

# **Newfoundland and Labrador English School District**

**Consolidated financial statements  
June 30, 2023**



## Statement of responsibility

The accompanying consolidated financial statements of the Newfoundland and Labrador English School District [the "District"] are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Trustees [the "Board"] met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Ernst & Young LLP, Chartered Professional Accountants, as the Board's appointed external auditor, has audited the consolidated financial statements. The auditor's report is addressed to the members of the Board and appears on the following page. The auditor's opinion is based upon an examination conducted in accordance with Canadian generally accepted accounting standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free from material misstatement and present fairly the consolidated financial position and consolidated results of the District in accordance with Canadian public sector accounting standards.

  
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Dennis Hall  
Superintendent of Schools

## Independent auditor's report

To the Board of Trustees of the  
**Newfoundland and Labrador English School District**

### Opinion

We have audited the consolidated financial statements of the **Newfoundland and Labrador English School District** [the "District"], which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of 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 District as at June 30, 2023, and its consolidated financial performance, its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### 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 District 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.

### Other information

Management is responsible for the other information. The other information is comprised of the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### 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 Canadian public sector accounting standards, 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 District'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 District or to cease operations, or has no realistic alternative but to do so.



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

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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 District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the District to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the District 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.

St. John's, Canada  
February 9, 2024

*Ernst & Young LLP*  
Chartered Professional Accountants



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**Newfoundland and Labrador English School District**

**Consolidated statement of financial position**

As at June 30

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Financial assets</b>		
Cash	19,178,169	24,513,809
Cash held by schools	13,365,578	12,409,831
Short-term investments [note 5]	14,466,318	2,792,459
Accounts receivable	122,601	4,606,917
Due from government entities [notes 6 and 11]	6,289,321	2,859,370
Teachers' salary accrual receivable	89,322,143	87,740,998
	<b>142,744,130</b>	<b>134,923,384</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities [note 9]	18,770,643	14,306,639
Due to government entity [notes 10 and 11]	—	30,573
Teachers' salary accrual payable	89,322,143	87,740,998
Accrued vacation pay	6,063,760	6,596,261
Accrued severance pay [note 12]	3,217,366	3,678,576
Accrued sick leave [note 13]	65,801,414	68,355,702
Long-term debt [schedules 8 and 8A]	14,390,028	17,049,828
Asset retirement obligation [note 20]	212,296,907	206,811,193
Obligation under capital leases [note 14]	455,903	710,543
Deferred revenue [note 16]	15,399,200	3,705,519
School-based deferred revenue	7,388,729	6,187,918
<b>Net debt</b>	<b>433,106,093</b>	<b>415,173,750</b>
	<b>(290,361,963)</b>	<b>(280,250,366)</b>
<b>Non-financial assets</b>		
Prepaid expenses [note 7]	2,202,940	2,436,192
Tangible capital assets, net [note 19]	872,910,488	919,223,045
	<b>875,113,428</b>	<b>921,659,237</b>
<b>Accumulated surplus</b>		
Accumulated surplus – restricted [note 17]	1,154,635	1,181,999
Accumulated surplus – unrestricted	583,596,830	640,226,872
	<b>584,751,465</b>	<b>641,408,871</b>

