



Kawartha Pine Ridge District School Board

AUDIT COMMITTEE MEETING

Monday, November 11, 2024 at 2:00 p.m.
Roy H. Wilfong Boardroom
Education Centre
1994 Fisher Drive, Peterborough

A G E N D A

- ITEM 1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT
- ITEM 2. ADOPTION OF AGENDA
- ITEM 3. DECLARATIONS OF CONFLICTS OF INTEREST
- ITEM 4. ADOPTION OF MINUTES OF COMMITTEE MEETING OF September 9, 2024
- ITEM 5. PRESENTATIONS / DELEGATIONS
- ITEM 6. BUSINESS ARISING FROM THE MINUTES
- ITEM 7. AUDITOR REPORTS
 - 7.1 Report of the External Auditors – Richard Steiginga and Veronica Mason
 - 7.1.1 Draft Financial Statements for Year Ended August 31, 2024
 - 7.2 Report of the Internal Auditors – Aryn Bhayani and Jeff Henderson
 - 7.2.1 Regional Internal Audit Update
- ITEM 8. DECISION ITEMS
 - 8.1 Draft Annual Reports of the Audit Committee for the Year Ended August 31, 2024
- ITEM 9. INFORMATION ITEMS
- ITEM 10. CORRESPONDENCE
- ITEM 11. BOARD MEMBER ADDITIONS
- ITEM 12. FUTURE COMMITTEE MEETING DATES

Meetings are at 3:00 p.m. in the Roy H. Wilfong Boardroom, unless noted otherwise.

Monday, February 10, 2025
Monday, June 9, 2025

ITEM 13. ADJOURNMENT

Note: If unable to attend, please advise Michelle Williams at
michelle_williams@kprdsb.ca



KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

SUBJECT TO COMMITTEE APPROVAL

DRAFT AUDIT COMMITTEE MEETING MINUTES

Held Monday, September 9, 2024 at 3:00 p.m.
Roy H. Wilfong Boardroom, 1994 Fisher Drive, Peterborough, Ontario

Present: Trustees Paul Brown and Terry Brown.

Trustee Sean Conway, Milena Ceglie (Committee Chairperson) and
Alison McLaren attended virtually via Microsoft Teams.

Also Present: R. Russo, A. Foster, A. Bhayani, C. McKeen, C. Pike and M. Williams.

J. Henderson and V. Mason attended virtually via Microsoft Teams.

CALL TO ORDER AND LAND ACKNOWLEDGEMENT

M. Ceglie called the meeting to order (3:00 p.m.) and recognized and acknowledged that the committee is meeting on the traditional territory of the Mississauga First Nations.

ADOPTION OF AGENDA

It was,

Moved by: Trustee S. Conway

Seconded by: A. McLaren

That the Agenda be adopted as printed.

CARRIED

CONFLICTS OF INTEREST

Nil

ADOPTION OF MINUTES

It was,

Moved by: Trustee P. Brown

Seconded by: Trustee Conway

That the minutes of the Audit Committee meeting of Monday, June 3, 2024, be adopted as recorded.

CARRIED

Superintendent Foster expressed gratitude towards the Information Communications and Technology (ICT) staff for their significant support in the field work related to the enrolment audits. Specifically, Mike Rowe, the Team Lead, Student Information System, and Tracey Irwin, Client Services Analyst/ Trainer.

Audit Services

Internal Audit Update

Amyr Bhayani, Senior Regional Internal Auditor provided a report on the School Enrolment and Attendance Processes Audit as part of the 2023-2024 Internal Audit Plan. The purpose of this audit was to provide management with an independent and objective evaluation of controls within the student enrollment process, focussing on the October 31, 2023 and March 31, 2024 count dates.

Specifically, the audits determined whether internal controls promoted compliance with mandated requirements and school board policies and regulations, safeguarding of assets, as far as possible, the completeness and accuracy of records and the efficient, effective, and economical use of resources.

This audit consisted of the review of school boards' policies, regulations, relevant handbooks and correspondence that apply to these processes, interviews with principals, school secretaries and staff at the board office to gain a better understanding of the areas identified and examination of relevant documentation for enrolment, focused on the count dates. The sample was taken from full-time and regular part-time registers for the periods ending October 31, 2023 and March 31, 2024.

The Regional Internal Audit Team completed fieldwork by visiting three elementary and three secondary schools. The RIAT reviewed four areas including retirement and external transfers, prolonged absences, external admissions and ESL (English as a Second Language) documentation. Sample findings determined varying levels of deficiencies and findings with recommendations were shared with management.

Management has since taken all of the recommendations under advisement and are reviewing additional proposed actions plans that include implementing a KPR internal enrolment audit strategy to align with the ministry enrolment audit procedures. ICT is also working on better data validation and reporting on all Ontario School Information Systems (OnSIS) data points to be more aware of data issues and inconsistencies for correction before reporting to OnSIS.

Administration responded to questions for clarification regarding the audit findings.

Jeff Henderson, Regional Internal Audit Manager presented the proposed internal audit plan for the next two years. He outlined the development process of the audit plan, emphasizing its risk-based approach and the criteria used for selecting audit topics. Also mentioned is the resource limitations and the need to consider the school board's capacity to undertake certain audits. The plan for 2024-2025 includes an expense reimbursement audit and a continuing education enrolment register audit. For 2025-

2026, the plan proposes a corporate human resources review and a school generated funds audit. Highlighted was the importance of these audits in providing an independent assessment of processes and controls within the school board.

Questions of clarification regarding the audit plan were addressed.

It was,

Moved by: Trustee T. Brown
Seconded by: Trustee Conway

That the Risk-Based Audit Plan: Annual and Multi-Year Internal Audit Plan 2024-2026, be approved.

CARRIED

It was,

Moved by: Trustee Conway
Seconded by: Trustee P. Brown

That the Regional Internal Audit Update, dated September 9, 2024, be received for information.

CARRIED

It was,

Moved by: Trustee Conway
Seconded by: Trustee A. McLaren

That the Committee move to In-camera Session (3:30 p.m.).

CARRIED

The Open Session of the meeting resumed (3:34 p.m.).

Committee Chairperson M. Ceglie noted the next meeting of the Audit Committee is scheduled for November 11, 2024 at 3:00 p.m.

ADJOURNMENT

It was,

Moved by: Trustee P. Brown
Seconded by: Trustee T. Brown

That the Audit Committee meeting be adjourned at 3:35 p.m.

CARRIED

Milena Ceglie
Committee Chairperson
September 9, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

TO: Audit Committee

TOPIC: **Draft Financial Statements for the Year Ended August 31, 2024**

INITIATOR: April Foster, Superintendent, Business and Corporate Services

BACKGROUND

1. At the Board Meeting of April 25, 2023, Baker Tilly KDN LLP was appointed as the Board's Auditors for the fiscal year of September 1, 2023 to August 31, 2024.
2. In accordance with Ministry direction, the Financial Statements are prepared under Regulation 395/11 of the Financial Administration Act, which differ from Canadian Public Sector Accounting Standards with respect to revenue recognition for capital contributions. The Audit Report is a General Purpose compliance presentation, with an Emphasis of Matter paragraph incorporated to address the differences, as outlined in Note 1 of the Financial Statements.

