

Consolidated Financial Statements of

**NEAR NORTH DISTRICT
SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2023

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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



Director of Education



Superintendent of Business

December 12, 2023



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Near North District School Board

Opinion

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

- the consolidated statement of financial position as at August 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended 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 ethical responsibilities in accordance with these requirements.

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



Emphasis of Matter - Financial Reporting Framework

Without modifying our opinion, 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 (“Note 2”), which explains that certain comparative information presented for the year ended August 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also 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, 2022 as a result of a change in accounting policy. 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 these financial statements in accordance with a basis of accounting described in the notes 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 qualified 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.



Page 3

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 qualified 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 a qualified 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Page 4

- 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

Sudbury, Canada

December 12, 2023

NEAR NORTH DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2023, with comparative information for 2022

	2023	2022
		(restated - note 2)
Financial assets		
Cash	\$ 10,099,214	\$ 10,034,587
Investments	634,271	633,537
Accounts receivable (note 3)	9,116,499	8,550,151
Accounts receivable - Province of Ontario (note 4)	79,828,562	75,197,905
Assets held for sale	-	18,079
Total financial assets	99,678,546	94,434,259
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	15,144,057	10,162,796
Net long-term liabilities (note 12)	43,827,926	46,798,341
Deferred revenue (note 7)	10,216,498	10,639,132
Deferred capital contributions (note 8)	141,484,094	130,055,276
Employee future benefits (note 11)	6,769,275	7,042,834
Asset retirement obligation (note 9)	8,097,522	7,099,976
Total financial liabilities	225,539,372	211,798,355
Net debt	(125,860,826)	(117,364,096)
Non-financial assets		
Prepaid expenses	278,435	884,733
Inventory	218,414	248,673
Tangible capital assets (note 14)	149,454,686	137,449,084
Total non-financial assets	149,951,535	138,582,490
Contingent liabilities (note 17)		
Commitments (note 18)		
Accumulated surplus (note 15)	\$ 24,090,709	\$ 21,218,394

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:



Director of Education



Chair of the Board

NEAR NORTH DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
			(restated - note 2)
Revenue:			
Government of Ontario grants:			
- Grants for student needs (note 23)	\$ 162,073,155	\$ 165,685,037	\$ 158,645,244
- Other	859,048	4,472,125	7,324,314
Federal grants and fees	2,650,788	2,877,756	2,685,825
Other revenue - school boards	618,708	849,528	599,426
Other fees and revenue	172,440	1,912,831	2,236,449
Investment income	-	608,014	135,615
School generated funds	1,944,846	2,689,423	1,762,524
Total revenue	168,318,985	179,094,714	173,389,397
Expenses (note 13):			
Instruction	118,073,333	121,517,166	116,619,117
Administration	4,483,703	4,219,671	4,387,496
Transportation	13,913,994	14,986,330	14,542,513
Pupil accommodation	28,624,758	29,993,926	29,536,931
School funded activities	1,890,168	2,646,134	1,595,538
Other	1,449,091	2,859,172	2,599,097
Total expenses	168,435,047	176,222,399	169,280,692
Annual surplus (deficit)	(116,062)	2,872,315	4,108,705
Accumulated surplus, beginning of year	22,666,760	21,218,394	22,674,900
Adjustment for asset retirement obligation	-	-	(5,565,211)
Accumulated surplus, end of year	\$ 22,550,698	\$ 24,090,709	\$ 21,218,394

See accompanying notes to the consolidated financial statements.

NEAR NORTH DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual (restated - note 2)
Annual surplus (deficit)	\$ (116,062)	\$ 2,872,315	\$ 4,108,705
Tangible capital assets:			
Acquisition of tangible capital assets	(29,795,849)	(24,943,095)	(16,274,940)
Amortization of tangible capital assets	12,343,790	13,745,569	12,934,280
Loss on disposal of tangible capital assets	-	-	698,499
Amortization of tangible capital assets - ARO	178,992	189,470	178,992
Revaluation of tangible capital assets - ARO	-	(997,546)	-
	<u>(17,273,067)</u>	<u>(12,005,602)</u>	<u>(2,463,169)</u>
Prepaid expenses:			
Acquisition of prepaid expenses	-	(278,435)	(884,733)
Use of prepaid expenses	-	884,733	234,438
	-	<u>606,298</u>	<u>(650,295)</u>
Inventory:			
Use (acquisition) of inventory	-	30,259	(248,675)
	-	<u>30,259</u>	<u>(248,675)</u>
Decrease (increase) in net debt	(17,389,129)	(8,496,730)	746,566
Net debt, beginning of year	(117,364,096)	(117,364,096)	(111,010,686)
Adjustment for asset retirement obligation	-	-	(7,099,976)
Net debt, end of year	<u>\$ (134,753,225)</u>	<u>\$ (125,860,826)</u>	<u>\$ (117,364,096)</u>

See accompanying notes to consolidated financial statements.

