

Hastings and Prince Edward  
District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2022

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## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

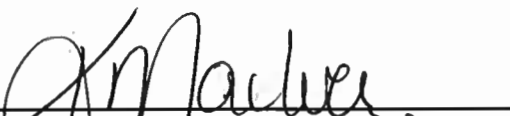
The accompanying consolidated financial statements of the Hastings and Prince Edward District School Board are the responsibility of the Board's management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 BDO Canada 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

November 14, 2022



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Superintendent of Business Services



## Independent Auditor's Report

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To the Board of Trustees of the  
Hastings and Prince Edward District School Board

### Opinion

We have audited the consolidated financial statements of Hastings and Prince Edward District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2022, and the consolidated statements of operations, consolidated changes in net debt and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Board as at and for the year ended August 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

### Basis for Opinion

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

### Emphasis of Matter - Basis of Accounting

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

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

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

In preparing the consolidated financial statements management is responsible for assessing the Board's ability to continue as a going concern and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants


Peterborough, Ontario  
November 14, 2022

# Hastings and Prince Edward District School Board

## Consolidated Statement of Financial Position

August 31	2022	2021
	(in thousands of dollars)	
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 6,050	\$ 5,728
Accounts receivable		
Government of Ontario (Note 2)	55,835	59,610
Municipalities	5,252	4,325
Other	3,323	4,754
	70,460	74,417
<b>Financial Liabilities</b>		
Temporary borrowing (Note 3)	3,947	3,222
Accounts payable		
Government of Ontario	699	2,885
Trade payables and accrued liabilities	14,062	16,409
Net long-term debt (Note 4)	26,290	27,967
Deferred capital contributions (Note 6)	199,979	189,870
Deferred revenue (Note 7)	12,897	12,543
Employee future benefits liability (Note 8)	11,682	12,788
	269,556	265,684
<b>Net Debt</b>	(199,096)	(191,267)
<b>Commitments (Note 16)</b>		
<b>Impact of COVID-19 (Note 19)</b>		
<b>Non-Financial Assets</b>		
Prepaid expenses	4,958	7,802
Tangible capital assets (Note 13)	202,976	193,082
	207,934	200,884
<b>Accumulated Surplus (Note 14)</b>	\$ 8,838	\$ 9,617

Signed on behalf of the Board

  
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 Director of Education

  
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 Chair of the Board

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

# Hastings and Prince Edward District School Board

## Consolidated Statement of Operations

For the year ended August 31	Budget 2022	Actual 2022	Actual 2021
	(in thousands of dollars)		
<b>Revenues</b>			
Grants for Student Needs (Note 10)			
<i>Education Property Tax</i>	\$ 42,145	\$ 39,086	\$ 39,293
<i>Provincial legislative grants</i>	164,197	167,878	163,120
Provincial grants - other	3,115	7,564	8,899
School generated funds	3,047	2,264	814
Federal grants and fees	1,983	2,091	1,933
Investment income	80	129	57
Other revenues - School Boards	42	7	10
Other fees and revenues	1,056	2,461	2,486
	215,665	221,480	216,612
<b>Expenses (Note 11)</b>			
Instruction	158,745	164,910	162,074
Administration	7,465	7,749	7,425
Transportation	15,605	16,688	14,749
Pupil accommodation	30,288	28,700	27,207
School generated funds	3,047	2,199	1,149
Other	-	2,013	929
	215,150	222,259	213,533
Annual surplus	515	(779)	3,079
Accumulated surplus, beginning of year	4,453	9,617	6,538
Accumulated surplus, end of year	\$ 4,968	\$ 8,838	\$ 9,617