STATUS

3. The 2023-2024 Draft Audited Consolidated Financial Statements (Appendix A) reflect an annual deficit of \$5.646 million as compared to a budgeted deficit of \$1.298 million. The deficit is the result of a \$0.2 million surplus in School Generated Funds, as well as a \$4.679 million unfavourable variance in School Board Operations. It also includes \$0.375 million of Revenue Recognized for Land offset by \$1.542 million increase to Asset Retirement Obligations. The allocation of this deficit is included in Note 10 of the Draft Financial Statements and is based on the recommendations that were made to the Resource Committee at the November 6, 2024, meeting.
Richard Steinginga, a partner with Baker Tilly KDN LLP, will be present at the Audit Committee meeting to review the Auditor's Report and the Financial statements. Management will provide additional comments on the Financial Statements where necessary.
The Management Letter (Appendix B) and Audit Reporting Letter (Appendix C) are also attached.
4. The Financial Statements, as recommended by the Committee, will be distributed at the Regular Board Meeting of November 26, 2024.

RECOMMENDATION

1. That the Kawartha Pine Ridge District School Board Consolidated Financial Statements for the Year Ended August 31, 2024, be approved.

April Foster
Superintendent, Business and Corporate Services

**KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2024**

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2024

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Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

For The Year Ended August 31, 2024

MANAGEMENT REPORT

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

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 period.

The Board's 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 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 Baker Tilly KDN LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

November 26, 2024

Director of Education

Superintendent of Business and
Corporate Services

Draft November 8, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Kawartha Pine Ridge District School Board

Opinion

We have audited the consolidated financial statements of the Kawartha Pine Ridge District School Board (the Board), which comprise the consolidated statement of financial position as at August 31, 2024, the consolidated statements of operations and accumulated surplus, change 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 fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2024, and the results of its consolidated operations, change in its consolidated net financial debt, and its consolidated cash flows for the year then ended 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.

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

Without modifying our opinion, 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, 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 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.

Draft November 8, 2024

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 consolidated 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 26, 2024

Draft November 8, 2024

Appendix A Item 7.1.1 November 11, 2024
KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At August 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash	16,785,408	43,445,743
Accounts receivable - Provincial approved capital debt support (note 2)	80,905,380	87,786,347
Accounts receivable - other (note 2)	88,873,840	36,191,377
TOTAL FINANCIAL ASSETS	186,564,628	167,423,467
LIABILITIES		
Bank indebtedness (note 3)	9,399,204	12,267,355
Accounts payable and accrued liabilities	70,915,129	39,101,054
Deferred revenue - legislated operating and capital (note 5)	6,738,689	6,770,948
Deferred revenue - other	703,395	1,811,231
Retirement and other employee future benefits (note 7)	13,365,475	12,746,092
Deferred capital contributions (note 4)	320,536,267	310,723,356
Asset retirement obligations (note 6)	46,134,464	44,505,560
Long-term debt (note 8)	63,926,595	68,473,302
TOTAL LIABILITIES	531,719,218	496,398,898
NET DEBT	(345,154,590)	(328,975,431)
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule)	362,349,180	352,634,083
Prepaid expenses	8,904,950	8,086,401
TOTAL NON-FINANCIAL ASSETS	371,254,130	360,720,484
ACCUMULATED SURPLUS (note 10)	26,099,540	31,745,053

Approved on behalf of the Board:

_____, Director of Education _____, Chair of the Board

The accompanying notes are an integral part of these financial statements

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended August 31, 2024

	Budget 2024 \$ (Unaudited)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Provincial grants - Grants for Student Needs (note 17)	463,804,832	490,123,786	459,263,188
Provincial grants - Other	4,927,594	56,903,028	8,049,346
School generated funds	7,500,000	9,692,808	8,545,270
Tuition and other fees - First Nations	2,321,618	2,327,090	2,508,664
Investment income	800,000	2,529,603	1,593,250
Other - school boards	322,116	553,701	611,333
Other	2,784,720	5,655,390	3,850,550
Education development charges	-	462,793	1,080,202
TOTAL REVENUES	482,460,880	568,248,199	485,501,803
EXPENSES			
Instruction	364,870,011	449,410,406	367,009,725
Administration	12,967,977	13,536,327	11,319,330
Transportation (note 16)	28,763,501	29,428,689	28,003,583
Pupil accommodation	63,315,805	69,590,004	64,170,683
School funded activities	7,500,000	9,492,645	8,018,221
Other	6,342,040	2,435,641	1,189,974
TOTAL EXPENSES	483,759,334	573,893,712	479,711,516
ANNUAL SURPLUS/(DEFICIT)	<u>(1,298,454)</u>	(5,645,513)	5,790,287
ACCUMULATED SURPLUS - beginning of year		31,745,053	25,954,766
ACCUMULATED SURPLUS - end of year		26,099,540	31,745,053

Draft November 8, 2024

The accompanying notes are an integral part of these financial statements

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2024

	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	(5,645,513)	5,790,287
Amortization of tangible capital assets	24,469,199	23,801,140
Purchase of tangible capital assets	(32,640,192)	(34,450,272)
Gain on disposal of tangible capital assets	(1,397,994)	(1,981,653)
Proceeds on sale of tangible capital assets	1,482,794	2,364,782
Addition to tangible capital asset - asset retirement obligation	(1,628,904)	(5,482,710)
Change in prepaid expenses	(818,549)	(245,691)
CHANGE IN NET DEBT	(16,179,159)	(10,204,117)
NET DEBT - beginning of year	(328,975,431)	(318,771,314)
NET DEBT - end of year	(345,154,590)	(328,975,431)

Draft November 8, 2024

The accompanying notes are an integral part of these financial statements

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual (deficit)/surplus	(5,645,513)	5,790,287
Items not involving cash		
Amortization of TCA and TCA-ARO	24,469,199	23,801,140
Gain on disposal of tangible capital assets	(1,397,994)	(1,981,653)
Deferred capital contributions	(22,827,282)	(22,467,290)
Change in non-cash assets and liabilities		
Accounts receivable - other	(52,682,463)	8,081,856
Prepaid expenses	(818,549)	(245,691)
Accounts payable and accrued liabilities	31,814,075	11,831,273
Deferred revenue - legislated operating	(205,602)	(327,832)
Deferred revenue - other	(1,107,836)	429,068
Retirement and other employee future benefits	619,383	(585,254)
Net change in cash from operating activities	(27,782,582)	24,325,904
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(32,640,192)	(34,450,272)
Net proceeds on sale of tangible capital assets	1,482,794	2,364,782
Net change in cash from capital activities	(31,157,398)	(32,085,490)
FINANCING ACTIVITIES		
Long-term debt principal repayment	(4,546,707)	(4,350,976)
Additions to deferred capital contributions	32,640,193	34,091,866
Disposal to deferred capital contributions	-	(360,665)
Provincial approved capital debt support	6,880,967	(2,463,218)
Bank indebtedness	(2,868,151)	1,335,172
Deferred revenue - legislated capital	173,343	1,804,061
Net change in cash from financing activities	32,279,645	30,056,240
NET CHANGE IN CASH	(26,660,335)	22,296,654
CASH - beginning of year	43,445,743	21,149,089
CASH - end of year	16,785,408	43,445,743

The accompanying notes are an integral part of these financial statements

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under 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;
- education property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510; and
- budget figures are presented for the consolidated statement of change in net debt.

