Consolidated Financial Statements of

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD

And Independent Auditor's Report thereon

Year ended August 31, 2023

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 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 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. Matthew Gerard Associate Director, Business Services and Treasurer.

Sheryl Robinson Petrazzini
Director of Education & Secretary

Matthew Gerard
Associate Director, Business Services & Treasurer

November 20, 2023

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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, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2023, and its results of operations, its cash flows and its changes in net debt for the year then ended in accordance in accordance with the basis of accounting described in note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the 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 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 financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended August 31, 2023 has been restated. Note 2 explains the reason for the restatement and explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended August 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended August 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the 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 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 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

November 20, 2023

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2023 (with comparative information for 2022)

	2022-23 ($000's)	2021-22 ($000's) (Restated - Note 2)
FINANCIAL ASSETS		
Cash	59,734	52,138
Accounts Receivable – Other	23,916	25,224
Accounts Receivable - Government of Ontario (note 3)	217,316	203,236
TOTAL FINANCIAL ASSETS	**300,966**	**280,598**
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	40,233	33,987
Net Debenture Debt, Capital Loans and Leases (note 9)	106,730	113,186
Deferred Revenue (note 4)	99,384	92,805
Employee Benefits Payable (note 8)	41,422	41,583
Deferred Capital Contributions (note 5)	650,894	660,471
Asset Retirement Obligation (note 6)	46,939	44,880
TOTAL FINANCIAL LIABILITIES	**985,602**	**986,912**
NET DEBT	**(684,636)**	**(706,314)**
NON-FINANCIAL ASSETS		
Prepaid Expenses	4,562	2,874
Inventories of Supplies - MGCS	540	4,626
Tangible Capital Assets (note 13)	778,932	784,587
TOTAL NON-FINANCIAL ASSETS	**784,034**	**792,087**
ACCUMULATED SURPLUS (note 14)	**99,398**	**85,773**

Contingent Liabilities (note 17)
Commitments (note 18)

On behalf of the Board

______________________________ Chair

Sheryl Robinson Petrazzini
______________________________ Director of Education & Secretary

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2023 (with comparative information for 2022)

	2022-23 Budget ($000's)	2022-23 Actual ($000's)	2021-22 Actual ($000's) (Restated - Note 2)
REVENUES			
Provincial Grants - Grants for Student Needs (note 11)	664,971	679,389	655,002
Provincial Grants - Other	13,887	22,895	36,819
School Generated Funds	2,902	8,797	4,106
Federal Grants and Fees	1,282	1,576	2,152
Investment Income	250	2,980	279
Other Fees and Revenues from School Boards	–	9,213	9,113
Other Fees and Revenues	4,647	19,012	17,826
TOTAL REVENUES	687,939	743,862	725,297
EXPENSES			
Instruction	529,700	542,946	527,984
Administration	15,493	17,430	14,637
Transportation	18,949	29,233	28,058
Pupil Accommodation	111,138	116,965	119,143
School Generated Funds	2,902	8,884	4,274
Other	7,457	14,779	16,593
TOTAL EXPENSES (note 12)	685,639	730,237	710,689
ANNUAL SURPLUS	**2,300**	**13,625**	**14,608**
Accumulated Surplus at Beginning of Year	120,653	85,773	104,323
Accumulated Surplus (Deficit) PSAS Adjustments	–	–	(33,158)
Accumulated Surplus (Deficit) at Beginning of Year	102,653	85,773	71.165
ACCUMULATED SURPLUS AT END OF YEAR (note 14)	**104,953**	**99,398**	**85,773**

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2023 (with comparative information for 2022)