*See accompanying notes*

## Newfoundland and Labrador English School District

### Consolidated statement of operations

Year ended June 30

	Budget \$	2023 \$	2022 \$
<b>Revenue</b>			
Provincial government grants [schedule 1]	835,427,115	839,452,121	837,249,129
Funds from school-based activities	—	17,597,046	12,778,477
Other income [schedule 1]	7,015,500	6,440,047	6,007,181
Capital transfers from government	—	6,132,465	21,871,211
	<b>842,442,615</b>	<b>869,621,679</b>	<b>877,905,998</b>
<b>Expenditures [note 18]</b>			
Instructional [schedule 3]	684,178,885	676,939,551	665,202,145
Operations and maintenance [schedule 6]	80,366,698	91,688,600	97,826,861
Amortization of tangible capital assets [note 20]	—	50,879,656	75,236,555
Pupil transportation [schedule 7]	60,781,230	59,380,109	55,702,400
School-based activities	—	18,560,287	11,684,147
Administration [schedule 2]	7,342,472	8,540,375	7,986,491
Information technology [schedule 5]	6,810,351	7,477,219	6,760,397
Accretion of asset retirement obligation	—	5,485,714	—
Human resources [schedule 2]	2,659,115	3,053,723	2,753,640
Loss on sale of capital assets	—	2,761,591	965,732
Centre for Distance Learning and Innovation ["CDLI"] [schedule 4]	2,017,583	1,512,260	1,479,493
<b>Annual deficit from operations</b>	<b>844,156,334</b>	<b>926,279,085</b>	<b>925,597,861</b>
	<b>(1,713,719)</b>	<b>(56,657,406)</b>	<b>(47,691,863)</b>
Accumulated surplus – unrestricted, beginning of year		640,226,872	687,071,434
Annual deficit from operations		(56,657,406)	(47,691,863)
Transferred to restricted surplus		27,364	847,301
<b>Accumulated surplus – unrestricted, end of year</b>		<b>583,596,830</b>	<b>640,226,872</b>
Accumulated surplus – restricted, beginning of year		1,181,999	2,029,300
Transferred from unrestricted surplus		(27,364)	(847,301)
<b>Accumulated surplus – restricted, end of year</b>		<b>1,154,635</b>	<b>1,181,999</b>

See accompanying notes

**Newfoundland and Labrador English School District**

**Consolidated statement of changes in net debt**

Year ended June 30

	2023	2022
	\$	\$
<b>Annual deficit from operations</b>	<b>(56,657,406)</b>	<b>(47,691,863)</b>
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(7,540,982)	(23,301,813)
Recognition of asset retirement obligation	—	(206,811,193)
Loss on sale of tangible capital assets	2,761,591	965,732
Proceeds on disposal of tangible capital assets	212,292	464,046
Amortization of tangible capital assets	50,879,656	75,236,555
<b>Decrease (increase) in net book value of tangible capital assets</b>	<b>46,312,557</b>	<b>(153,446,673)</b>
<b>Changes in other non-financial assets</b>		
Decrease in prepaid expenses	233,252	30,573
<b>Decrease in net debt</b>		
Net debt, beginning of year	(10,111,597)	(201,107,963)
<b>Net debt, end of year</b>	<b>(280,250,366)</b>	<b>(79,142,403)</b>
	<b>(290,361,963)</b>	<b>(280,250,366)</b>

*See accompanying notes*

**Newfoundland and Labrador English School District**

**Consolidated statement of cash flows**

Year ended June 30

	2023	2022
	\$	\$
<b>Operating activities</b>		
Annual deficit from operations	<b>(56,657,406)</b>	<b>(47,691,863)</b>
Add (deduct) items not affecting cash		
Amortization of tangible capital assets	50,879,656	75,236,555
Accretion of asset retirement obligation	5,485,714	—
Loss on sale of tangible capital assets	2,761,591	965,732
Change in accrued vacation pay	(532,501)	111,760
Change in accrued sick leave	(2,554,288)	(2,319,002)
Change in accrued severance pay	(461,210)	(1,686,698)
Changes in non-cash working capital balances related to operations		
Short-term investments	(11,673,859)	(57,468)
Accounts receivable	4,484,316	(3,016,097)
Due from government entities	(3,429,951)	4,295,292
Prepaid expenses	233,252	30,574
Deferred revenue (including school-based)	12,894,492	(3,218,763)
Accounts payable and accrued liabilities	4,464,004	2,674,468
Due to government entities	(30,573)	(1,859,317)
<b>Cash provided by operating activities</b>	<b>5,863,237</b>	<b>23,465,173</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(7,540,982)	(23,301,813)
Proceeds on disposal of tangible capital assets	212,292	464,046
Repayment of obligation under capital leases	(254,640)	(294,229)
<b>Cash used in capital activities</b>	<b>(7,583,330)</b>	<b>(23,131,996)</b>
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	—	307,123
Repayment of long-term debt	(2,659,800)	(2,736,236)
<b>Cash used in financing activities</b>	<b>(2,659,800)</b>	<b>(2,429,113)</b>
<b>Net change in cash during the year</b>	<b>(4,379,893)</b>	<b>(2,095,936)</b>
Cash, beginning of year	36,923,640	39,019,576
<b>Cash, end of year</b>	<b>32,543,747</b>	<b>36,923,640</b>
<b>Represented by</b>		
Cash	19,178,169	24,513,809
Cash held by schools	13,365,578	12,409,831
<b>See accompanying notes</b>	<b>32,543,747</b>	<b>36,923,640</b>

