



Consolidated financial statements

Waterloo Catholic District School Board

August 31, 2022

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November 28, 2022

## MANAGEMENT REPORT

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

The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the consolidated financial statements.

A summary of the significant accounting policies is 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 Board's internal auditor, and the audit team shared between school boards in the area.

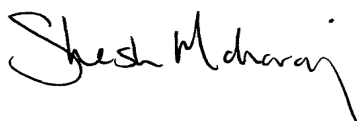
The Audit Committee of the Board meets with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



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Tyrone Dowling  
Director of Education



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Shesh Maharaj  
Executive Superintendent of Corporate Services

# Independent auditor's report

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**To the Board of Trustees of the Waterloo Catholic District School Board**

## Opinion

We have audited the consolidated financial statements of Waterloo Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net debt and 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 present, in all material respects, the financial position of Waterloo Catholic District School Board as at August 31, 2022, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

## Basis for Opinion

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

## Emphasis of Matter

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

## Other matter

The financial statements of the Board were audited by another auditor for the year ended August 31, 2021, who expressed an unmodified opinion on those statements on November 17, 2021.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 consolidated financial statements.

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

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

*Grant Thornton LLP*

Mississauga, Canada  
November 28, 2022

Chartered Professional Accountants  
Licensed Public Accountants

# Waterloo Catholic District School Board

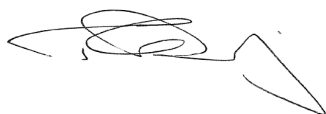
## Consolidated Statement of Financial Position

August 31, 2022 with comparative figures for 2021

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	\$ 32,278,706	\$ 39,366,444
Accounts receivable (note 2)	29,479,215	24,049,053
Accounts receivable - Government of Ontario approved capital (note 3)	49,290,451	56,830,968
<b>Total financial assets</b>	<b>111,048,372</b>	<b>120,246,465</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	32,284,918	34,282,400
Deferred revenue (note 4)	26,262,562	29,554,493
Deferred capital contributions (note 5)	269,350,740	267,113,314
Retirement and other employee future benefits payable (note 6)	4,848,169	4,898,470
Net debenture debt and capital leases (note 7)	38,472,325	44,960,853
<b>Total liabilities</b>	<b>371,218,714</b>	<b>380,809,530</b>
<b>Net debt</b>	<b>(260,170,342)</b>	<b>(260,563,065)</b>
<b>Non-financial assets</b>		
Prepaid expenses	565,033	513,982
Tangible capital assets (note 9)	315,012,693	298,676,701
<b>Total non-financial assets</b>	<b>315,577,726</b>	<b>299,190,683</b>
Contractual obligations and contingencies (notes 12 and 14)		
<b>Accumulated surplus (note 15)</b>	<b>\$ 55,407,384</b>	<b>\$ 38,627,618</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Tyrone Dowling, Director of Education



Jeanne Gravelle, Chair of the Board

# Waterloo Catholic District School Board

## Consolidated Statement of Operations

August 31, 2022 with comparative figures for 2021

	2022 Budget (Note 17)	2022 Actual	2021 Actual
<b>Revenues</b>			
Provincial grants - grants for student needs (note 19)	\$ 304,475,736	\$ 305,650,356	\$ 299,805,193
Provincial grants - other	6,657,575	15,838,684	14,828,322
Federal grants and fees	1,895,664	2,134,498	1,775,274
Other fees and revenues	24,009,768	24,515,118	7,668,469
Investment income	300,000	489,890	324,897
School fundraising	5,161,231	3,103,026	1,182,844
<b>Total revenues</b>	<b>342,499,974</b>	<b>351,731,572</b>	<b>325,584,999</b>
<b>Expenses</b>			
Instruction	257,343,743	261,171,350	256,942,523
Administration	10,466,983	11,307,343	10,556,940
Transportation	7,552,215	8,061,031	7,335,711
Pupil accommodation	46,285,835	51,176,674	45,005,203
School funded activities	4,973,985	2,837,433	1,423,699
Other	397,975	397,975	2,783,287
<b>Total expenses (note 11)</b>	<b>327,020,736</b>	<b>334,951,806</b>	<b>324,047,363</b>
<b>Annual surplus</b>	<b>15,479,238</b>	<b>16,779,766</b>	<b>1,537,636</b>
Accumulated surplus, beginning of year	38,123,830	38,627,618	37,089,982
<b>Accumulated surplus, end of year</b>	<b>\$ 53,603,068</b>	<b>\$ 55,407,384</b>	<b>\$ 38,627,618</b>