NEAR NORTH DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
		(restated - note 2)
Operating transactions:		
Annual surplus	\$ 2,872,315	\$ 4,108,705
Items not involving cash:		
Amortization of tangible capital assets	13,745,569	12,934,280
Amortization of deferred capital contributions	(13,514,277)	(13,401,490)
Amortization of tangible capital assets - ARO	189,470	178,992
Loss on disposal of tangible capital assets	-	698,499
Actuarial employee future benefit expense	1,165,839	798,779
	4,458,916	5,317,765
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(566,348)	362,925
Increase in accounts receivable		
- Province of Ontario	(4,630,657)	(9,963,461)
Decrease in assets held for sale	18,079	-
Increase (decrease) in accounts payable and accrued liabilities	4,981,261	(252,291)
Decrease in deferred revenue	(422,634)	(1,869,142)
Decrease (increase) in prepaid expenses	606,298	(650,295)
Decrease (increase) in inventory	30,259	(248,675)
Cash provided by operating transactions	4,475,174	(7,303,174)
Capital transactions:		
Cash used to acquire tangible capital assets	(24,943,095)	(16,274,940)
Financing transactions:		
Repayment of long-term debt	(2,970,415)	(2,850,347)
Payments of employee future benefits	(1,439,398)	(1,599,324)
Additions to deferred capital contributions	24,943,095	16,274,939
Cash provided by financing transactions	20,533,282	11,825,268
Investing transactions:		
Net increase in long term investments	(734)	(567)
Increase (decrease) in cash	64,627	(11,753,413)
Cash, beginning of year	10,034,587	21,788,000
Cash, end of year	\$ 10,099,214	\$ 10,034,587

See accompanying notes to consolidated financial statements.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

The Near North District School Board is an English Public school which administers the operations of the English public elementary and secondary schools in the Districts of Nipissing and Parry Sound.

1. Significant accounting policies:

The consolidated financial statements of the Near North District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

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

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

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

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

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

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

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(b) Reporting entity:

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

- i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.
- ii) Near North District School Board Charity Works: the assets, liabilities, revenues and expenses are controlled by the Board and have been reflected in the consolidated financial statements.
- iii) Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound (NPSSTS) is accounted for using the consolidation method of accounting and reporting, whereby the Board's pro-rated share of net assets, revenues and expenses are combined in the statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

(c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(d) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

Fair value

The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Amortized cost

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

Cost

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

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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 performed.

(f) 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 of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into 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

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits:

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the Elementary Teachers' Federation of Ontario (ETFO) and for the Ontario Secondary School Teachers' Federation (OSSTF). ELHTs for the following employee groups were established in 2017-18: CUPE and 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 and retired individuals after a school board's participation date into 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.

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(h) Non-financial assets:

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

i) Tangible capital assets:

Tangible capital assets ("TCA") 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. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost and accumulated amortization.

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

Tangible capital assets, excluding land, are amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Land improvements with finite lives	Declining-balance	10 years
Buildings	Declining-balance	20 - 40 years
First time equipping	Straight-line	10 years
Furniture and equipment	Straight-line	5 - 15 years
Vehicles	Straight-line	5 - 10 years
Computer hardware	Straight-line	3 years
Computer software	Straight-line	5 years

Amortization is taken at 50% of the above rates in the year of acquisition.

Assets under construction and assets that related 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.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

ii) Prepaid expenses:

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

iii) Inventory:

Inventory consists of supplies held for use by the Board. It is stated at the weighted average cost of the supplies.

(i) 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 in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(j) 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 proceeds of disposition, special education, transition, distance schools and school renewal forms part of the respective deferred revenue balances.

(k) 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 are unaudited.

The Board approves its budget annually. The approved operating budget for 2022-2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 9, 2023.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities and estimated costs and timing of asset retirement obligations.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$8,097,522. These estimates are subject to uncertainty because of several factors including, but not limited to, incomplete information on the extent of controlled materials used, indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(m) Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, 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.

