financial statements for these claims.

(All amounts in thousands of dollars)

15. COMMITMENTS

The Board has outstanding contractual obligations at August 31, 2022 of approximately $13,888 (2021 - $27,071), for the construction of new schools and for other capital projects.

The Board has long-term lease commitments with various expiry dates. The minimum payments are as follows:

2023	1,460
2024	1,145
2025	849
2026	663
2027	338
Thereafter	
Total	**$ 4,455**

16. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM

On April 1, 2009, the Board entered into an agreement with the Hamilton-Wentworth Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Hamilton-Wentworth Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's portion of costs incurred. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The Hamilton-Wentworth District School Board does not control any assets of the Hamilton-Wentworth Student Transportation Services. The Board has recorded its share of revenue and expenses in the Consolidated Statement of Operations.

17. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received $16,675 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 re-finance 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.

18. IN-KIND TRANSFERS FROM THE MINISTRY OF GOVERNMENT AND CONSUMER SERVICES

The Board has recorded entries, both revenue and expenses, associated with centrally procured in-kind transfer of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is $12,244 (2021– $3,666) with expenses based on use of $12,244 (2021-$3,666) for a net impact of Nil.

19. IMPACT OF COVID-19

On March11, 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.

20. FUTURE ACCOUNTING STANDARD ADOPTION

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

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

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

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

   PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.
   PS 3401 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments will no longer apply.

   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.

   PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

ii. 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.

20. FUTURE ACCOUNTING STANDARD ADOPTION (continued)

PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between 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.

21. Comparative information:

The financial statements have been reclassified, where applicable to conform to the presentation adopted in the current year.