See accompanying notes to consolidated financial statements.

# Waterloo Catholic District School Board

## Consolidated Statement of Cash Flows

August 31, 2022 with comparative figures for 2021

	2022	2021
<b>Operating activities</b>		
Annual surplus	\$ 16,779,766	\$ 1,537,636
<b>Sources and (uses):</b>		
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	18,987,606	18,378,164
Grants recognized for deferred capital contributions	(18,987,606)	(18,378,164)
Decrease in retirement and other employee future benefits payable	(50,301)	(393,065)
Transfer from deferred revenue to deferred capital contributions	357,562	1,766,967
	307,261	1,373,902
<b>Changes in non-cash assets and liabilities:</b>		
Decrease in accounts receivable	2,110,355	7,841,449
(Decrease) increase in accounts payable and accrued liabilities	(1,997,482)	1,203,763
Increase in deferred revenue - operating	2,054,578	218,793
Increase in prepaid expenses	(51,051)	(70,022)
	2,116,400	9,193,983
<b>Cash provided by operating activities</b>	19,203,427	12,105,521
<b>Capital activities</b>		
Cash used to acquire tangible capital assets	(35,323,598)	(27,224,468)
<b>Cash applied to capital activities</b>	(35,323,598)	(27,224,468)
<b>Financing activities</b>		
Capital grants received	20,867,470	25,312,535
(Decrease) increase in deferred revenue - capital	(5,346,509)	1,367,491
Debt repaid and sinking fund contributions	(6,488,528)	(6,702,486)
<b>Cash provided by financing activities</b>	9,032,433	19,977,540
Change in cash and cash equivalents	(7,087,738)	4,858,593
Cash and cash equivalents, beginning of year	39,366,444	34,507,851
<b>Cash and cash equivalents, end of year</b>	\$ 32,278,706	\$ 39,366,444
	2022	2022
<b>The components of cash and cash equivalents are as follows:</b>		
Cash	\$ 31,964,108	\$ 39,023,055
Cash equivalents	314,598	343,389
	\$ 32,278,706	\$ 39,366,444
	2022	2022
Cash paid for interest	\$ 2,219,224	\$ 2,523,634
Cash received for interest	489,890	324,897

See accompanying notes to consolidated financial statements.



# Waterloo Catholic District School Board

## Consolidated Statement of Changes in Net Debt

August 31, 2022 with comparative figures for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus	\$ 15,479,238	\$ 16,779,766	\$ 1,537,636
<b>Tangible capital asset activity</b>			
Acquisition of tangible capital assets	(64,202,270)	(35,323,598)	(27,224,468)
Amortization of tangible capital assets	18,631,098	18,987,606	18,378,164
<b>Total tangible capital asset activity</b>	(45,571,172)	(16,335,992)	(8,846,304)
<b>Other non-financial asset activity</b>			
Acquisition of prepaid expenses	(565,033)	(565,033)	(513,982)
Use of prepaid expenses	565,033	513,982	443,960
<b>Total other non-financial asset activity</b>	-	(51,051)	(70,022)
Increase in net debt	(30,091,934)	392,723	(7,378,690)
Net debt, beginning of year	(260,563,065)	(260,563,065)	(253,184,375)
<b>Net debt, end of year</b>	<b>\$ (290,654,999)</b>	<b>\$ (260,170,342)</b>	<b>\$ (260,563,065)</b>

See accompanying notes to consolidated financial statements.