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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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Reporting Entity

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

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

Consolidated Entities

- Adam Scott Foundation - (2024 - 100%; 2023 - 100%)

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

(c) Trust Funds

Trust funds and their related operations administered by the Board amount to \$3,218,226 (2023 - \$3,100,323) are not included in the consolidated financial statements as they are not controlled by the board. Included in the Consolidated Statement of Financial Position is an amount owing to the Trust Funds of \$2,925,176 (2023 - \$2,810,493)

(d) Cash

Cash is comprised of cash on hand and balance with banks.

(e) Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the Consolidated Statement of Remeasurement Gains and Losses.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the Board does not have equity instruments that are quoted in an active market that must be recorded at fair value. As such the Board does not have anything to report on the Consolidated Statement of Remeasurement Gains and Losses and therefore, this statement is not presented.

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instruments

Financial instruments are classified as either cost, fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

<u>Financial Instrument</u>	<u>Measurement Method</u>
Cash	Cost
Accounts receivable - Provincial approved capital debt support	Amortized Cost
Accounts receivable - other	Amortized Cost
Bank indebtedness	Cost
Accounts payable and accrued liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

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

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

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

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Appendix A Item 7.1.1 November 11, 2024
KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Fair value hierarchy

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(g) 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, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred, or services are performed.

(h) Deferred Capital Contributions (DCC)

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; and
- Property taxation revenues which were historically used to fund capital assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, 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 2016-17: Elementary Teachers Federation of Ontario (ETFO), and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE), and Ontario Non-Union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals.

The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHT also provide benefits to individuals who retired prior to the school board's participation date in 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. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following federations: ETFO, OSSTF, and CUPE.

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. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days (if applicable) 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 accumulated over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

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

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1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) 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.

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Tangible Capital Assets

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

Leases which transfer substantially all 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 expected useful lives, as follows:

Land improvements with finite lives	15 years
Buildings and building improvement	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 - 10 years

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

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

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

(m) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. SIGNIFICANT ACCOUNTING POLICIES, continued

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are 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, as additional information becomes available in the future.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$46,134,464. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

(o) Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(p) 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.

(q) Other Revenues

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the Board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligation are recognized when the Board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability. The majority of Board revenues do not fall under the new PS 3400 accounting standard.

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2. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Kawartha Pine Ridge 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 \$80,905,380 as at August 31, 2024 (2023 - \$87,786,347) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the accounts receivable - other balance from the Government of Ontario at August 31, 2024 is \$17,093,125 (2023 - \$18,754,345).

3. BANK INDEBTEDNESS

The Board has lines of credit available to the maximum of \$90,000,000 to address operating requirements and to bridge capital expenditures.

Interest on these credit facilities are at the bank's prime lending rate. Interest on the capital facility is daily simple CORRA rate plus 1.25%. All loans are unsecured, due on demand and are in the form of bank overdrafts.

As at August 31, 2024 the amount drawn under these facilities was \$9,399,204 (2023 - \$12,267,355) at an annual interest rate of 6.05%.

4. DEFERRED CAPITAL CONTRIBUTIONS

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

	2024	2023
	\$	\$
Balance, beginning of year	310,723,356	299,459,445
Additions to deferred capital contributions	32,640,193	34,091,866
Revenue recognized in the period	(22,827,282)	(22,467,290)
Write-offs due to tangible capital asset disposal	-	(360,665)
	320,536,267	310,723,356

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5. DEFERRED REVENUE - LEGISLATED OPERATING AND CAPITAL

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, 2024 is comprised of:

	Balance August 31, 2023 \$	Externally Restricted Revenue and Investment Income 2024 \$	Revenue Recognized in the Period 2024 \$	Transferred to DCC 2024 \$	Balance August 31, 2024 \$
Deferred Revenue - Operating:					
Partnership and Priorities Fund	446,685	7,638,753	7,861,983	-	223,455
Indigenous Education - Board Action Plan	130,599	3,008,920	2,991,292	-	148,227
	<u>577,284</u>	<u>10,647,673</u>	<u>10,853,275</u>	<u>-</u>	<u>371,682</u>
Deferred Revenue - Capital:					
Education Development Charges	496,706	720,986	462,793	-	754,899
Renewable Energy	115,468	-	-	-	115,468
Proceeds of Disposition	2,771,112	1,482,794	-	-	4,253,906
School Renewal	2,308,869	6,675,259	6,283,964	2,700,164	-
Temporary Accommodation	81,575	987,826	-	118,214	951,187
Experiential Learning	419,934	1,572,401	1,700,788	-	291,547
	<u>6,193,664</u>	<u>11,439,266</u>	<u>8,447,545</u>	<u>2,818,378</u>	<u>6,367,007</u>
Total Deferred Revenue	<u>6,770,948</u>	<u>22,086,939</u>	<u>19,300,820</u>	<u>2,818,378</u>	<u>6,738,689</u>

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6. ASSET RETIREMENT OBLIGATION

The Board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

	2024	2023
	\$	\$
Liabilities for Asset Retirement Obligations at Beginning of year	44,505,560	39,022,850
Increase in liabilities reflecting changes in the estimate of liabilities	1,628,904	5,482,710
Liabilities for Asset Retirement Obligations at End of Year	46,134,464	44,505,560

The Board made an inflation adjustment increase in estimates of 3.66% as at March 31, 2024, in line with the Provincial government fiscal year end, to reflect costs as at that date. The Board did not make any inflation adjustment as of August 31, 2024.