# **Newfoundland and Labrador English School District**

## **Notes to consolidated financial statements**

June 30, 2023

### **1. Nature of operations**

The Newfoundland and Labrador English School District [the "District"] is responsible for the operations and maintenance of all English-speaking schools in the Province of Newfoundland and Labrador. The District was formed September 1, 2013 after the Government of Newfoundland and Labrador [the "Province"] amalgamated four previous boards known as Eastern School District, Western School District, Nova Central School District and Labrador School District.

### **2. Summary of significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards which, for purposes of the District's consolidated financial statements, are represented by accounting recommendations of the Public Sector Accounting Board of CPA Canada.

These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

#### **Basis of presentation**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the District. This reporting entity comprises all organizations controlled by the District and accountable to the District for the administration of their own financial affairs and resources. These organizations are Newfoundland and Labrador Education Foundation Inc., Newfoundland and Labrador International Student Education Inc. and the schools for which the District is accountable.

#### **Revenue**

The District's main source of funding is derived from the Government of Newfoundland and Labrador Department of Education [the "Department"]. The Department provides funding for operations, transportation, teacher salaries and severance pay. Funding for capital expenditures and major alterations and improvements is provided by the Department of Transportation and Works. Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized, and the eligibility criteria are met. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled. Interest income is recognized as it is earned.

#### **Expenses**

Expenses are recorded on an accrual basis as they are incurred and measurable based on receipt of goods and services.

#### **Restricted surplus**

Certain operating revenues including gains on sales of tangible capital assets, which do not meet the criteria for deferred revenue, are internally restricted by the Board of Trustees [the "Board"]. Restricted funds have been recorded as revenue and transferred to restricted surplus.

# **Newfoundland and Labrador English School District**

## **Notes to consolidated financial statements**

June 30, 2023

### **Leases**

Leases that transfer to the District, substantially all of the risks and rewards incidental to ownership of the leased items are accounted for as capital leases. Assets acquired under a capital lease result in a tangible capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the inception of the lease.

All other leases are accounted for as operating leases and the related payments are expensed as incurred.

### **Tangible capital assets**

Tangible capital assets assumed by the District on September 1, 2013, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, were recorded based on the carrying values shown on the audited financial statements of the predecessor entities.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives, using the following rates:

Buildings	25–40 years
Furniture and equipment ("F&E")	5–10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

### **Asset retirement obligations**

The District accounts for an asset retirement obligation in the period during which a legal obligation associated with the retirement of a tangible capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the expenditure required to settle the present obligation at the consolidated balance sheet date. A corresponding amount is added to the carrying amount of the related asset and is then amortized over its useful life. Changes in the liability due to the passage of time are recognized as interest expense in net income with a corresponding increase in the liability.

At each consolidated balance sheet date, the asset retirement obligation is reviewed and adjusted to reflect the then current best estimate of the liability. Such adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement, as well as changes in the legal requirements of the obligation and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset.

# **Newfoundland and Labrador English School District**

## **Notes to consolidated financial statements**

June 30, 2023

### **Teachers' and student assistants' payroll**

The Province processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the consolidated financial statements represent gross salaries and employee benefits as reported by the Department for the year.

### **Pension costs**

All permanent employees of the District are covered by pension plans administered by the Province. Contributions to these plans are required from both the employee and the District. Post-retirement obligations to employees are the responsibility of the Province and, as such, the employer contributions for pensions are recognized in the accounts.

### **Employee future benefits**

The District's employee future benefits include accrued sick leave and severance.