# Waterloo Catholic District School Board

## Notes to Consolidated Financial Statements

Year ended August 31, 2022

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As disciples of Christ, the mission of the Waterloo Catholic District School Board (Board) is to educate and to nurture hope in all learners to achieve their full potential to transform God's world.

### 1. Significant accounting policies:

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

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, education property tax revenue.

The accounting policy requirements under Regulation 395/11 are different from the requirements of Canadian Public Sector Accounting Standards (PSAS). Canadian public sector accounting standards require that:

- government transfers, which contain a stipulation that creates a liability, are deferred and recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian 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 Canadian Public Sector Accounting Standard PS3100; and
- education property taxation revenue be reported as revenue when received or receivable in accordance with Canadian Public Sector Accounting Standard PS3510.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

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

### (b) Reporting entity:

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

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

Student Transportation Services of Waterloo Region (STSWR) is a transportation consortium operated through a partnership agreement between the Board and the Waterloo Region District School Board whereby certain costs are shared. As a result, a proportionate amount of STSWR's assets and liabilities have been consolidated with the Board's financial statements.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and bank balances.

### (d) Deferred revenue:

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

### (e) Deferred capital contributions:

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

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

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 1. Significant accounting policies (continued):

### (f) Retirement and other employee future benefits payable:

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

As part of negotiated collective agreements for unionized employees that bargain centrally the OECTA Employee Life and Health Trust (ELHT) was established in 2016-2017. The following ELHTs were established in 2017-2019: CUPE, Unifor and ONE-T for non-unionized employees. 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 who were part of the board's benefit plans when the ELHTs were formed. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustee associations and the Government of Ontario. Upon transition of the employee groups' health, dental and life benefits plans to the ELHTs, school boards were required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis.

The Board continues to provide health, dental and life insurance benefits for a small group of parented retired OECTA and CUPE individuals who were eligible for benefits on retirement, but were not permitted to participate in their ELHTs.

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates, and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days (if applicable) at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. 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.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 1. Significant accounting policies (continued):

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, 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 the Ontario Municipal Employees Retirement System (OMERS), a multi-employer defined pension plan benefit, are the employer's contributions due to the plan in the period; and
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

### (g) Tangible capital assets:

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

Leases which transfer substantially all 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, 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
Portable structures	20
First-time equipping	10
Furniture	10
Equipment	5-15
Computer hardware	3
Computer software	5
Vehicles	5-10
Leasehold improvements, leases	Over the lease term

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 1. Significant accounting policies (continued):

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 cease to be amortized and the carrying value is written down to the lower of carrying value and 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.

### (h) 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.

Government transfers for capital that meet the definition of a liability are referred to as DCC. Amounts are recognized into revenue as the liability is depreciated over the useful life of the tangible capital asset. DCC and tangible capital assets will differ by land, which is not depreciated, and items which are not directly supported by the Ministry, such as computer purchases. These unsupported tangible capital assets are funded through operating dollars.

### (i) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income may be earned on externally restricted funds such as pupil accommodation, education development charges (EDC) and special education funds since they form part of the respective deferred revenue balances.

### (j) Net debenture debt and capital leases:

Net debenture debt and capital leases are recorded net of related sinking fund 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.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 1. Significant accounting policies (continued):

### (l) Use of estimates:

The preparation of consolidated financial statements (note 1(a)) in conformity with the basis of accounting 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. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, valuation allowances for receivables, estimating provisions for accrued liabilities and obligations related to employee future benefits.

Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

### (m) Education property tax revenue:

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

## 2. Accounts receivable:

Accounts receivable consists of the following:

	2022	2021
Province of Ontario	\$ 10,683,315	\$ 8,545,354
Local Municipalities	7,837,605	7,456,364
Other	10,958,295	8,047,335
	<u>\$ 29,479,215</u>	<u>\$ 24,049,053</u>

## 3. Accounts receivable - Government of Ontario approved capital:

The Province of Ontario replaced variable capital funding with a one-time debt support grant on August 31, 2010. The Board received a one-time grant that recognized 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. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable balance.

The Board has a receivable balance from the Province of Ontario of \$49,290,451 as at August 31, 2022 (2021 - \$56,830,968) with respect to capital grants.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 4. Deferred revenue:

Revenues received which 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 as at August 31, 2022, is comprised of:

	Balance at August 31, 2021	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2022
Proceeds of disposition	\$ 8,891,071	\$ -	\$ -	\$ 64,065	\$ 8,827,006
School renewal	1,422,062	3,914,397	450,872	2,190,642	2,694,945
Labour framework	1,038,756	-	29,033	-	1,009,723
Third Party	17,235,713	13,057,575	19,105,223	293,497	10,894,568
Other grants	966,891	10,904,953	8,532,369	503,156	2,836,320
	<b>\$ 29,554,493</b>	<b>\$ 27,876,925</b>	<b>\$ 28,117,497</b>	<b>\$ 3,051,360</b>	<b>\$ 26,262,562</b>

## 5. Deferred capital contributions:

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

	2022	2021
Deferred capital contributions, beginning of year	\$ 267,113,314	\$ 258,411,976
Add:		
Capital contributions received	18,173,672	21,304,915
Transfers from deferred revenue	3,051,360	5,774,587
Less:		
Revenue recognized in the year	(18,987,606)	(18,378,164)
Deferred capital contributions, end of year	<b>\$ 269,350,740</b>	<b>\$ 267,113,314</b>



# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 6. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2022 were as follows:

### (a) Employee future benefits liabilities:

			2022	2021
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 1,144,640	\$ 3,693,968	\$ 4,838,608	\$ 5,021,081
Unamortized actuarial loss/(gain)	9,561	-	9,561	(122,611)
Employee future benefits liabilities	\$ 1,154,201	\$ 3,693,968	\$ 4,848,169	\$ 4,898,470

### (b) Employee future benefits expenses:

			2022	2021
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ -	\$ 777,933	\$ 777,933	\$ 318,968
Recognized actuarial loss	29,990	50,846	80,836	292,524
Interest on accrued benefit obligation	23,488	56,615	80,103	69,174
Employee future benefit expenses	\$ 53,478	\$ 885,394	\$ 938,872	\$ 680,666

Actuarial losses are due to the change in the discount rate used for the retirement gratuity benefits are being amortized over Expected Average Remaining Service Life (EARS) of 5.80 years. During the year, benefit payments of \$987,987 (2021 - \$1,070,350) were made.

Retirement life insurance and health care benefits have been grand-parented for existing retirees and employees who retired on or before August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life Insurance and health care benefits pays the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 6. Retirement and other employee future benefits (continued):

Pension plans:

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

Employees with an Ontario College of Teachers certificate are eligible to be members of the Ontario Teacher's Pension Plan (OTPP). Employer contributions for these employees are provided directly to OTPP by the Province. 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:

Most support staff 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 employee contributions to the plan. During the year ended August 31, 2022, the Board contributed \$4,613,430 (2021 - \$4,530,424) 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 plan is included in the Board's consolidated financial statements.

Retirement benefits:

### (i) Retirement gratuities:

The retirement gratuity plan entitles employees to a cash payment upon retiring into an OMERS or OTPP pension with 10 or more years of service. The gratuity is the lesser of (i) \$4,000 and (ii) \$40/day up to a maximum of 50% of unused sick leave days as at August 31, 2012.

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 obligation:

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 and has a stop loss insurance policy that limits the Board's exposure on any one claim to a maximum of \$300,000. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## **6. Retirement and other employee future benefits (continued):**

### **(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 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.

### **(iii) Sick leave top-up benefits:**

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$291,375 (2021 - \$240,342).