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Liability	Retirement Gratuities \$	Retirement Benefits \$	Other Employee Future Benefits \$	2024 Total \$	2023 Total \$
Accrued employee benefit obligations at August 31	6,185,611	277,902	6,779,895	13,243,408	12,655,424
Unamortized actuarial gains (losses) at August 31	122,067	-	-	122,067	90,668
Employee Future Benefits Liability at August 31	6,307,678	277,902	6,779,895	13,365,475	12,746,092

Change in retirement and other employee future benefit obligations	Retirement Gratuities \$	Retirement Benefits \$	Other Employee Future Benefits \$	2024 Total \$	2023 Total \$
Current year benefit cost	-	-	3,539,537	3,539,537	1,915,512
Interest on accrued benefit obligation	287,951	12,135	-	300,086	329,758
Amortized actuarial (gain) loss	146,372	12,631	-	159,003	209,099
Cost of (gain on) plan amendment	32,487	-	-	32,487	-
Employee Future Benefits Expenses⁽¹⁾	466,810	24,766	3,539,537	4,031,113	2,454,369

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

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7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS , continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2024 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2024. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2024	2023
Inflation	2.0%	2.0%
Wage and salary escalation	n/a	n/a
Insurance and health care cost escalation	5.00%	3.00- 5.00%
Discount on accrued benefit obligations	3.8%	4.4%

Retirement Benefits

(a) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers 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 School Board's consolidated financial statements.

(b) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2024, the Board contributed \$8,331,401 (2023 - \$6,113,382) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(c) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. 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. 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.

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7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS , continued

(d) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums for certain classes of retirees are based on the School Board's experience and retirees' premiums may be subsidized by the Board. The premiums for retiree groups that have transitioned to the One-T ELHT are based on the trust retiree premium and may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for School Board subsidized premiums or contributions.

(e) Compensated Absences

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs increase expenses in the consolidated financial statements by \$18,866 (2023 – decrease by \$52,388).

(f) 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. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included no such provision. The payments to the Workplace Safety and Insurance Board (WSIB) during the year ended August 31, 2024 amounted to \$1,584,663 (2023 - \$939,485).

(g) Other Benefits

Certain Board employees are permitted to accumulate vacation time and overtime. Unused vacation time and overtime are recorded as liabilities at the end of the year at current salary rates.

As detailed in Note 10 - Accumulated Surplus, the Board has appropriated funds for certain employee future benefit obligations. The balance of the appropriated funds at August 31 is as follows: retirement gratuity \$6,307,678 (2023 - \$10,671,641) and WSIB \$2,000,000 (2023 - \$2,000,000).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. LONG-TERM DEBT

(a) The balance of debenture debt and capital loans reported on the Consolidated Statement of Financial Position is made up of the following:

	2024	2023
	\$	\$
GPL Stage 1, borrowed \$20,246,679 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$676,070, interest rate of 4.56%, due November 17, 2031	8,507,763	9,439,949
GPL Stage 2, borrowed \$3,887,889 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$136,288, interest rate of 4.90%, due March 3, 2033	1,928,921	2,100,643
Dr. G.J. MacGillivray PS, borrowed \$5,445,660 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$221,157, interest rate of 5.054%, due November 15, 2028	1,762,000	2,102,308
GPL Stage 2 Phase 2, borrowed \$5,141,116 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$183,043, interest rate of 5.062%, due March 13, 2034	2,806,222	3,022,029
GPL Stage 2 Phase 2, borrowed \$2,548,311 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$92,109, interest rate of 5.232%, due April 14, 2035	1,516,556	1,617,452
GPL Stage 3, borrowed \$6,026,605 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$217,833, interest rate of 5.232%, due April 14, 2035	3,586,566	3,825,178
Waverly PS, borrowed \$1,537,795 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$55,584, interest rate of 5.232%, due April 14, 2035	915,176	976,062
Ridpath Junior PS, borrowed \$1,364,981 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$49,337, interest rate of 5.232%, due April 14, 2035	812,330	866,374
GPL Stage 3, borrowed \$8,475,837 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$294,979, interest rate of 4.833%, due March 11, 2036	5,265,461	5,589,160
Apsley PS, Waverly PS, Ganaraska Trail PS, borrowed \$4,297,280 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$149,555, interest rate of 4.833%, due March 11, 2036	2,669,608	2,833,724

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

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8. LONG-TERM DEBT, continued

	2024	2023
	\$	\$
Apsley PS, borrowed \$2,966,172 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$103,230, interest rate of 4.833%, due March 11, 2036	1,842,681	1,955,961
Apsley PS, Ganaraska Trail PS, borrowed \$5,931,661 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$206,436, interest rate of 4.833%, due March 11, 2036	3,684,938	3,911,472
GPL Stage 3, borrowed \$3,698,293 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$112,892, interest rate of 3.564%, due March 9, 2037	2,306,213	2,446,056
GPL Stage 4, borrowed \$4,599,242 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$140,394, interest rate of 3.564%, due March 9, 2037	2,868,035	3,041,945
Apsley PS, Ganaraska Trail PS, borrowed \$1,046,995 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$31,960, interest rate of 3.564%, due March 9, 2037	652,894	692,484
Charles Bowman PS, borrowed \$7,326,679 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$223,651, interest rate of 3.564%, due March 9, 2037	4,568,834	4,845,875
Northumberland Hills PS, borrowed \$1,031,559 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$31,489, interest rate of 3.564%, due March 9, 2037	643,268	682,274
Northumberland Hills PS, borrowed \$6,363,646 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$194,254, interest rate of 3.564%, due March 9, 2037	3,968,297	4,208,924
GPL Stage 4, borrowed \$1,865,945 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$58,359, interest rate of 3.799%, due March 19, 2038	1,247,299	1,314,705
Brighton PS, borrowed \$1,029,939 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$32,212, interest rate of 3.799%, due March 19, 2038	688,467	725,673

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. LONG-TERM DEBT, continued

	2024	2023
	\$	\$
Brighton PS, Charles Bowman PS, borrowed \$6,006,470 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$187,857, interest rate of 3.799%, due March 19, 2038	4,015,048	4,232,028
Brighton PS, borrowed \$4,308 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$135, interest rate of 3.799%, due March 19, 2038	2,879	3,035
Brighton PS, borrowed \$3,974 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$124, interest rate of 3.799%, due March 19, 2038	2,656	2,800
Duke of Cambridge PS, borrowed \$10,802,956 Ontario Financing Authority loan repayable in blended semi-annual instalments of \$345,371, interest rate of 4.003%, due March 11, 2039	7,664,483	8,037,191
	63,926,595	68,473,302

(b) Interest paid during the year on long term debt amounted to \$2,941,931 (2023 - \$3,137,663).