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

# Hastings and Prince Edward District School Board

## Consolidated Statement of Cash Flow

For the year ended August 31	2022	2021
	(in thousands of dollars)	
Operations		
Annual surplus	\$ (779)	\$ 3,079
Sources and (uses)		
Changes in non-cash items:		
Amortization of tangible capital assets, gain (loss) on disposal and transfers of assets held for sale	9,622	8,609
Amortization of deferred capital contributions	(9,331)	(8,311)
	(488)	3,377
Change in non-cash working capital balances		
Accounts receivable	(1,809)	4,561
Accounts payable and accrued liabilities	(4,548)	(12,475)
Deferred revenues - operating	528	(49)
Employee future benefits liability	(1,106)	(507)
Prepaid expenses	2,844	863
	(4,579)	(4,230)
Net increase (decrease) in cash from operations		
Capital Transactions		
Cash used to acquire tangible capital assets	(19,516)	(23,768)
Financing		
Change in temporary borrowing	725	799
Government of Ontario - approved capital receivable	6,103	(3,971)
Additions to deferred capital contributions	19,440	23,665
Debt repayments	(1,678)	(1,602)
Deferred revenues - capital	(173)	255
	24,417	19,146
Increase in cash and equivalents during the year	322	(8,852)
Cash and equivalents, beginning of year	5,728	14,580
Cash and equivalents, end of year	\$ 6,050	\$ 5,728

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

## Hastings and Prince Edward District School Board

### Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2022	Actual 2022	Actual 2021
	(in thousands of dollars)		
Annual Surplus	\$ 515	\$ (779)	\$ 3,079
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(3,114)	(19,516)	(23,768)
Amortization of tangible capital assets	11,306	7,926	8,609
Write-downs of tangible capital assets	-	1,696	-
	8,192	(9,894)	(15,159)
Other Non-Financial Asset Activity			
Change in prepaid expenses	-	2,844	864
Change in net debt	8,707	(7,829)	(11,216)
Net debt, beginning of year	(198,343)	(191,267)	(180,051)
Net debt, end of year	\$ (189,636)	\$ (199,096)	\$ (191,267)

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



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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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### 1. Significant Accounting Policies

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

#### (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 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 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.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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### 1. Significant Accounting Policies (continued)

#### (b) Reporting Entity

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

School generated funds, which include the assets, liabilities, revenues, expenses and fund balances 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 include:

Tri-Board Student Transportation Services Inc. (Note 17)  
School Generated Funds

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

#### (c) Related Party

The Hastings and Prince Edward Learning Foundation is the registered charitable foundation established by the Hastings and Prince Edward District School Board to enhance public education by raising money for services and initiatives that could not otherwise be offered by the Board. The operations of the Foundation are not consolidated but are disclosed in Note 15 to these consolidated financial statements.

#### (d) 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. The balances of these funds are disclosed in Note 12 to these consolidated financial statements.

#### (e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

#### (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 expenses are incurred or services performed.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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### 1. Significant Accounting Policies (continued)

#### (g) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

#### (h) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, and health care benefits, dental benefits, retirement gratuity, worker's 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, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: ETFO & OSSTF. The following ELHTs were established in 2017-2018: CUPE, EWBT 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 and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Once employees transition to the ELHT, the Board is no longer responsible to provide certain benefits to the above mentioned groups. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

The Board continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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### 1. Significant Accounting Policies (continued)

#### (h) Retirement and other employee future benefits (continued)

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

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance & health care cost 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 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 & 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 insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for workers compensation and, 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 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.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Furniture	10
Equipment	5-15
Computer hardware	3
Computer software	5
Vehicles	5-10

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.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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### 1. Significant Accounting Policies (continued)

#### (j) Government Transfers

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

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

#### (k) Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation 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.

#### (m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

#### (n) Education Property Tax Revenue

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

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 2. Accounts Receivable - Government of Ontario

Included in this balance is the Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Hastings and Prince Edward 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 \$45,126,078 as at August 31, 2022 (2021 - \$47,162,673) with respect to capital grants.

In addition, 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 at August 31, 2022 is \$10,709,279 (2021 - \$12,446,670).

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### 3. Temporary Borrowing

	2022	2021
Banker Acceptance financing agreements	\$ 3,947	\$ 3,222

The Board has a demand operating line of credit available to the maximum of \$10,000,000 to address operating requirements. At year-end the overdraft amount totalled \$Nil (2021 - \$Nil). Interest on the operating line of credit is at the bank's prime lending rate.