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.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

2. Change in accounting policy – adoption of new accounting standards (continued):

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. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

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.

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.

Asset retirement obligation

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 a prior period restatement upon adoption of this standard.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

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, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. 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.

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.

As a result of applying this accounting standard, as of August 31, 2023, an asset retirement obligation of \$8,097,522 (2022 – \$7,099,976) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

2. Change in accounting policy – adoption of new accounting standards (continued):

The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible Capital Assets including ARO	\$ 136,093,309	\$ 1,355,775	\$ 137,449,084
Asset retirement obligation liability	–	7,099,976	7,099,976
Accumulated Surplus (deficit)	26,962,597	(5,744,203)	21,218,394
Statement of Change in Net Debt			
Adjustment for asset retirement obligation	–	7,099,976	7,099,976
Net debt	(110,264,120)	(7,099,976)	(117,364,096)
Statement of Operations			
Amortization of TCA-ARO (included in Pupil accommodation)	–	(178,992)	(178,992)
Adjustment for asset retirement obligation	–	(5,565,211)	(5,565,211)
Accumulated surplus	26,962,597	(5,744,203)	21,218,394

3. Accounts receivable:

	2023	2022
Government of Canada	\$ 1,469,329	\$ 770,867
Municipalities	6,302,030	6,328,297
Other	1,345,140	1,450,987
	\$ 9,116,499	\$ 8,550,151

4. Accounts receivable – Province of Ontario:

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

The Board has an account receivable from the Province of Ontario of \$57,452,459 (2022 - \$53,697,625) as at August 31, 2023 with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2023 is \$18,863,207 (2022 - \$18,246,003).

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

5. Accounts payable and accrued liabilities:

	2023	2022
Trade payables and accrued liabilities	\$ 11,292,904	\$ 8,297,581
Payroll related	3,851,153	1,865,215
	<u>\$ 15,144,057</u>	<u>\$ 10,162,796</u>

6. Temporary borrowing:

i) Facility one:

The Board has an authorized revolving demand facility to a maximum of \$20,000,000 to finance current expenditures and bridge pending receipt of tax assessments and Ministry revenues. This line of credit bears interest at the bank's prime lending rate less 0.75%, is unsecured and is due on demand. As at August 31, 2023, the amount drawn on this facility was \$Nil (2022 - \$Nil).

ii) Facility two:

The Board has an authorized revolving demand facility to a maximum of \$20,000,000 to bridge financing for various school construction and/or renovation projects pending receipt of Ministry funding. This credit facility bears interest at the bank's prime lending rate less 0.75% and is unsecured. As at August 31, 2023, the amount drawn on this facility was \$Nil (2022 - \$Nil).

iii) Facility three:

The Board has an authorized revolving lease line of credit to a maximum of \$1,000,000. Leases are governed by this agreement and separate agreements between the Board and the lender. As at August 31, 2023, the amount drawn on this facility was \$Nil (2022 - \$Nil).

The aggregate of facilities two and three shall not exceed \$20,000,000 at any time.

The Board has provided letters of guarantee to the Corporation of the Town of Parry Sound in the aggregate amount of \$312,938 (2022 - \$312,938).

The Board has provided letters of guarantee to the Corporation of the City of North Bay in the aggregate amount of \$56,338 (2022 - \$56,338).

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

7. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance at August 31, 2022	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2023
Grants for student needs	\$ 6,574,776	\$34,729,773	\$(30,925,588)	\$(1,803,000)	\$8,575,961
Provincial grants - other	633,321	19,691	(376,059)	-	276,953
Assets held for sale	18,079	(18,079)	-	-	-
Proceeds of disposition					
- Minister exemptions	2,992,921	550,223	(2,615,501)	-	927,643
Other	420,035	645,332	(629,426)	-	435,941
Total	\$10,639,132	\$35,926,940	\$(34,546,574)	\$(1,803,000)	\$10,216,498

8. 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, beginning of year	\$ 130,055,276	\$ 127,181,827
Additions to deferred capital contributions	24,943,095	16,274,939
Revenue recognized during the year	(13,514,277)	(13,401,490)
Balance, end of year	\$ 141,484,094	\$ 130,055,276

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

9. Asset retirement obligations:

The Board has recorded an asset retirement obligation as of the September 1, 2022 implementation date on a modified retroactive basis, with 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 is below:

	2023	2022
Liabilities for Asset Retirement Obligations		
at beginning of year	\$ 7,099,976	\$ -
Liabilities incurred during the year	-	7,099,976
Increase in liabilities reflecting changes in the estimate of liabilities ¹	997,546	-
	<u>\$ 8,097,522</u>	<u>\$ 7,099,976</u>

¹ Reflecting changes in the estimated cash flows.