OPERATING TRANSACTIONS	**2022-23 ($000's)**	**2021-22 ($000's) (Restated - Note 2)**
Annual Surplus	13,625	14,608
Sources and (Uses):		
Non-Cash Items Including Amortization, Write-Downs, Loss on Disposal of TCA and excluding Deferred Gain on Disposal of Restricted Assets	52,232	56,094
Amortization on Tangible Capital Assets - ARO	1,282	1,143
Increase (Decrease) of ARO Liabilities excluding Settlements	5,339	–
Decrease (Increase) of tangible Capital Asset – ARO excluding amortization	(6,096)	–
Deferred Capital Contributions Revenue	(49,610)	(45,956)
Deferred Gain on Disposal of Restricted Assets	(13,106)	(45,301)
Decrease (Increase) in Accounts Receivable- Other	6,050	(7,188)
Decrease (Increase) in Accounts Receivable - Delayed Grant Payment	(35,561)	(4,891)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	6,246	(10,463)
Increase (Decrease) in Deferred Revenue - Operating	(2,852)	3,061
Increase (Decrease) in Employee Benefits Payable	(161)	(2,302)
Decrease (Increase) in Prepaid Expense	(1,688)	(800)
Decrease (Increase) in Inventories of Supplies	4,086	(3,034)
Settlement of Asset Retirement Liability through Abatement and Disposal	(3,280)	–
CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS	**(23,494)**	**(45,029)**
CAPITAL TRANSACTIONS		
Proceeds on Sale of Tangible Capital Assets	13,230	51,076
Cash used to Acquire Tangible Capital Assets	(41,887)	(57,711)
CASH APPLIED TO CAPITAL TRANSACTIONS	**(28,657)**	**(6,635)**
FINANCING TRANSACTIONS		
Proceeds from Long Term Debt Issued	–	–
Debt Repayments	(6,456)	(6,497)
Decrease (Increase) in Accounts Receivable - Government of Ontario - Approved Capital	16,739	(3,258)
Net additions to Deferred Capital Contributions	40,033	37,120
Increase (Decrease) in Deferred Revenues - Capital	9,431	41,327
CASH PROVIDED BY FINANCING TRANSACTIONS	**59,747**	**68,692**
CHANGE IN CASH	**7,596**	**17,028**
Opening Cash	52,138	35,110
CLOSING CASH	**59,734**	**52,138**

HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED AUGUST 31, 2023 (with comparative information for 2022)

	2022-23 ($000's)	2021-22 ($000's) (Restated – Note 2)
ANNUAL SURPLUS	13,625	14,608
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of Tangible Capital Assets	(41,887)	(57,711)
Amortization of Tangible Capital Assets	51,502	47,841
Loss on Sale of Tangible Capital Assets	2,013	9,396
Proceeds on Sale of Tangible Capital Assets	13,230	51,076
Gain on Sale Allocated to Deferred Revenue	(13,106)	(45,301)
Changes in Estimates of Tangible Capital Assets – ARO	(6,216)	–
Disposal of Tangible Capital Assets – ARO	119	–
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	**5,655**	**5,301**
OTHER NON-FINANCIAL ASSET ACTIVITY		
Acquisitions of supplies Inventories	–	(3,034)
Acquisitions of Prepaid Expenses	(1,688)	–
Consumption of Supplies inventories	4,086	–
Use of Prepaid Expenses	–	(800)
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	**2,398**	**(3,834)**
INCREASE IN NET DEBT	**21,678**	**16,075**
Net Debt at Beginning of Year	(706,314)	(677,509)
PSAS Adjustments to Net Financial Assets (Net Debt)	–	(44,880)
Restated Net Financial Assets (Net Debt) at Beginning of Year	**(706,314)**	**(722,389)**
NET DEBT AT END OF YEAR	**(684,636)**	**(706,314)**

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)

(b) Reporting Entity (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

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 Statement of Remeasurement Gains and Losses.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

(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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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.

(All amounts in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

(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.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $46,939 (2022 - $44,880). 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 and/or change in the discount rate.

(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 Grants for Student Needs, under Education Property Tax.

2. CHANGE IN ACCOUNTING POLICY-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 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.

2. CHANGE IN ACCOUNTING POLICY-ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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 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 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.

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.

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.