#### *Accrued sick leave*

The District provides certain employees with sick leave benefits that accumulate but do not vest. The benefits provided to employees vary based upon classification within the various negotiated agreements. An actuarially determined accrued liability has been recorded in the consolidated financial statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

#### *Accrued severance*

The District had in effect severance pay policies whereby certain employees were entitled to a severance payment upon leaving employment with the District. Based on collective agreements and changes that were introduced to the severance benefit for non-union employees, employees with at least one year of eligible service were entitled to a lump sum payout of their accrued severance benefit based on pay and service. While these scheduled payouts have been made, the eligible employees also had the option to defer their severance payouts to retirement, leaving a severance liability balance. This remaining severance liability is no longer actuarially determined at the end of each period. Instead, it is accrued based on the actual remaining payouts due.

### **Use of accounting estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting periods. Areas requiring the use of management's estimates include the allowance for doubtful accounts, employee future benefits, environmental remediation costs, asset retirement obligations, and the useful lives of tangible capital assets. Actual results could differ from those estimates.

# **Newfoundland and Labrador English School District**

## **Notes to consolidated financial statements**

June 30, 2023

### **Long-lived assets**

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the service potential may not be recoverable.

### **3. Change in accounting policies**

#### **Asset retirement obligations**

Effective July 1, 2022, the District adopted Section 3400 of the Public Sector Accounting Standards handbook – *Revenue*. There were no significant impact of the adoption of this standard on the District's consolidated financial statements.

### **4. Bond coverage**

As at the consolidated statement of financial position date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees in the amount of \$300,000 per occurrence.

### **5. Short-term investments**

Short-term investments consist of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Term deposits and GICs	14,155,923	2,525,661
Marketable securities	298,685	255,088
School investments	11,710	11,710
	<b>14,466,318</b>	<b>2,792,459</b>

### **6. Due from government entities**

Due from government entities consists of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Government of Newfoundland and Labrador – Operating	4,964,193	1,898,109
Government of Canada – HST	505,547	200,800
Government of Newfoundland and Labrador – HST from schools	819,581	760,461
	<b>6,289,321</b>	<b>2,859,370</b>

# Newfoundland and Labrador English School District

## Notes to consolidated financial statements

June 30, 2023

### 7. Prepaid expenses

Prepaid expenses consist of the following:

	2023 \$	2022 \$
Municipal service fees	811,164	741,945
Software support and licensing	1,263,534	1,599,197
Insurance	128,242	95,050
	<b>2,202,940</b>	<b>2,436,192</b>

### 8. Bank indebtedness

The District has an authorized operating demand loan of \$4,000,000, bearing interest at Royal Bank prime, less 0.65%, which was unused as at June 30, 2023 and 2022. In accordance with the *Schools Act, 1997*, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

### 9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2023 \$	2022 \$
Trade payables	11,719,267	8,517,289
Accrued wages	2,020,745	1,478,343
Accrued payroll deductions	744,746	1,144,280
Accrued liabilities	3,481,918	2,384,667
Scholarship funds	803,967	782,060
	<b>18,770,643</b>	<b>14,306,639</b>

### 10. Due to government entity

Due to government entities consists of the following:

	2023 \$	2022 \$
Government of Newfoundland and Labrador – Transportation	—	30,573

## **Newfoundland and Labrador English School District**

### **Notes to consolidated financial statements**

June 30, 2023

#### **11. Due from/to related parties**

The District's related party transactions occur with the Province.

Amounts receivable and payable from/to the Province are disclosed in notes 6 and 10, respectively. Certain tangible capital assets, such as the Avalon Regional office in St. John's, are utilized by the District and are not reflected in these consolidated financial statements as legal title is held by the Province. The Province does not charge the District any amounts for the use of such assets; however, operating costs and minor alterations and improvements are the responsibility of the District.

#### **12. Accrued severance pay**

The District provides a severance payment to employees upon retirement, resignation or termination.

Due to changes in the Newfoundland and Labrador Association of Public and Private Employees ["NAPE"] and the Canadian Union of Public Employees ["CUPE"] Collective Agreements effective March 31, 2018, severance benefits accrued as at March 31, 2018 were paid out to NAPE and CUPE employees with at least one year of eligible service. Similar changes were introduced to the severance benefit for management and non-bargaining employees through the *Salary Restraint and Extinguishment of Severance Pay Act*. Severance benefits accrued as at May 31, 2018 were paid out to employees with at least one year of eligible service. The severance payout was based on one week of salary for each full year of eligible employment to a maximum of 20 weeks.