10. Revaluation of asset retirement obligations liability:

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

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

11. Employee future benefits:

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

a) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

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

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed \$2,113,108 (2022 - \$2,019,075) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities:

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

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

11. Employee future benefits (continued):

b) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

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

(ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not yet members of an ELHT. 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 accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023	2022
Inflation	2.0%	2.0%
Discount on accrued benefit obligations	4.4%	3.9%
Discount on accrued benefit obligations - WSIB	4.4%	3.9%

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

11. Employee future benefits (continued):

b) Other employee future benefits (continued):

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

Accrued benefit obligation		2023		2022
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	\$ 4,548,154	\$ 2,216,733	\$ 6,764,887	\$ 7,250,479
Unamortized actuarial losses	4,388	-	4,388	(207,645)
	\$ 4,552,542	\$ 2,216,733	\$ 6,769,275	\$ 7,042,834

Employee future benefit expenses		2023		2022
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 821,210	\$ 821,210	\$ 509,448
Interest on accrued benefit obligation	193,328	59,434	252,762	138,823
Benefit payments	(992,460)	(446,938)	(1,439,398)	(1,599,324)
Amortization on actuarial losses	105,945	(14,078)	91,867	150,508
	\$ (693,187)	\$ 419,628	\$ (273,559)	\$ (800,545)

The information included in the tables above excludes pension contributions to multi-employer pension plans, described in note 11(a).

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

12. Net long-term liabilities:

The Ontario Finance Authority ("OFA") was established on November 15, 1993, as an agency of the Province of Ontario and as such as considered a related party to the Board. The Board has certain financing arrangements entered into with the OFA as disclosed below:

	2023	2022
Ontario Financing Authority capital loan 1 st issue – payable in semi-annual instalments of \$196,665 including interest at 4.56% per annum, final installment due November 2031	\$ 2,746,132	\$ 3,005,345
Ontario Financing Authority capital loan 2 nd issue – payable in semi-annual instalments of \$240,278 including interest at 4.90% per annum, final installment due March 2033	3,703,479	3,991,923
Ontario Financing Authority capital loan 3 rd issue – payable in semi-annual instalments of \$91,117 including interest at 5.062% per annum, final installment due March 2034	1,504,340	1,606,529
Ontario Financing Authority capital loan 4 th issue – payable in semi-annual instalments of \$327,745 including interest at 3.799% per annum, final installment due March 2038	7,383,328	7,747,901
Debenture (White Woods) – payable in semi-annual instalments of \$116,168 including interest at 5.054% per annum, final installment due November 2028	1,104,285	1,274,337
Debenture (Vincent Massey and Land of Lakes) – payable in semi-annual instalments of \$298,016 including interest at 4.766% per annum, final installment due November 2024	855,326	1,391,358
Debenture (Almaguin PTR Stage 2) – payable in semi-annual instalments of \$508,017 including interest at 3.564% per annum, final installment due March 2037	11,007,263	11,614,713
Debenture (Almaguin Capital Priorities) – payable in semi-annual instalments of \$134,806 including interest at 3.564% per annum, final installment due March 2037	2,920,865	3,082,056
Debenture (Almaguin PTR Stage 2) – payable in semi-annual instalments of \$73,438 including interest at 4.003% per annum, final installment due March 2039	1,708,981	1,785,151
Debenture (Almaguin PTR Stage 3) – payable in semi-annual instalments of \$1,853 including interest at 2.993% per annum, final installment due March 2040	48,679	50,878
Debenture (GPL/Capital Funding Allocation 2010/11) – payable in semi-annual instalments of \$49,579 including interest at 3.242% per annum, final installment due March 2041	1,334,685	1,389,242
Debenture (Capital Priorities) – payable in semi-annual instalments of \$349,786 including interest at 3.594% per annum, final installment due March 2042	9,510,563	9,858,908
	\$ 43,827,926	\$ 46,798,341

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

12. Net long-term liabilities (continued):

Payments relating to the net long-term liabilities outstanding as at August 31, 2023 are due as follows:

	Principal	Interest	Total
2023-2024	\$ 3,095,651	\$ 1,679,285	\$ 4,774,936
2024-2025	2,930,643	1,548,754	4,479,397
2025-2026	2,745,157	1,433,747	4,178,904
2026-2027	2,857,523	1,321,280	4,178,803
2027-2028	2,874,592	1,304,312	4,178,904
Thereafter	29,324,360	6,871,102	36,195,462
	\$ 43,827,926	\$ 14,158,480	\$ 57,986,406

13. Expenses by object:

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

	2023 Budget	2023 Actual	2022 Actual
			(restated – note 2)
Current expenses:			
Salary and wages	\$ 103,696,702	\$ 104,944,040	\$ 103,272,321
Employee benefits	18,630,319	19,432,063	17,505,809
Staff development	325,298	367,842	286,105
Supplies and services	11,396,214	12,911,144	10,984,123
Interest	1,804,521	1,768,378	1,889,938
Rental expenditures	468,700	531,002	533,702
Fees and contract services	18,056,495	19,393,463	18,312,609
Other	1,534,016	2,939,425	2,684,314
Amortization, write downs and net loss on disposal of tangible capital assets	12,343,790	13,745,571	13,632,779
Amortization of asset retirement obligation	178,992	189,471	178,992
	\$ 168,435,047	\$ 176,222,399	\$ 169,280,692

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

14. Tangible capital assets:

Cost	Balance at August 31, 2022 (restated - note 2)	Additions	Disposals, Write-offs Transfers from (to) and Adjustments	Revaluation of ARO	Balance at August 31, 2023
Land	\$ 5,142,004	\$ -	\$ -	\$ -	\$ 5,142,004
Land improvements	20,278,392	1,121,392	1,677,292	-	19,722,492
Buildings	226,050,122	5,256,852	(18,704,432)	997,546	251,008,952
Furniture and equipment	2,815,272	187,863	15,597	-	2,987,538
First time equipping	994,040	248,091	65,961	-	1,176,170
Vehicles	72,587	54,133	-	-	126,720
Computer hardware	2,381,036	517,998	265,793	-	2,633,241
Construction in progress	7,296,748	17,556,766	18,704,432	-	6,149,082
Total	\$ 265,030,201	\$ 24,943,095	\$ 2,024,643	\$ 997,546	\$ 288,946,199

Amortization	Balance at August 31, 2022 (restated - note 2)	Amortization Expense	Disposals, Write-offs Transfers and Adjustments	Amortization Expense - Revaluation	Balance at August 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	11,413,838	1,913,299	1,677,292	-	11,649,845
Buildings	113,996,196	10,762,772	-	10,479	124,769,447
Furniture and equipment	432,503	354,716	15,597	-	771,622
First time equipping	626,549	38,965	65,961	-	599,553
Vehicles	35,483	15,552	-	-	51,035
Computer hardware	1,076,548	839,256	265,793	-	1,650,011
Total	\$ 127,581,117	\$ 13,924,560	\$ 2,024,643	\$ 10,479	\$ 139,491,513

	Net book value, August 31, 2022	Net book value, August 31, 2023
Land	\$ 5,142,004	\$ 5,142,004
Land improvements	8,864,554	8,072,647
Buildings	112,053,926	126,239,505
Furniture and equipment	2,382,769	2,215,916
First time equipping	367,491	576,617
Vehicles	37,104	75,685
Computer hardware	1,304,488	983,230
Construction in progress	7,296,748	6,149,082
Total	\$ 137,449,084	\$ 149,454,686

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

15. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022
		(restated – note 2)
Available for compliance – unappropriated:		
Total operating accumulated surplus	\$ 22,021,962	\$ 18,825,767
Available for compliance – internally appropriated:		
Charity	917,296	899,850
Local priorities fund funding	350,373	350,373
Committed capital projects	664,743	896,031
	1,932,412	2,146,254
Unavailable for compliance – externally appropriated:		
Revenues recognized for land	5,142,003	5,142,003
School generated funds	1,427,121	1,383,832
Accrued interest	(499,116)	(535,259)
Asset retirement obligation	(5,933,673)	(5,744,203)
	136,335	246,373
Total accumulated surplus	\$ 24,090,709	\$ 21,218,394

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.

OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million per occurrence.

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

Premiums paid to OSBIE for the policy year ending December 31, 2022, amounted to \$219,912 (2021 - \$204,134).

The ministry is deferring the requirement to consolidate the Ontario School Boards' Insurance Exchange into school board financial statements and will provide direction once information is available.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

17. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

18. Commitments:

The Board has entered into a contractual obligation relating to the construction and renovation of Mapleview Public School. The total value of the contractual obligation is \$17,580,000 of which \$1,810,116 remains unspent at year end.