(c) The net debenture debt and capital loans reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2025	4,751,401	2,737,237	7,488,638
2026	4,965,475	2,523,163	7,488,638
2027	5,189,365	2,299,273	7,488,638
2028	5,423,530	2,065,408	7,488,938
2029	5,449,422	1,820,191	7,269,613
2030 and subsequent years	38,147,402	6,731,284	44,878,686
	63,926,595	18,176,556	82,103,151

9. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2024	2023
	\$	\$
Principal payments on long-term liabilities	4,546,707	4,350,975
Interest payments on long-term liabilities	2,941,931	3,137,663
	7,488,638	7,488,638

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10. ACCUMULATED SURPLUS

	2024	2023
	\$	\$
Surplus	-	-
Internally Appropriated		
Retirement gratuities	6,307,678	10,671,641
WSIB	2,000,000	2,000,000
Information and communications infrastructure	5,703,567	5,703,567
General operations/strategic initiatives	3,576,057	6,304,614
Staffing fluctuations	5,000,000	5,000,000
Post-retirement benefits	179,800	199,000
School activities	2,385,470	2,888,042
Field improvements	1,073,720	1,023,720
Special education	1,047,711	1,047,711
Facilities improvement	1,334,827	1,334,827
Committed capital projects	3,683,455	3,783,284
Total Internally Appropriated	32,292,285	39,956,406
Externally Appropriated		
Retirement gratuities	-	(2,985,700)
Workplace Safety and Insurance Board	(2,346,459)	(2,346,459)
School generated funds	4,518,454	4,318,291
Asset retirement obligation	(29,374,817)	(27,832,729)
Revenues recognized for land	21,010,077	20,635,244
Total Unavailable for Compliance	(6,192,745)	(8,211,353)
Total Accumulated Surplus	26,099,540	31,745,053

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

11. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2024 \$ (Unaudited)	Actual 2024 \$	Actual 2023 \$
Salary and wages	315,303,785	403,341,605	318,171,269
Employee benefits	58,718,772	63,785,371	57,545,790
Staff development	843,945	815,126	573,758
Supplies and services	33,743,002	30,413,292	32,334,349
Interest charges on capital	3,121,931	3,838,422	3,739,443
Rental	84,706	110,289	130,058
Fees and contract services	33,900,272	34,747,472	33,748,434
School fund activities	7,500,000	9,492,645	8,018,221
Other	6,477,259	2,880,291	1,649,054
Amortization of tangible capital assets and TCA-ARO	24,065,662	24,469,199	23,801,140
	483,759,334	573,893,712	479,711,516

12. REPAYMENT OF 55 SCHOOL BOARD TRUST FUNDING

On June 1, 2003, the board received \$15,044,574 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the board's debt in consideration for the assignment by the board to the trust of future provincial grants payable to the board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the board's financial position. The flow-through of \$1,120,831 (2023 \$1,120,831) in grants in respect of the above agreement for the year ended August 31, 2024, is recorded in these consolidated financial statements.

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2024 were \$705,233 (2023 - \$761,147). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the School Board.

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, the current one of which will end on December 31, 2026.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

1) In the event that the Board of Directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

In the event that a board or other board organization ceases to participate in the exchange of contracts of insurance within an Underwriting Group or within the Exchange, it shall continue to be liable for any assessment(s) arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made with in the Board of Directors to buy out such liability.

14. CONTINGENT LIABILITIES

The Board, in the course of its operations, has been named in several lawsuits that outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

Draft November 8, 2024

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

15. COMMITMENTS

As part of the Board's capital plan, schools are constructed/reconstructed over a number of years. As part of this process the Board has committed to:

	Approved Amount \$	Actual Remaining Commitment \$
Norwood District SS - Retrofit and Child Care	3,374,309	204,698
Northglen Neighbourhood School - New Construction	36,790,281	28,945,751
Murray Centennial PS - Addition	11,110,265	10,701,037

The amounts presented include the non-refundable portion of any commodity taxes.

16. TRANSPORTATION CONSORTIUM

On March 30, 2007, the Board entered into an agreement with Peterborough Victoria Northumberland and Clarington Catholic District School Board and Conseil Scolaire de District Catholique Centre-Sud in order to provide common administration of student transportation in its service region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Central Ontario (STSCO) are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect its pro-rata share of revenues and expenses. Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs.

Through the Student Transportation Services of Central Ontario the Board shares the costs for the service in the following manner: operational administrative cost - 69.349% (2023 - 69.529%); shared contractual services 67.479% (2023 - 67.556%)

The following provides condensed financial information:

	2024		2023	
	Total \$	Board Share \$	Total \$	Board Share \$
Net transportation expenses	43,480,884	29,428,689	41,601,631	28,003,583

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

17. 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. 86.3% (2023 - 94.6%) 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:

	2024	2023
	\$	\$
Provincial Legislative Grants	370,761,906	343,463,621
Education Property Tax	96,534,599	93,332,277
Amortization of Deferred Capital Contributions	22,827,281	22,467,290
Grants for Student Needs	490,123,786	459,263,188

18. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

(b) Market risk

The Board is exposed to interest rate risk with regard to its long-term debt. Interest rate risk exposure to the Board is low as amounts are fixed and funded through identified sources.

(c) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash flow obligations as they come due. The Board mitigates the risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise.

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

Draft November 8, 2024

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

19. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

The Board adopted the following standards concurrently beginning September 1, 2023 retroactively with restatement: PS 3160 Public Private Partnerships, PS 3400 Revenue and adopted PSG-8 Purchased Intangibles prospectively.

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. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

The adoption of PS 3400 did not have any impact on the financial statements.

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.

The adoption of PSG-8 did not have any impact on the financial statements.

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

The adoption of PS 3160 did not have any impact on the financial statements.

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

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.

The following are applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity;
- Non-substantive changes to terminology/definitions;
- Financial statement objectives foreshadow changes in the Reporting Model;
- Relocation of recognition exclusions to the Reporting Model; and
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

Draft November 8, 2024

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KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

20. FUTURE ACCOUNTING STANDARD ADOPTION, continued

Reporting Model - PS 1202 - Financial Statement Presentation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201- Financial Statement Presentation. The model is expected to be implemented retroactively with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets Liabilities
- Isolated financing transaction in the Cash Flow Statement

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2024

21. MONETARY RESOLUTION TO BILL 124, THE PROTECTING A SUSTAINABLE PUBLIC SECTOR FOR FUTURE GENERATIONS ACT

A monetary resolution to Bill 124 was reached between the Crown and the following education sector unions the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers, the Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW) and the Canadian Union of Public Employees Ontario School Board Council of Unions (CUPE OSBCU). This agreement provides a 0.75% increase for salaries and wages on September 1, 2019, a 0.75% increase for salaries and wages on September 1, 2020, and a 2.75% increase in salaries and wages on September 1, 2021, in addition to the original 1% increase applied on September 1 in each year during the 2019-22 collective agreements. The same increases also apply to non-unionized employee groups (excluding Principals and Vice-Principals and school board executives).

The Crown has funded the monetary resolution for these employee groups to the applicable school boards through the appropriate changes to the Grants for Student Needs benchmarks and additional Priorities and Partnerships Funding (PPF).

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and the associations representing principals and vice-principals (Ontario Principals Council). This agreement provides a 0.75% increase for salaries and wages on September 1, 2020, 2.75% increase for salaries and wages on September 1, 2021, and a 2.00% increase in salaries and wages on September 1, 2022, in addition to the original 1% income applied on September 1 in each year during the 2020-23 collective agreements. The memorandum of settlement was reached on August 10, 2024 and was ratified on September 30, 2024.