Due to changes in the Newfoundland and Labrador Teacher's Association ["NLTA"] Collective Agreement effective March 31, 2018, severance benefits accrued as at March 31, 2018 were paid out to employees with at least one year of eligible service. The severance payout was based on 2% of annual salary for each full year of employment to a maximum of 40% of annual salary.

All employees had the option to defer payment but will not accrue any further severance benefits. There will be no change to the amount payable in future years. The amount remaining in the severance liability for the current fiscal year is comprised of these deferred payouts. This severance liability is no longer actuarially determined at the end of each period. Instead, it is accrued based on the actual remaining payouts due.

	<b>2023</b>	<b>2022</b>
	\$	\$
Teachers [NLTA]	2,875,043	3,354,314
District employees [CUPE/NAPE/management and non-bargaining]	342,323	324,262
<b>Total accrued severance pay</b>	<b>3,217,366</b>	<b>3,678,576</b>

## Newfoundland and Labrador English School District

### Notes to consolidated financial statements

June 30, 2023

#### 13. Accrued sick leave

The actuarial valuation date for sick leave accruals was June 30, 2021. The discount rate is based on the discount rate curve developed by management's actuary for public sector plans. District employees include NAPE, CUPE, Management, and non-bargaining.

	2023	2022
	\$	\$
<b>Accrued sick leave</b>		
Sick leave [teachers]		
Accrued benefit liability, beginning of year	63,827,047	65,165,923
Benefit expense	5,454,788	5,353,336
Benefits paid	(7,190,073)	(6,692,212)
<b>Accrued benefit liability [teachers], end of year</b>	<b>62,091,762</b>	<b>63,827,047</b>
Sick leave [district employees]		
Accrued benefit liability, beginning of year	4,528,655	5,508,781
Benefit expense	489,717	511,338
Benefits paid	(1,308,720)	(1,491,464)
<b>Accrued benefit liability [district employees], end of year</b>	<b>3,709,652</b>	<b>4,528,655</b>
<b>Total accrued sick leave liability, end of year</b>	<b>65,801,414</b>	<b>68,355,702</b>
Unamortized portion of actuarial gain	(7,561,017)	(7,993,548)
<b>Total accrued sick leave obligation</b>	<b>58,240,397</b>	<b>60,362,154</b>

Reconciliation of accrued benefit obligation from June 30, 2022 to June 30, 2023:

	District employees	Teachers	Total
	\$	\$	\$
<b>Accrued benefit obligation as at June 2022</b>			
Current period benefit cost	4,020,310	56,341,844	60,362,154
Benefits payments/contributions	445,027	4,323,343	4,768,370
Interest on the accrued benefit obligation	(1,308,720)	(7,190,073)	(8,498,793)
<b>Accrued benefit obligation as at June 2023</b>	<b>3,255,300</b>	<b>54,985,097</b>	<b>58,240,397</b>

## **Newfoundland and Labrador English School District**

### **Notes to consolidated financial statements**

June 30, 2023

The significant actuarial assumptions used in measuring the accrued sick pay benefit expense and liability are as follows:

Discount rate – liability	<b>2.75% as at June 30, 2023</b> 2.75% as at June 30, 2022
Discount rate – benefit expense	<b>2.75% in fiscal 2023</b> 2.75% in fiscal 2022
Rate of compensation increase	<b>3.75% for promotions and merit, and inflation as at June 30, 2023</b> 3.50% for promotions and merit, and inflation as at June 30, 2022

#### **14. Obligation under capital leases**

The District has entered into capital leases with the Royal Bank of Canada for various copiers. The leases have a purchase option of \$1 at the end of the lease. Interest has been imputed at various rates for these leases. Total interest paid on these leases for the year ended June 30, 2023 was \$36,574.