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

### **(iv) Life insurance benefits**

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

### **(v) Health care and dental benefits**

The Board sponsors a separate plan for certain retirees to provide group health care and dental benefits. The premiums are based on the Board's experience and may be subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 6. Retirement and other employee future benefits (continued):

Actuarial assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans are based on actuarial valuations for accounting purposes as at August 31, 2022. The next actuarial valuation will take place during the 2022-2023 school year. Changes, if any, will be included in the financial statements for the year ending August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates for:

	2022	2021
Inflation	2.00%	1.50%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation	5.00%	4.50%
Health insurance premium escalation	5.00%	7.00%
Discount on accrued benefit obligations	3.90%	1.80%

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 7. Net debenture debt:

Net debenture debt are reported on the Consolidated Statement of Financial Position is comprised of the following:

	2022	2021
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 882,473	\$ 1,137,400
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	12,037,127	14,270,138
Region of Waterloo, interest rate of 5.487%, matures November 5, 2023	2,889,326	4,689,245
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	2,827,657	3,060,800
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	977,400	1,044,687
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,175,065	1,246,164
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	3,817,257	4,321,842
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	1,092,337	1,150,353
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	864,695	1,101,803
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	2,689,206	2,823,359
Ontario Financing Authority, interest rate of 2.425%, matures November 15, 2021	-	555,320
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	2,351,915	2,470,651
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	6,867,867	7,179,091
Balance as at August 31	\$ 38,472,325	\$ 44,960,853

The Ontario Financing Authority (OFA) is an agency of the Province of Ontario that manages the Province's debt and borrowing program. As such, the OFA is considered a related party by the Board. Financial obligations to the OFA are \$22,663,399 (2021 - \$24,864,070).

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 7. Net debenture debt (continued):

Principal and interest payments relating to net debenture debt of \$38,472,325 are due as follows:

	Principal	Interest	Total
2022-2023	6,273,660	1,906,967	8,180,627
2023-2024	5,617,797	1,546,399	7,164,196
2024-2025	4,898,848	1,248,918	6,147,766
2025-2026	4,665,356	968,393	5,633,749
2026-2027	3,272,658	698,702	3,971,360
Thereafter	13,744,006	2,657,875	16,401,881
	\$ 38,472,325	\$ 9,027,254	\$ 47,499,579

Interest on long-term debt amounted to \$2,254,153 (2021 - \$2,602,247).

## 8. Debt charges, capital loans and lease interest:

The principal and interest payments for net debenture, and sinking fund contributions are as follows:

	2022	2021
Principal payments on net debenture debt including contributions to sinking funds	\$ 6,488,528	\$ 6,702,486
Interest payments on net debenture debt	2,254,153	2,602,247
	\$ 8,742,681	\$ 9,304,733

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 9. Tangible capital assets:

<b>Cost</b>	Balance at August 31, 2021	Additions and transfers	Disposals and transfers	Balance at August 31, 2022
Land	\$ 30,243,709	\$ 14,212,497	\$ -	\$ 44,456,206
Land improvements	4,892,033	782,120	-	5,674,153
Buildings	378,912,288	46,672,213	-	425,584,501
Portable structures	2,362,904	991,011	-	3,353,915
First-time equipping	2,232,384	137,941	258,821	2,111,504
Equipment – 5 years	980,202	343,201	558,943	764,460
Equipment – 10 years	5,462,901	162,019	3,209,026	2,415,894
Equipment – 15 years	260,908	67,352	-	328,260
Furniture	863,963	44,881	-	908,844
Computer hardware	5,983,134	1,571,189	3,611,966	3,942,357
Computer software	846,509	47,945	33,168	861,286
Vehicles	490,282	481,539	-	971,821
Leasehold improvements	19,238,290	2,186,343	-	21,424,633
Construction in progress	11,793,165	4,726,395	10,443,783	6,075,777
Leased buildings	30,599,263	-	26,659,263	3,940,000
	<b>\$ 495,161,935</b>	<b>\$ 72,426,646</b>	<b>\$ 44,774,970</b>	<b>\$ 522,813,611</b>