2. CHANGE IN ACCOUNTING POLICY-ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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. 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. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

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 $46,939 (2022 – $44,880) 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 and DCC revenue were not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

(All amounts in thousands of dollars)

2. CHANGE IN ACCOUNTING POLICY-ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

2022

	As previously reported	Adjustments	As Restated
Statement of Financial Position			
Tangible Capital Assets including ARO	$ 774,008	$ 10,579	$ 784,587
Asset retirement obligation liability	–	44,880	44,880
Accumulated Surplus (Deficit)	120,074	(34,301)	85,773
Statement of Change in Net Debt			
Annual Surplus (Deficit)	15,751	(1,143)	14,608
Amortization of TCA (incl TCA-ARO)	46,698	1,143	47,841
Change in Net Debt	16,075	–	16,075
Statement of Operations			
Pupil Accommodation	118,000	1,143	119,143
Annual Surplus (Deficit)	$ 15,751	$ (1,143)	$ 14,608

3. 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 $217,316 (2022 - $203,236) as of August 31, 2023. The balance related to capital grants is $131,070 (2022 - $147,808).

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, 2023 is $79,558 (2022 - $43,997). The remaining balance is related to priority and partnership funding.

(All amounts in thousands of dollars)

4. 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, 2023 is comprised of:

	Balance as at August 31, 2022	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2023
Proceeds of Disposition	$ 74,319	$ 13,230	$ –	$ (3,180)	$ 84,369
Special Education	–	77,163	(77,163)	–	–
School Renewal	2,427	8,735	(4,872)	(3,935)	2,355
Other	16,059	60,627	(62,038)	(1,988)	12,660
Total Deferred Revenue	$ 92,805	$ 159,755	$ (144,073)	$ (9,103)	$ 99,384

5. DEFERRED CAPITAL CONTRIBUTIONS

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

	2023	**2022**
Balance at Beginning of Year	$ 660,471	$ 669,307
Additions to Deferred Capital Contributions	32,784	39,493
Transfers from Deferred Revenue	9,103	7,023
Disposals/Transfers to Financial Assets	(1,854)	(9,396)
Revenue Recognized in period	(49,610)	(45,956)
Balance at End of Year	**$ 650,894**	**$ 660,471**

(All amounts in thousands of dollars)

6. ASSET RETIREMENT OBLIGATIONS

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

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 can be found below:

	2023	2022
Liabilities for Asset Retirement Obligations at Beginning of Year	$ 44,880	$ –
Opening Adjustments for PSAB Adjustment	–	44,880
Liabilities Incurred During the Year	–	–
Increase in Liabilities Reflecting Changes in the Estimate of Liabilities1	6,216	–
Liabilities Settled During the Year	(4,157)	–
Liabilities for Asset Retirement Obligations at End of Year	**$ 46,939**	**$ 44,880**

1 Increase in the carrying amount of a liability due to the passage of time

7. REVALUATION OF ASSET RETIREMENT OLBIGATIONS LIABILITY

A revaluation of asset retirement obligations was on the board’s liability balances as at August 31, 2022, and an adjustment of approximately 15.8% was recorded to account for changes as of August 31, 2023. This adjustment was determined by comparing the estimated costs in the cost model to actual remediation costs on current remediation projects.

(All amounts in thousands of dollars)

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities		**2023**		**2022**
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Benefit Obligation – Opening Balance	$ 31,246	$ 9,773	$ 41,019	$ 47,071
Current Year Benefit Expense (Recovery)	–	5,122	5,122	1,765
Interest on Accrued Benefit Obligation	1,150	307	1,457	793
Benefit Expense (Recovery)[1]	1,150	5,429	6,579	2,558
Actuarial Loss (Gain)	(948)	(129)	(1,077)	(2,540)
Benefits Payment	(3,543)	(3,068)	(6,611)	(6,070)
	(3,341)	2,232	(1,109)	(6,052)
Accrued Benefit Obligation – Closing Balance	$ 27,905	$ 12,005	$ 39,910	$ 41,019
Unamortized Actuarial Gain (Loss)	1,512	–	1,512	564
Accrued Benefit Liability – Ending	$ 29,417	$ 12,005	$ 41,422	$ 41,583

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

Amortization of actuarial gain (loss) during the year is $129 (2022 - $(1,211)). The unamortized actuarial gain is amortized over the expected average remaining service life of 4.9 years (2022 - 5.1 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.