The Board has entered into a contractual obligation relating to the construction of a new JK-12 school in Parry Sound. The total value of the contractual obligation is \$52,700,000 of which \$49,579,625 remains unspent at year end.

19. Debt charges:

The expenditure for debt charges includes principal and interest payments as follows:

	2023	2022
Principal payments on long-term debt	\$ 2,970,415	\$ 2,850,347
Interest payment on long-term debt	1,804,520	1,924,588
	\$ 4,774,935	\$ 4,774,935

20. Partnership in the Nipissing-Parry Sound Student Transportation Services:

In 2003, the Board entered into an agreement with the Nipissing-Parry Sound Catholic District School Board, Conseil Scolaire Public du Nord-Est de L'Ontario and Conseil Scolaire Catholique France-Nord District School Boards, and formed the Nipissing-Parry Sound Student Transportation Services ("NPSSTS") to provide common administration of student transportation in the district. The agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation to each of the Boards. Under the agreement, decisions related to the financial and operating activities of the NPSSTS are shared. No partner is in a position to exercise unilateral control.

Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

20. Partnership in the Nipissing-Parry Sound Student Transportation Services (continued):

The following provides condensed financial information:

	2023	2023	2022	2022
	Total	NNDSB Portion	Total	NNDSB Portion
Financial position:				
Financial assets	\$ 337,002	\$ 202,201	\$ 257,990	\$ 154,794
Financial liabilities	(427,071)	(256,243)	(326,165)	(195,699)
Non-financial assets	90,069	54,042	68,175	40,905
Accumulated surplus	\$ -	\$ -	\$ -	\$ -
Operations:				
Revenues	\$ 24,809,836	\$ 14,885,902	\$ 23,811,142	\$ 14,286,685
Expenses	(24,809,836)	(14,885,902)	(23,811,142)	(14,286,685)
Accumulated surplus	\$ -	\$ -	\$ -	\$ -

21. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$5,277,832 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's consolidated statement of financial position and the flow-through of \$393,202 (2022 - \$393,202) in respect of the above agreement is recorded in these consolidated financial statements.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

22. In-Kind Transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues 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 transactions is \$39,515 (2022 - \$1,106,777) with expenses based on use of \$39,515 (2022 - \$1,106,777) for a net impact of \$Nil (2022 - \$Nil). The remaining balance of \$218,186 (2022 - \$233,117) has been recorded in inventory with a corresponding amount recorded in deferred revenue in the statement of financial position.

23. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 92.5 percent of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial legislative grants	\$ 112,510,261	\$ 106,409,172
Education property tax	39,660,499	38,834,582
Amortization of deferred capital contributions	13,514,277	13,401,490
Grants for student needs	\$ 165,685,037	\$ 158,645,244

24. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

25. Budget reconciliation:

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

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

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

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

25. Budget reconciliation (continued):

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

	2022-23 Budget	Change	2022-23 Budget – Restated and Unaudited
Revenues	\$ 168,318,985	\$ –	\$ 168,318,985
Expenses	168,256,055	–	168,256,055
Amortization of TCA-ARO	–	178,992	178,992
Annual surplus	62,930	178,992	(116,062)
Accumulated surplus, beginning of year	22,666,760	–	22,666,760
Adjusted accumulated surplus, at beginning of year	22,666,760	–	22,666,760
Accumulated surplus, at end of year	\$ 22,729,690	\$ 178,992	\$ 22,550,698

26. Future accounting standards 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.

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.

NEAR NORTH DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

27. Risk management:

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

(a) Credit risk:

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

(b) Market risk:

The Board is exposed to interest rate risk on its long-term debt, which is regularly monitored.

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

(c) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term debt are disclosed in note 12. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at August 31, 2023	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 14,824,057	\$ -	\$ 320,000	\$ -	\$ 15,144,057
Long-term debt	1,531,859	1,563,812	11,407,915	29,324,340	43,827,926
	\$ 16,355,916	\$ 1,563,812	\$ 11,727,915	\$ 29,324,340	\$ 58,971,983

As at August 31, 2022	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 9,562,796	\$ -	\$ 600,000	\$ -	\$ 10,162,796
Long-term debt	1,469,881	1,500,554	11,628,973	32,198,933	46,798,341
	\$ 11,032,677	\$ 1,500,554	\$ 12,228,973	\$ 32,198,933	\$ 56,961,137