Due to this resolution, there is an impact on salary and wages expenses of \$45.6 million in the 2023-24 fiscal year. The portion related to 2019-20 to 2022-23 is \$22.8 million, with the remainder of \$22.8 million related to 2023-24.

The Crown intends to fund the monetary resolution for principals and vice-principals to the applicable school boards through the appropriate changes to the GSN benchmarks.

Draft November 8, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended August 31, 2024

	Cost				Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals	TCA-ARO	Closing Balance	Opening Balance	Amortization	Closing Balance	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets										
Land	21,572,197	-	84,800	-	21,487,397	-	-	-	21,487,397	21,572,197
Land Improvements	3,820,354	-	-	-	3,820,354	2,494,140	221,036	2,715,176	1,105,178	1,326,214
Buildings	592,607,542	21,913,205	-	1,628,904	616,149,651	281,345,666	18,481,203	299,826,869	316,322,782	311,261,876
Portable Structures	15,184,954	452,006	-	-	15,636,960	6,615,533	721,687	7,337,220	8,299,740	8,569,421
First time equipping	3,764,231	-	-	-	3,764,231	3,077,206	170,267	3,247,473	516,758	687,025
Furniture and equipment	3,063,497	-	-	-	3,063,497	2,939,842	41,240	2,981,082	82,415	123,655
Computer hardware	23,973,054	3,718,716	-	-	27,691,770	17,422,361	4,699,783	22,122,144	5,569,626	6,550,693
Vehicles	1,233,633	442,250	-	-	1,675,883	992,176	133,983	1,126,159	549,724	241,457
Construction in progress	2,301,545	6,114,015	-	-	8,415,560	-	-	-	8,415,560	2,301,545
Total	667,521,007	32,640,192	84,800	1,628,904	701,705,303	314,886,924	24,469,199	339,356,123	362,349,180	352,634,083

a) Assets under construction

Assets under construction have a value of \$8,415,560 (2023 - \$2,301,545) and have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$Nil (2023 - \$Nil)



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November 11, 2024

Kawartha Pine Ridge District School Board
1994 Fisher Drive
Peterborough, Ontario
K9J 6X6

Attention: April Foster
Superintendent, Business and Corporate Services

Dear Madam:

Re: Audit of August 31, 2024 Financial Statements

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement; our audit was not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to management and it is inappropriate to conclude that no such matters exist.

During the course of our audit of Kawartha Pine Ridge District School Board ("the Board") for the year ended August 31, 2024 we did not identify any significant deficiencies in internal control.

We have identified the following other matters that we wish to bring to the attention of management:

Qualifications Evaluation Council of Ontario (QECO) documentation

Observation and implication

In our testing, we selected one employee whose QECO forms were sent to an individual employee's email inbox rather than the shared inbox. The employee receiving the form has since left the Board and Board staff were not able to provide us with a copy of the form.

Recommendation

We recommend all QECO forms be retained in the employee's personnel files, and that all documentation be in a format and location where they can be retained and accessed when required.

Qualification and Experience (Q & E) reporting

Observation and implication

Our testing of the Q & E grids to the underlying documentation found that there were errors in the calculations that resulted in incorrect amounts being reported to the Ministry. When this was brought to management's attention they immediately revised and corrected the reporting.

Similar to the previous year, in the 2024 fiscal year we tested one employee who was being prematurely moved up a year on the grid, per the March Q&E summary worksheet, but was still correctly being paid at the lower experience level. As the Board uses the October Q&E worksheet with step summaries to receive ministry funding, there was no impact to the funding calculations for 2024.

Recommendation

We continue to recommend additional management review of the employee grid positions reported on the Q&E summaries in October and March in order to detect and correct any errors in the data used to generate the reports.

School audits

Observation and implication

Six schools were tested for the 2024 fiscal year. The school files were provided to us and were audited at the Board office using the physical books and records along with electronic general ledger records. We did not identify any significant errors or weaknesses in internal control, however, we do have some recommendations to bring to your attention. We have observed that the schools have maintained good records.

As in previous years, we found that for some transactions the HST rebate was not recorded or was recorded incorrectly. In 2024 we also found one school excursion where some expenditures were miscoded and the gain/loss calculation was incorrect. Management will be refunding this small gain to the families in the 2024/25 fiscal year.

Recommendation

We recommend that management continue to work with the schools to support the retention of supporting documents. We also recommend that expense postings be reviewed for proper recording of HST rebates and to ensure they are coded to the correct categories, and that the gain/loss calculations also be reviewed.

We continue to recommend the continued expansion of the use of School Cash Online as a way to reduce the risk to the Board of managing cash.

Asset retirement obligations

Observation and implication

Through our discussions with management regarding asset retirement obligations, we noted that the Board does not yet have a process in place for integrating new information regarding asbestos estimates or remediation in Board owned buildings into the financial estimate of the liability.

Recommendation

We recommend that the finance team and the facilities team communicate regularly in order to identify any revised estimates or any building renovations that may include remediation, as well as any assets that were presumed to contain asbestos that may later be confirmed to be free of asbestos.

It is important to note that management is responsible for ensuring that the Board has adequate internal controls and uses sound business practices as part of its overall responsibility for the ongoing activities. The Board's policies and procedures are present to:

- safeguard its assets, and
- provide reasonable assurance that errors, irregularities or illegal acts are promptly identified.

Further, these policies and procedures should be properly monitored to ensure that all staff comply with the guidelines provided.

This letter is intended solely for the use of the Board's Audit Committee, Board of Trustees and management, and should not be used for any other purpose, including distribution to third parties.

In closing, we appreciate the co-operation from you and your staff during our audit visit. If you have any questions, please do not hesitate to contact us. It is a pleasure for us to be of service and we look forward to many more years of association with you.

Yours very truly,

Baker Tilly KDN LLP

per: Richard Steiginga, CPA, CA
Partner



November 11, 2024

Members of the Audit Committee
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Re: Audit of the Consolidated Financial Statements of the Kawartha Pine Ridge District School Board

Dear Members of the Audit Committee:

We have been engaged to express an audit opinion on the consolidated financial statements of the Kawartha Pine Ridge District School Board ("the Board") for the year ended August 31, 2024. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Audit Committee. This report should be read in conjunction with the draft consolidated financial statements and our report thereon, as well as our Audit Planning letter previously forwarded to you.

Auditor Independence

Canadian Auditing Standards ("CAS") require that we communicate at least annually with the Audit Committee regarding all relationships between us and the Board that, in our professional judgement, may reasonably be thought to bear on our independence.

As communicated previously in a separate letter to the Audit Committee, we are not aware of any relationship between the Board and us that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby re-confirm that our engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the Board within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Independent Auditor's Report

We anticipate that our Independent Auditor's Report will be issued without modification from the draft report presented that included an Emphasis of Matter paragraph for the basis of accounting.

Our Independent Auditor's Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the consolidated financial statements, including evidence that all the statements and disclosures that comprise the consolidated financial statements have been prepared and the Audit Committee has approved the consolidated financial statements.