At year-end, the Board has five outstanding Banker's Acceptance agreements available to the maximum of \$53,779,345. These loans provide short-term financing to partially pay for capital expenditures for certain schools and for additions/renovations under the School Conditions and Improvements programs, as well as the Capital Priorities Grant programs. At August 31, 2022, the total amount drawn under Banker's Acceptance facilities was \$3,947,200 (2021 - \$3,222,000). Interest on the Banker's Acceptance facilities are based on Banker's Acceptance rate plus 75 basis points.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

### 4. Net Long-Term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2022	2021
Ontario Financing Authority loan payable, 4.56% per annum, repayable \$438,422 semi-annually principal and interest, due November 2031	6,700	7,252
Ontario Financing Authority loan payable, 4.90% per annum, repayable in semi-annual blended payments of \$379,275, maturing March 2033	6,301	6,735
Ontario Financing Authority loan payable, 5.062% per annum, repayable in semi-annual blended payments of \$244,898, maturing March 2034	4,318	4,579
Ontario Financing Authority loan payable, 5.232% per annum, repayable in semi-annual blended payments of \$223,609, maturing April 2035	4,159	4,380
Ontario Financing Authority loan payable, 4.833% per annum, repayable in semi-annual blended payments of \$21,787, maturing March 2036	436	457
Ontario Financing Authority loan payable, 3.799% per annum, repayable in semi-annual blended payments of \$123,385, maturing March 2038	2,929	3,061
Ontario Financing Authority loan payable, 2.993% per annum, repayable in semi-annual blended payments of \$19,065, maturing March 2040	524	546
Ontario Financing Authority loan payable, 3.242% per annum, repayable in semi-annual blended payments of \$14,737, maturing March 2041	414	429
Ontario Financing Authority loan payable, 3.594% per annum, repayable in semi-annual blended payments of \$18,131, maturing March 2042	509	528
	<u>\$ 26,290</u>	<u>\$ 27,967</u>



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## Hastings and Prince Edward District School Board

### Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

4. Net Long-Term Debt (continued)

Payments relating to net long-term debt outstanding as at August 31, 2022 are due as follows:

	Principal	Interest	Total
2023	\$ 1,758	\$ 1,210	\$ 2,968
2024	1,842	1,126	2,968
2025	1,930	1,038	2,968
2026	2,022	946	2,968
2027	2,119	849	2,968
Thereafter	16,619	3,109	19,728
	\$ 26,290	\$ 8,278	\$ 34,568

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5. Debt Charges and Capital Loan Interest

	2022	2021
Principal payments on long-term liabilities	\$ 1,678	\$ 1,601
Interest payments on long-term liabilities	1,268	1,341
	\$ 2,946	\$ 2,942

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6. Deferred Capital Contributions

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

	2022	2021
Opening balance	\$ 189,870	\$ 174,516
Additions to deferred capital contributions	19,440	23,665
Revenue recognized in the year	(9,331)	(8,311)
	\$ 199,979	\$ 189,870

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

### 7. Deferred Revenue

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

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

	Balance as at August 31 2021	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2022
<b>Capital</b>					
School renewal	\$ 6,361	\$ 3,535	\$ 2,205	\$ 1,799	\$ 5,892
Minor tangible capital assets	-	4,882	3,949	933	-
Interest on capital	-	1,496	1,366	130	-
Rural and Northern Education Fund	-	594	594	-	-
Experiential Learning Envelope	-	557	221	37	299
Temporary Accommodation	96	321	325	-	92
Retrofitting school space	217	-	-	-	217
Proceeds of disposition	4,066	383	383	-	4,066
	<u>10,740</u>	<u>11,768</u>	<u>9,043</u>	<u>2,899</u>	<u>10,566</u>
<b>Operating</b>					
Special education	-	25,112	25,112	-	-
Other provincial grants	712	3,415	2,924	-	1,203
Other third party	82	288	82	-	288
SEA formula based funding	176	544	599	-	121
Tuition - international student	833	719	833	-	719
	<u>1,803</u>	<u>30,078</u>	<u>29,550</u>	<u>-</u>	<u>2,331</u>
	<u>\$ 12,543</u>	<u>\$ 41,846</u>	<u>\$ 38,593</u>	<u>\$ 2,899</u>	<u>\$ 12,897</u>

# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

### 8. Retirement and Other Employee Future Benefits

#### Liabilities

	2022			2021	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit obligation	\$ 10,131	\$ 178	\$ 1,694	\$ 12,003	\$ 13,950
Unamortized actuarial (gains) losses	336	-	(15)	321	1,162
Employee future benefits liability	\$ 9,795	\$ 178	\$ 1,709	\$ 11,682	\$ 12,788

#### Change in Employee Future Benefit Liability

	2022			2021	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 178	\$ 302	\$ 480	\$ 798
Interest on accrued benefit obligation	202	-	28	230	201
Benefit payments <sup>1</sup>	(1,382)	(160)	(478)	(2,020)	(1,808)
Amendment changes	58	-	-	58	-
Amortization of actuarial (gains)/losses	170	(24)	(2)	144	296
Net change	\$ (952)	\$ (6)	\$ (150)	\$ (1,108)	\$ (513)

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan described below

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 8. Retirement and Other Employee Future Benefits (continued)

#### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019 and based upon updated average daily salary and banked sick days as at August 31, 2022. These valuations take into account the plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2022	2021
Inflation	2.00 %	1.50 %
Wage and salary escalation	- %	- %
Insurance and health care cost escalation	5.00 %	7.00 %
Dental cost escalation	5.00 %	4.50 %
Discount rate	3.90 %	1.40 %

#### Retirement Benefits

##### (i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's 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. Each year an independent actuary determines the funding status of the plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2021. The results of this valuation disclosed an actuarial deficit of \$3.397 billion as at that date. During the year ended August 31, 2022, the Board contributed \$2,791,203 (2021 - \$2,710,052) 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 financial statements.

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 8. Retirement and Other Employee Future Benefits (continued)

#### (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.

#### 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 Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to all employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

##### (iii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$177,856 (2021 - \$184,130)

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

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 9. 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. The school board entered into this agreement on January 1, 2022. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

The premiums over a five year period are based on the reciprocal's 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 rate share of claims experience. The current five year term expires December 31, 2022.

Premiums paid to OSBIE for the policy year ending December 31, 2022 amounted to \$288,280 (2021 - \$275,174).

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### 10. Grants For Student Needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 89 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:

	2022	2021
Provincial Legislative Grants	\$ 167,878	\$ 163,120
Education Property Tax	39,086	39,294
	<u>\$ 206,964</u>	<u>\$ 202,414</u>

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 11. Expenses by Object

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

	Budget 2022	Actual 2022	Actual 2021
Current expenses			
Salary and wages	\$ 142,696	\$ 147,069	\$ 145,183
Employee benefits	23,456	24,616	24,093
Staff development	993	532	521
Supplies and services	16,871	16,762	14,078
Interest	1,265	1,268	1,341
Rental expenses	166	189	166
Fees and contract services	18,199	19,799	17,270
Other	198	203	1,124
Amortization and write down of tangible capital assets	11,306	9,622	8,609
School funded activities	-	2,199	1,148
	<u>\$ 215,150</u>	<u>\$ 222,259</u>	<u>\$ 213,533</u>

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### 12. Trust Funds

Trust funds administered by the Board amounting to \$1,620,909 (2021 - \$1,483,353) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

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Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

13. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2022	2021
Land	\$ 1,397	\$ -	\$ (1)	\$ 1,396	\$ -	\$ -	\$ -	\$ -	\$ 1,396	\$ 1,397
Land improvements	8,582	210	(23)	8,769	3,066	520	(8)	3,578	5,191	5,516
Buildings	270,766	15,471	(2,953)	283,284	91,157	6,104	(1,331)	95,930	187,354	179,609
Assets Permanently Removed from Service	10,466	-	(89)	10,377	8,415	-	(38)	8,377	2,000	2,051
Construction in progress	1,642	2,718	-	4,360	-	-	-	-	4,360	1,642
Furniture	1,854	-	(160)	1,694	1,464	178	(160)	1,482	212	390
Equipment	903	101	(98)	906	409	103	(95)	417	489	494
Computer hardware	3,470	694	(938)	3,226	1,902	905	(935)	1,872	1,354	1,568
Computer software	382	77	(106)	353	182	59	(105)	136	217	200
Vehicles	422	245	(116)	551	207	57	(116)	148	403	215
	<u>\$ 299,884</u>	<u>\$ 19,516</u>	<u>\$ (4,484)</u>	<u>\$ 314,916</u>	<u>\$ 106,802</u>	<u>\$ 7,926</u>	<u>\$ (2,788)</u>	<u>\$ 111,940</u>	<u>\$ 202,976</u>	<u>\$ 193,082</u>

a) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$1,695,939, (2021 - \$Nil).



# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

### 14. Accumulated Surplus

Accumulated surplus consists of the following:

	2022	2021
Available for Compliance - Unappropriated Operating accumulated surplus	\$ 9,935	\$ 12,340
Unavailable for Compliance		
Invested in tangible capital assets	231	-
School generated funds	1,636	1,572
Revenues recognized for land	1,396	1,397
Interest to be accrued	(358)	(381)
Employee future benefits	(4,002)	(5,311)
Total Unavailable for Compliance	(1,097)	(2,723)
Total Accumulated Surplus (Deficit)	\$ 8,838	\$ 9,617

### 15. The Hastings and Prince Edward Learning Foundation

The Board is related to The Hastings and Prince Edward Learning Foundation ("the Foundation"), but does not have the ability to exercise control over the Foundation. As such, the Foundation has not been consolidated into the financial statements of the Board.

The following provides condensed financial information:

	2022	2021
Fund Balances		
Fund balance, beginning of year	\$ 2,019	\$ 1,597
Excess of revenue over expenses	238	422
Fund balance, end of year	\$ 2,257	\$ 2,019
Operations		
Revenues	\$ 2,997	\$ 2,865
Expenses	2,759	2,443
Excess of revenue over expenses	\$ 238	\$ 422

# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

(tabular amounts in thousands of dollars)

### 16. Commitments

The Board has committed to construction projects for three schools. The Board has received Ministry of Education approval to finance the projects under the Capital Priorities program. The estimated cost of the projects are \$29,320,959. As at August 31, 2022, approximately \$17,504,347 in costs have been incurred and the expected completion dates for these projects is 2023.

### 17. Partnership in Tri-Board Transportation Services Inc

On September 12, 2006, the Tri-Board Student Transportation Services Inc. was incorporated. On November 1, 2006, the Board entered into an agreement with the Tri-Board Student Transportation Services Inc. 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 created at the time the Tri-Board Student Transportation Services Inc. was established, decisions related to the financial and operating activities of the Tri-Board Student Transportation Services Inc are shared. No partner is in a position to exercise unilateral control.

This entity is proportionally consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2022		2021	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ 534	\$ 178	\$ 4,239	\$ 1,413
Financial liabilities	600	200	4,429	1,476
Non-financial assets	71	24	195	65
Accumulated surplus (deficit)	\$ 5	\$ 2	\$ 5	\$ 2
Operations:				
Revenues	\$ 46,888	\$ 15,629	\$ 41,919	\$ 13,973
Expenses	46,888	15,629	41,977	13,992
Annual surplus	\$ -	\$ -	\$ (58)	\$ (19)

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 18. In-Kind Transfers from the Ministry of Public and Business Service Delivery

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the records. The in-kind revenue recorded for these transfers is \$2,012,978 with expenses based on use of \$2,012,978 for a net impact of \$Nil.

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### 19. Impact of COVID-19

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

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

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 20. Future Accounting Standard Adoption

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

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

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

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 3401 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments will no longer apply.

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

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

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# Hastings and Prince Edward District School Board

## Notes to Consolidated Financial Statements

August 31, 2022

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(tabular amounts in thousands of dollars)

### 20. Future Accounting Standard Adoption - continued

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

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

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

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

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### 21. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

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