8. 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, 2023, the Board contributed $8,750 (2022 - $8,168) 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 $535 (2022 - $579).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2023. This actuarial valuation is based on assumptions about future events.

(All amounts in thousands of dollars)

8. 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, 2023 are based on actuarial valuations for accounting purposes as at August 31, 2023. 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:

	2023	2022
Inflation	2%	2%
Wage and Salary Escalation	0%	0%
Discount on Accrued Benefit Obligations	4.4%	3.9%

9. NET LONG TERM DEBT

The net long-term liabilities reported on the Consolidated Statement of Financial Position consists of loans of $106,730 (2022 - $113,186). 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:

	2023	2022
Ontario Financing Authority Loan due Nov 15, 2031, 4.56%	$ 5,377	$ 5,884
Ontario Financing Authority Loan due Mar 3, 2033, 4.90%	17,914	19,309
Ontario Financing Authority Loan due Mar 13, 2034, 5.062%	6,828	7,292
Ontario Financing Authority Loan due Apr 13, 2035, 5.232%	15,401	16,313
Ontario Financing Authority Loan due Mar 11, 2036, 4.833%	7,033	7,421
Ontario Financing Authority Loan due Nov 15, 2036, 3.970%	8,198	8,650
Ontario Financing Authority Loan due Mar 9, 2037, 3.564%	12,560	13,253
Ontario Financing Authority Loan due Mar 19, 2038, 3.799%	32,241	33,834
Ontario Financing Authority Loan due Mar 11, 2039, 4.003%	1,178	1,230
	$ 106,730	**$ 113,186**

(All amounts in thousands of dollars)

9. 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
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
2028	8,045	3,286	11,331
Thereafter	69,826	12,941	82,767
Total	**$ 106,730**	**$ 32,692**	**$ 139,422**

10. DEBT CHARGES

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

	2023	2022
Principal Payments on Debentures and Capital Leases	$ 6,456	$ 6,497
Interest Payment on Debentures and Capital Leases	4,875	5,152
Total	**$ 11,331**	**$ 11,649**

11. GRANTS FOR STUDENT NEEDS

School boards In Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 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:

	2023	2022
Provincial Legislative Grant	$ 536,696	$ 518,557
Education Property Tax	142,693	136,445
Grants for Student Needs (including Amortization of Deferred Capital Contribution)	**$ 679,389**	**$ 655,002**

(All amounts in thousands of dollars)

12. EXPENDITURES BY OBJECT

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

Current Expenditures:	2023 (Restated) Budget note 1(l)	2023 Actual	2022 (Restated) Actual
Salary and Wages	$ 458,799	$ 478,914	$ 463,984
Employee Benefits	81,856	86,063	79,829
Staff Development	3,018	1,459	1,116
Supplies and Services	36,515	41,486	39,253
Interest Charges on Capital	4,875	4,797	5,078
Rental Expenditures	2,682	2,880	4,234
Fees & Contractual Services	32,803	35,399	32,647
Other	7,939	7,628	13,859
Transfer to Other Boards	–	9,213	9,178
Amortization and Write Downs and Net Loss on Disposal – TCA	53,107	52,232	56,094
Amortization and Net Loss – TCA-ARO	1,143	1,282	1,143
School Funded Activities	2,902	8,884	4,274
Total	**$ 685,639**	**$ 730,237**	**$ 710,689**

13. TANGIBLE CAPITAL ASSETS

(a) Assets Under Construction

Assets under construction having a value of $499 (2022 - $157) 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 (2022 - Nil).

(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 (2022 - Nil).

(All amounts in thousands of dollars)