Future minimum payments under these capital leases are as follows for the years ending:

	\$
2024	241,669
2025	159,068
2026	66,278
Total future minimum lease payments	<b>467,015</b>
Less amount representing interest	<b>(11,112)</b>
	<b>455,903</b>

#### **15. Financial instruments**

The District's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, employee benefits payable and long-term obligations. It is management's opinion that the District is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

# Newfoundland and Labrador English School District

## Notes to consolidated financial statements

June 30, 2023

### 16. Deferred revenue

Deferred revenue represents funding designated for specific purposes for which the revenue recognition criteria have not been met. The funding is deferred and included in revenue when authorized and all eligibility criteria have been met, provided there are no stipulations that give rise to a liability. Changes in the funding deferred to future periods are as follows:

	2023	2022
	\$	\$
<b>Balance, beginning of year</b>	<b>3,705,519</b>	<b>5,380,629</b>
Less amounts recognized as revenue in the year	(3,219,711)	(2,180,462)
Add amounts funded during the year	14,913,392	505,352
<b>Balance, end of year</b>	<b>15,399,200</b>	<b>3,705,519</b>

Deferred revenue comprises the following:

	2023	2022
	\$	\$
Operations and maintenance	13,316,290	913,179
Instruction	1,316,404	2,025,834
Pupil transportation	766,506	766,506
	<b>15,399,200</b>	<b>3,705,519</b>

### 17. Restricted surplus

In 2019, the Board approved up to \$2.7 million of restricted surplus for the purchase of a new financial management system, of which \$1,154,635 [2022 – \$1,181,999] has been used to date.

## Newfoundland and Labrador English School District

### Notes to consolidated financial statements

June 30, 2023

#### 18. Expenses by object

The following represents expenses by object of the major types of expenses incurred by the District.

	2023 \$	2022 \$
Salaries and benefits	733,504,523	720,062,355
Amortization	50,879,656	75,236,555
Contracted services	39,557,528	37,519,203
Utilities	36,927,935	35,848,956
Repairs and maintenance	13,637,546	13,895,916
Materials and supplies	9,948,798	19,250,461
School-based funds activities	18,560,287	11,684,147
Vehicle operating costs	5,320,289	3,937,355
Travel and professional development	3,338,739	2,410,125
Software licenses and subscriptions	2,756,678	1,747,288
Other	3,208,327	1,467,318
Grant and subsidies	821,636	789,056
Interest on long-term debt	525,393	473,748
Accretion of asset retirement obligation	5,485,714	—
Professional fees	1,542,649	839,380
Fundraising	263,387	435,998
	<b>926,279,085</b>	<b>925,597,861</b>

#### 19. Tangible capital assets

	2023						
	Land \$	Buildings \$	F&E \$	Service Vehicles \$	Buses \$	Misc. \$	Total \$
<b>Cost</b>							
Opening balance	25,161,166	1,538,165,460	57,475,098	2,232,310	36,841,354	6,967,299	1,666,842,687
Additions	—	6,057,765	410,473	319,517	753,227	—	7,540,982
Disposals	—	(9,122,263)	—	—	(2,829,598)	—	(11,951,861)
Closing balance	<b>25,161,166</b>	<b>1,535,100,962</b>	<b>57,885,571</b>	<b>2,551,827</b>	<b>34,764,983</b>	<b>6,967,299</b>	<b>1,662,431,808</b>
<b>Accumulated amortization</b>							
Opening balance	—	669,980,270	51,272,365	1,956,021	21,486,819	2,924,166	747,619,641
Disposals	—	(6,201,911)	—	—	(2,776,066)	—	(8,977,977)
Amortization	—	46,256,848	1,632,774	42,903	2,626,584	320,547	50,879,656
Closing balance	<b>—</b>	<b>710,035,207</b>	<b>52,905,139</b>	<b>1,998,924</b>	<b>21,337,337</b>	<b>3,244,713</b>	<b>789,521,320</b>
<b>Net book value</b>	<b>25,161,166</b>	<b>825,065,755</b>	<b>4,980,432</b>	<b>552,903</b>	<b>13,427,646</b>	<b>3,722,586</b>	<b>872,910,488</b>