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Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

There are no internal control matters that we wish to bring to your attention.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the Board's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the consolidated financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Audit Committee.

It is our responsibility to maintain professional skepticism throughout the audit. This recognizes the possibility that a material misstatement due to fraud could exist, notwithstanding our past experience of the honesty and integrity of the Board's management and the audit committee.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or the Audit Committee members become aware of circumstances under which the Board may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, Trustees and their immediate family members and companies with which these individual have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian Public Sector Accounting Standards, and have been reviewed with you.

Management has advised that no other related party transactions have occurred that have not been disclosed to us. The Audit Committee is required to advise us if it is aware of or suspects any other related party transactions have occurred, which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the consolidated financial statements.

The Audit Committee has a responsibility to review the accounting policies adopted by the Board, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Audit Committee believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

As described in the notes to the consolidated financial statements, the Board has adopted the following:

PSA sections which are now effective under the PSA Handbook: PS 3160 Public Private Partnerships, PS 3400 Revenue, and PSG-8 Purchased Intangibles

The adoption of these standards did not have any impact on the Board's consolidated financial statements.

Accounting Estimates

Management is responsible for the accounting estimates included in the consolidated financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the consolidated financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Significant Matters Discussed With Management

There were no significant matters arising from the audit discussed with management.

Written Representations Requested From Management

As part of our audit, we request that management prepare a letter to us to re-affirm various representations that they have provided to us and we have relied upon. A copy of this letter is attached for your convenience.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have aggregated uncorrected financial statement misstatements which are summarized in the accompanying schedule. Management has deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Under CAS, we are required to request that the Audit Committee approve the correction of these misstatements or that the Audit Committee approve the decision of management.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the Board that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Board's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit: or
- Wording of the auditor's report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Audit Committee.

Management Letter

We have submitted to management a letter on internal controls and any other matters that we feel should be brought to the attention of management.

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the Board's management.

Should any member of the Audit Committee wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Audit Committee sign their acknowledgement in the spaces provided below.

Yours truly,



per: Richard Steinginga, CPA, CA
 Partner

Acknowledgement of the Audit Committee:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Kawartha Pine Ridge District School Board

Name

Position

Name

Position

Schedule of Uncorrected Misstatements

Description of Misstatement	Proposed Adjustments Dr (Cr)				
	Statement of Operations		Statement of Financial Position		
	Identified Misstatements	Likely Aggregate Misstatements	Assets	Liabilities	Opening Equity
ELHT accounts have a debit balance recorded in accounts payable that is due to internal allocation adjustments. Amount to be cleared through reconciliation entries in the next fiscal year.	2,271,813	2,271,813	-	(2,271,813)	-
a) Totals		2,271,813	-	(2,271,813)	-
b) Misstatements corrected by management		-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)		2,271,813	-	(2,271,813)	-
d) Effect of unadjusted misstatements from previous year's errors		-	-	-	-
e) Aggregate likely misstatements (c + d)		2,271,813	-	(2,271,813)	-
f) Final overall materiality		8,000,000	8,000,000	8,000,000	8,000,000
g) Amount remaining for further possible misstatement (f - e)		5,728,187	8,000,000	5,728,187	8,000,000

Kawartha Pine Ridge District School Board
1994 Fisher Drive
Peterborough, Ontario
K9J 6X6

November 26, 2024

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, Ontario
K9J 2V4
Canada

Attention: Richard Steinginga, CPA, CA

Dear Sir:

This representation letter is provided in connection with your audit of the consolidated financial statements of Kawartha Pine Ridge District School Board (the "Board") for the year ended August 31, 2024 for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 3, 2024 for the preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the consolidated financial statements are fairly presented in accordance therewith except for the following:

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describe 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.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
3. We have assessed that the Board is able to continue as a going concern and the consolidated financial statements have been prepared on a going concern basis.
4. The methods, the data, and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
6. There have been no events subsequent to the date of the consolidated financial statements up to the date hereof that would require recognition or disclosure in the consolidated financial statements. Furthermore, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those consolidated financial statements and the related notes.

7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
8. The accounting policies selected and the application thereof is appropriate, including those for complex areas of accounting and areas involving management's judgement and estimates, for example, revenue recognition, fair value measurements, transfers of receivables, hedging relationships and consolidation of variable interest entities.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.
10. We are aware of the environmental laws and regulations that impact on our Board and we are in compliance. There are no known environmental liabilities, including liabilities under sections PS3260 - Liability for Contaminated Sites and PS3280 - Asset Retirement Obligations that have not been accrued for or disclosed in the consolidated financial statements.
11. We are aware of the environmental laws and regulations that impact on our Board and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the consolidated financial statements.
12. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.
13. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
14. There are no derivative or off-balance sheet financial instruments held at year end.
15. We have made the appropriate determination, accounting and disclosure in the consolidated financial statements of the costs, assets and obligations associated with employee future benefits.
16. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
17. The Board has satisfactory title to all assets, and there are no liens or encumbrances on the Board's assets.

Information provided

18. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the consolidated financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
19. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
20. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.

21. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Board and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
22. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators or others.
23. We have disclosed to you, and the Board has complied with, all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debts.
24. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
25. We have disclosed to you the identity of the Board's related parties and all the related-party relationships and transactions of which we are aware.
26. The minute books of the Board are a complete record of all meetings and resolutions of the Board throughout the year and to the present date.

Yours very truly,

April Foster
Superintendent, Business and Corporate Services

Connor Pike
Manager of Finance

Schedule of Uncorrected Misstatements

Description of Misstatement	Proposed Adjustments Dr (Cr)				
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Kawartha Pine Ridge District School Board

TO: The Chairperson and Members of the KPRDSB Audit Committee
FROM: Regional Internal Audit Manager
DATE: November 11, 2024
SUBJECT: Regional Internal Audit Update

1. Purpose

This report provides information on work that the Regional Internal Audit Team (RIAT) has undertaken since the last meeting on September 9, 2024.