<b>Accumulated Amortization</b>	Balance at August 31, 2021	Additions and transfers	Disposals and transfers	Balance at August 31, 2022
Land improvements	\$ 2,481,997	\$ 507,423	\$ -	\$ 2,989,420
Buildings	154,032,619	29,208,266	-	183,240,885
Portable structures	1,284,185	118,577	-	1,402,762
First-time equipping	1,478,633	201,532	258,821	1,421,344
Equipment – 5 years	679,411	118,572	558,943	239,040
Equipment – 10 years	4,422,917	211,168	3,209,026	1,425,059
Equipment – 15 years	64,820	20,493	-	85,313
Furniture	305,177	88,640	-	393,817
Computer hardware	4,879,255	937,144	3,611,966	2,204,433
Computer software	401,445	174,916	33,168	543,193
Vehicles	302,592	105,124	-	407,716
Leasehold improvements	8,213,575	1,294,361	-	9,507,936
Leased buildings	17,938,606	-	13,998,606	3,940,000
	<b>\$ 196,485,232</b>	<b>\$ 32,986,216</b>	<b>\$ 21,670,530</b>	<b>\$ 207,800,918</b>

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 9. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2021	Balance at August 31, 2022	Change
Land	\$ 30,243,709	\$ 44,456,206	\$ 14,212,497
Land improvements	2,410,036	2,684,733	274,697
Buildings	224,879,669	242,343,616	17,463,949
Portable structures	1,078,719	1,951,153	872,434
First-time equipping	753,750	690,160	(63,591)
Equipment – 5 years	300,791	525,420	224,629
Equipment – 10 years	1,039,984	990,835	(49,149)
Equipment – 15 years	196,088	242,947	46,859
Furniture	558,785	515,027	(43,759)
Computer hardware	1,103,878	1,737,924	634,045
Computer software	445,065	318,093	(126,971)
Vehicles	187,690	564,105	376,415
Leasehold improvements	11,024,715	11,916,697	891,982
Construction in progress	11,793,165	6,075,777	(5,717,388)
Leased buildings	12,660,657	-	(12,660,657)
	\$ 298,676,701	\$ 315,012,693	\$ 16,335,992

Assets under construction having a value of \$6,075,777 (2021 – \$11,793,165) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The grants recognized for deferred capital contributions for the year ended August 31, 2022 were \$18,987,606 (2021 - \$18,378,164) and the amortization of tangible capital assets was \$18,987,606 (2021 - \$18,378,164).

## 10. Temporary borrowing:

The Board has lines of credit available to a maximum of \$30 million to address operating requirements and/or to bridge capital expenditures.

Interest on short term debt is based on the CIBC's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.



# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 11. Expenses by object:

The following is a summary of certain current and capital expenditures reported on the Consolidated Statement of Operations by object:

	2022 Budget	2022 Actual	2021 Actual
<b>Current expenditures:</b>			
Salaries and wages	\$ 223,910,886	\$ 226,560,702	\$ 221,448,037
Employee benefits	39,604,096	40,030,872	38,400,261
Amortization and loss on disposals	18,631,098	18,987,606	18,378,164
Fees and contract services	16,451,493	18,371,422	16,581,847
Supplies and services	18,633,650	18,370,413	20,632,847
Other	564,168	5,765,654	2,931,065
School funded activities	4,973,985	2,837,433	1,423,699
Debt charges and interest	2,143,623	2,140,725	2,489,454
Rental expenditures	1,071,377	1,072,493	1,025,483
Staff development	1,036,360	814,486	736,506
	<b>\$327,020,736</b>	<b>\$334,951,806</b>	<b>\$ 324,047,363</b>