13. TANGIBLE CAPITAL ASSETS (continued):

Year ended August 31, 2023

	Cost (in 000's)						Accumulated Amortization (in 000's)						
	Balance at August 31, 2022	Adjust for PS3280[1]	Additions, transfers and adjustment	Disposals and Write Offs	Change in Estimate of TCA-ARO	Balance at August 31, 2023	Balance at August 31, 2022	Adjust for PS3280[1]	Amortization and adjustment	Disposals and Write Offs	Balance at August 31, 2023	Net Book Value August 31, 2023	Net Book Value August 31, 2022
Land	$ 99,342	$ –	$ –	$ (284)	$ –	$ 99,058	$ –		$ -	$ –	$ –-	$ 99,058	$ 99,342
Land Improvements	51,675	505	761	(387)	34	52,588	17,228	230	5,942	(307)	23,093	29,495	34,721
Buildings	1,109,400	44,375	38,922	(13,973)	6,182	1,184,906	479,027	34,071	43,162	(12,081)	544,179	640,727	640,678
Portable Structures	5,789	–	480	–	–	6,269	3,907	–	297	–	4,204	2,065	1,882
Furniture and Equipment	9,317	–	598	(2,370)	–	7,545	6,200	–	854	(2,370)	4,684	2,861	3,116
Computer Hardware and Software	6,904	–	784	(318)	–	7,370	2,418	–	1,043	(318)	3,143	4,227	4,487
Vehicles	12	–	–	–	–	12	11	–	1	–	12	–	1
Construction in Progress	157	–	342	–	–	499	–	–	–	–	–	499	157
Leasehold Improvements	2,318	–	–	(2,318)	–	–	2,241	–	77	(2,318)	(2,241)	–	77
Capital Leased Assets	1,829	–	–	–	–	1,829	1,703	–	126	–	1,829	–	126
	$ 1,286,743	$ 44,880	$ 41,887	$ (19,650)	$ 6,216	$ 1,360,076	$ 512,735	$34,301	$ 51,502	$ (17,394)	$ 581,144	$ 778,932	$ 784,587

[1] See Note 2 Change in Accounting Policy

(All amounts in thousands of dollars)

14. ACCUMULATED SURPLUS

	2023	2022 (Restated – Note 2)
Unappropriated	$ 17,037	$ 13,434
Amounts Restricted for Future Use of the Board		
WSIB	–	750
School Budgets	393	2,664
Computer Technology	206	206
Board Initiatives	6074	6,268
Cafeteria Equipment Replacement	114	114
Support for Student Fund	235	616
Amounts Restricted for Capital Construction		
Administrative Building	13,588	14,072
Other Capital Projects	2,000	2,000
Available for Compliance	39,647	40,124
Amounts to be Recovered		
Employee Future Benefits	(1,341)	(4,694)
Interest Accrual	(1,610)	(1,689)
Other		
School Generated Funds	3,230	3,319
Asset Retirement Obligations	(31,546)	(34,301)
Revenues Recognized for Land	91,018	83,014
Balance at August 31, 2023	**$ 99,398**	**$ 85,773**

15. TRUST FUNDS

Trust funds administered by the board amounting to $1,545 (2022 - $1,738) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

16. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

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. 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.

(All amounts in thousands of dollars)

16. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE) (continued)

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.

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 within the board of directors to buy out such liability.

17. 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.

Subsequent to the financial statement issuance date, a resolution to Bill 124 was reached between the Crown and three education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers and the Elementary Teachers' Federation of Ontario (ETFO) Education Workers. This agreement provides for an increase in salaries and wages for the 2019-20 through to the 2021-22 school year, which will be awarded through an arbitration process expected to be competed in the 2023-24 school year. This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks. Additionally, the Crown is in negotiations with other union groups for other education workers and teachers. The Board estimates that the impact of these negotiations for all unions is approximately $38.4 Million.

18. COMMITMENTS

The Board has outstanding contractual obligations at August 31, 2023 of approximately $15,140 (2022 - $13,888), 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:

2024	$ 1,465
2025	1,142
2026	973
2027	648
2028	306
Thereafter	–
Total	**$ 4,534**

19. 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.

20. 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. The flow-through of $ 1,242 (2022 - $1,242) in grants in respect of the above-agreement-for the year ended August 31, 2023, is recorded in these Consolidated Financial Statements.

21. 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 $130 (2022 - $12,244) with expenses based on use of $130 (2022 - $12,244) for a net impact of Nil.

22. FUTURE ACCOUNTING STANDARD ADOPTION

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

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 31, 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.

23. FUTURE ACCOUNTING STANDARD ADOPTION (continued)

PS 3160 *Public Private Partnerships (P3s)* provide 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.