2. Content

2.1 KPRDSB Regional Internal Audit Plan Status 2024-2025

Audit Entities	Objective and scope	Timelines	Status
IT Infrastructure	<u>KPR 23-1 ICT Asset Management Review</u> Description: The objective of the review is to provide management with an assessment of the current processes and practices for the timely recording, effective management, and adequate safeguarding of ICT assets.	Spring/ Summer 2024	Reporting
Financial Management	<u>KPR 24-1 Expense Reimbursement Audit</u> Description: To provide management with a fair, independent, and objective assessment of the processes and controls used for expense reimbursement, and to ensure that these controls have been effectively incorporated into the application developed for this purpose	Fall/Winter 2024/25	Planning
Enrolment and Attendance	<u>KPR 24-2 School Operations Audits- Continuing Education Enrolment Register</u> Description: An assessment of the controls for recording and reporting continuing education enrolment records submitted through ONSIS on August 31st.	Spring 2025	Not Initiated
Various services	<u>Consulting support</u> Depending on ad hoc needs (Support related to audit universe risk assessment and risk framework, process review, etc.).	Ad Hoc	N/A
Various services	<u>Follow-ups (previous audits)</u> Follow-up on the implementation of planned action plans in response to recommendations from previous audits conducted by RIAT according to established timelines.	Ad Hoc	N/A



3. Recommendations

1. That the Regional Internal Audit Update, dated November 11, 2024, be received for information.

Respectfully Submitted by: *Jeff Henderson, Regional Internal Audit Manager*

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

TO: Audit Committee

TOPIC: **Draft Annual Reports of the Audit Committee for the Year Ended August 31, 2024**

INITIATOR: April Foster, Superintendent, Business and Corporate Services

BACKGROUND

1. Once a year the Audit Committee provides the Board with a Detailed Annual Report of the work they have done throughout the previous fiscal year (Appendix A). The report follows a template provided by the Ministry of Education and is to be completed no later than November 30 of each year.
2. The Audit Committee also prepares a Summarized Report of completed work (Appendix B). The summary report must be submitted to the Ministry of Education by January 15 each year.

STATUS

3. Drafts of the annual reports for the year ended August 31, 2024 are attached as Appendix A and B. We invite Audit Committee members to offer any comments they may have.

RECOMMENDATIONS

1. That the Detailed Annual Report of the Audit Committee for the Year Ended August 31, 2024 be approved.
2. That the Summarized Annual Report of the Audit Committee for the Year Ended August 31, 2024 be approved and forwarded to the Ministry of Education by January 15, 2025.

April Foster
Superintendent, Business and Corporate Services

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

Detailed Annual Report of the Audit Committee

This report summarizes the Audit Committee's actions for the year ending August 31, 2024.

1. Audit Committee Members

The following Audit Committee members served for the period September 1, 2023 to August 31, 2024:

Paul Brown, Trustee representative (Committee Chairperson from April 3, 2023 to December 4, 2024)

Terry Brown, Trustee representative

Sean Conway, Trustee representative

Milena Ceglie, External member* (commencing February 27, 2017) and Committee Chairperson from, December 4, 2024 to present)

Alison McLaren, External member* (commencing November 26, 2019

*In accordance with Ontario Regulation # 361/10, the external Committee members were re-appointed/appointed for a three-year term, effective February 27, 2023 and November 26, 2022).

In addition, regular attendees at the committee meetings were:

Richard Steinginga, External Auditor

Veronica Mason, External Auditor

Jeff Henderson, Regional Internal Audit Manager

Amyr Bhayani, Senior Regional Internal Auditor

April Foster, Superintendent, Business and Corporate Services

Colin McKeen, Senior Manager, Finance

Merry Tran, Finance Manager

Connor Pike, Finance Manager

Michelle Williams, Executive Assistant

2. Assessment

At the beginning of the year and, in accordance with recommended good practice, various administrative tasks were completed. These included:

- Establishing a meeting schedule and agendas for the year
- Completion of annual Audit Committee Self-assessment for prior year
- Approved Annual Audit Committee Report for Year Ending August 2023, and submitted Summarized Report to Ministry of Education

3. Meetings

Five meetings were held throughout the year. Members were in attendance at each meeting as follows:

Member's Name	September 11, 2023	November 13, 2023	December 4, 2023	February 12, 2024	June 3, 2024
Alison McLaren	X	X	X	X	X
Terry Brown	X	X	X	X	X
Paul Brown	X	X	X	X	X
Sean Conway	X	X		X	
Milena Ceglie	X	X	X	X	X

4. Governance

The Audit Committee operated throughout the fiscal year ending August 31, 2024. All committee members satisfied the eligibility requirements of Ontario Regulation 361/10.

5. External Auditors

The relationship with the external auditors has been satisfactory, and no private meetings were requested by the auditors during the year. The external auditors confirmed their independence in the letter dated April 3, 2024. The Audit Committee recommended approval of the annual Audited Financial Statements on November 11, 2024.

6. Internal Auditors

The relationship with the internal auditors has been satisfactory, and no private meetings were requested by the auditors during the year. The committee reviewed the results of updated risk assessments, and the annual audit plan for the 2023-2024 fiscal year.

The internal auditors performed the following work since the last annual report of the committee:

Approved Audits on Annual Audit Plan

- School Enrolment and Attendance Processes Audit
- Information and Communications Technology Asset Management Review

Other Internal Audit Work

- Shared information regarding regional internal audit initiatives
- Met with management, as required
- Responded to Audit Committee and management requests

Summary of audits and findings made by the internal auditor:

School enrollment and attendance processes audits were conducted to provide management with an independent and objective evaluation of controls within the student enrollment process, focusing on the October 31, 2023 and March 31, 2024 count dates. The RIAT visited three elementary and three secondary schools. Reviewed were four areas including retirement and external transfers, prolonged absences, external admissions and ESL (English as a Second Language) documentation. Sample findings determined varying levels of deficiencies and findings with recommendations were shared with management.

7. Summary of the Work Performed

In addition to items noted above, the following is other work performed by the Audit Committee in the last 12 months.

- Recommended Board approval of the Kawartha Pine Ridge District School Board Consolidated Financial Statements for Year Ended August 31, 2024
- Reviewed External Audit Reporting Letter
- Reviewed 2023-2024 External Audit Plan
- Reviewed External Auditor Engagement Letter for Year Ending August 31, 2024
- Reviewed External Auditor Management Letter
- Completed annual Evaluation of External Auditor Performance
- Recommended Board approval of appointment of External Auditors for fiscal year September 1, 2023 to August 31, 2024
- Reviewed Internal Audit Mandate
- Reviewed 2023-2024 Internal Audit Plan
- Completed annual Evaluation of Regional Internal Audit Team Performance and Committee Self-Assessment

We attest that we have discharged our duties and responsibilities respecting Ontario Regulation # 361/10.

On behalf of the Audit Committee

Milena Ceglie
Audit Committee Chairperson
November 11, 2024

KAWARTHA PINE RIDGE DISTRICT SCHOOL BOARD

**Summarized Annual Report of the Audit Committee
to the Ministry of Education
For Year Ended August 31, 2024
as per Ontario Regulation 361/10**

During the 2023-2024 fiscal year:

- Audits conducted by internal audit were completed by August 31, 2024
- Internal audit will continue to follow-up with management on outstanding recommendations from audits completed from 2011-2012 to 2022-2023.

In addition, the following audits were completed in the 2023-2024 fiscal year:

- School Enrolment and Attendance Processes Audit
- Information and Communications Technology Asset Management Review

An expense reimbursement and school operations – continuing education enrolment audit are planned by the Regional Internal Audit Team for 2024-2025.

On behalf of the Audit Committee

Milena Ceglie
Audit Committee Chairperson

November 11, 2024