## 12. Contractual obligations:

At August 31, 2022, the Board is committed to the following contracts for construction:

Huron-Brigadoon	\$ 14,130,395
St. Agnes	8,313,804
Grand River South Secondary	1,093,240
St. Louis – Continuing Education	782,443
South East Galt	647,230
St. David	622,556
St. Matthew	288,031
St. Nicholas	249,908
St. Mary's	208,662
Other contractual obligations	983,711
	<b>\$ 27,319,980</b>

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 13. Ontario School Board Insurance Exchange (OSBIE):

The Ontario School Boards' Insurance Exchange (OSBIE) is a school board owned, non-profit insurance program with 118 members, representing 78 school boards/school authorities and 40 Joint Ventures in Ontario. The primary goals of the Exchange are to insure member school boards against losses, and to promote safe school practices.

The Board participates as a member of OSBIE to manage the risks associated with casualty losses, liability arising out operations, and theft.

## 14. Contingencies:

The Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10 million per accident, per employee, aggregate for disease, with a \$1 million deductible per employee, per accident. As indicated above, the Board brings this deductible down to \$300,000 by participating in the School Boards' Cooperative Inc.'s Assistance Program. The Board has not provisioned for any possible WSIB claims that are highly likely to occur based on an actuarially determined assessment and that are in excess of the Board's deductible on its excess of loss insurance policy.

From time to time, claims may be made against the Board related to employment contracts, agreements, and other similar matters. Where insurance coverage is not available for a particular claim, and where payment to a third party can be estimated and is likely, accruals have been made in these financial statements to reflect any obligations that may exist.

## 15. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2022	2021
<b>Surplus:</b>		
Invested in land	\$ 44,456,203	\$ 30,243,709
Employee future benefits payable	(1,426,028)	(1,753,269)
Interest payable	(640,672)	(754,099)
Amounts restricted for future use:		
School generated funds	2,085,364	1,819,771
Committed capital	742,607	812,003
Other internally restricted reserves	10,189,910	8,259,503
	<b>\$ 55,407,384</b>	<b>\$ 38,627,618</b>

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

## 16. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2022, the Board has proportionally consolidated 37.5% (2021 – 39.6%) of STSWR's assets and liabilities. The proportionate percentage incorporated into the consolidated financial statements is based on the ridership of each board. Inter-organizational transactions and balances have been eliminated. The consolidated financial statements include the Board's share of the following:

	2022	2021
Financial position:		
Financial assets	\$ 1,811,713	\$ 490,918
Financial liabilities	(1,834,800)	(528,689)
Non-financial assets	23,087	37,771
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 28,277,931	\$ 24,995,419
Expenses	28,277,931	24,995,419
Annual surplus	\$ -	\$ -

The Board has guaranteed the line of credit of Student Transportation Services of Waterloo Region Inc. up to a maximum of \$2,700,000.

## 17. Budget reconciliation:

The budget approved by the Board on June 14, 2021 was not prepared on a Canadian Public Sector Accounting Standards basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget approved by the Board with adjustments as follows:

	2022
Budgeted annual surplus	\$ -
Add:	
Revenue recognized for land	14,963,620
Other amounts not available for compliance	515,618
Budgeted surplus per statement of operations	\$ 15,479,238

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 18. In-kind transfers from the Ministry of Public and Business Service Delivery (MPBSD):

The Board has recorded 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 MPBSD. The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$4,796,258 (2021 - \$2,253,741) with expenses based on use of \$4,796,258 (2021 - \$2,253,741) for a net impact of \$nil.

## 19. 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. 86.9% 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	\$ 258,810,342	\$ 249,150,862
Education property tax	46,840,014	50,654,331
Grants for student needs	\$ 305,650,356	\$ 299,805,193

## 20. Future Accounting Standard Adoption:

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

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

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

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

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2022

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## 20. Future Accounting Standard Adoption (continued):

PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

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

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

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

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

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

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

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.