## Newfoundland and Labrador English School District

### Notes to consolidated financial statements

June 30, 2023

	2022						
	Land	Buildings	F&E	Service Vehicles	Buses	Misc.	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
Opening balance	25,131,166	1,315,193,774	56,060,227	2,419,571	36,740,799	7,463,843	1,443,009,380
Additions	30,000	228,100,775	1,414,871	—	100,555	466,806	230,113,007
Disposals	—	(5,129,089)	—	(187,261)	—	(963,350)	(6,279,700)
Closing balance	25,161,166	1,538,165,460	57,475,098	2,232,310	36,841,354	6,967,299	1,666,842,687
<b>Accumulated amortization</b>							
Opening balance	—	603,770,625	49,625,291	2,100,380	18,559,393	3,177,320	677,233,009
Additions	—	—	—	—	—	15,603	15,603
Disposals	—	(3,932,960)	—	(187,261)	—	(745,304)	(4,865,525)
Amortization	—	70,142,605	1,647,074	42,903	2,927,426	476,547	75,236,555
Closing balance	—	669,980,270	51,272,365	1,956,022	21,486,819	2,924,166	747,619,642
<b>Net book value</b>	<b>25,161,166</b>	<b>868,185,190</b>	<b>6,202,733</b>	<b>276,288</b>	<b>15,354,535</b>	<b>4,043,133</b>	<b>919,223,045</b>

#### 20. Asset retirement obligations

The District's asset retirement obligations relate to asbestos in buildings that consist mainly of schools, in addition to some residential and commercial buildings. The buildings have no set retirement date; however the remaining useful lives of the buildings range from 1 – 48 years, and the asset retirement obligations will be amortized straight-line over the remaining useful lives. There is also a small obligation related to some equipment owned by the District with estimated useful lives between 5-10 years.

The liability estimate was based on research conducted by a third party. With regards to the buildings, the research found that the average cost to remove asbestos per square foot varied significantly based on when the buildings were constructed. As a result, the buildings were grouped based on year of construction, and a cost applied based on the third-party research.

The District has not escalated or discounted the costs associated with the asset retirement obligation as the date of retirement of each building is unknown. If the District had escalated and discounted the asset retirement obligations based on the remaining useful lives of the assets, the difference was found to be immaterial.

## **Newfoundland and Labrador English School District**

### **Notes to consolidated financial statements**

June 30, 2023

	<b>2023</b>		
	<b>Buildings</b>	<b>F&amp;E</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	<b>206,629,193</b>	<b>182,000</b>	<b>206,811,193</b>
Accretion	5,480,254	5,460	5,485,714
<b>Ending balance</b>	<b>212,109,447</b>	<b>187,460</b>	<b>212,296,907</b>

  

	<b>2022</b>		
	<b>Buildings</b>	<b>F&amp;E</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	—	—	—
Additions	206,629,193	182,000	206,811,193
<b>Ending balance</b>	<b>206,629,193</b>	<b>182,000</b>	<b>206,811,193</b>

#### **21. Contingencies**

The District is subject to claims and lawsuits. Many of these claims may take several years to resolve. Management is of the opinion that the ultimate resolution of any legal proceedings will not have a material effect on the District's consolidated financial position.

#### **22. Comparative figures**

Certain prior-year figures have been adjusted to conform to the current year presentation.

#### **23. Subsequent event**

Effective January 1, 2024, the District was integrated into the Department of Education.

**Consolidated schedule of revenue**

Year ended June 30

	Budget \$	2023 \$	2022 \$
<b>Provincial government grants</b>			
Regular operating grants	143,456,585	115,598,628	117,105,141
Salaries and benefits – teachers and substitutes	600,940,000	620,100,474	613,613,511
Contracted pupil transportation	32,014,070	31,885,955	29,285,459
Salaries and benefits – student assistants	26,667,800	29,787,239	26,655,507
Board-owned pupil transportation	21,016,047	21,051,600	20,500,606
Special grants and projects	—	8,667,701	17,311,024
Alternate pupil transportation	7,641,113	7,641,113	8,232,506
Salaries and benefits – executive and senior management	3,581,500	4,609,411	4,435,375
Pupil transportation administration	110,000	110,000	110,000
	<b>835,427,115</b>	<b>839,452,121</b>	<b>837,249,129</b>
<b>Other income</b>			
Nunatsiavut government grants	—	2,240,328	2,218,985
Miscellaneous	—	625,304	1,421,517
Tuition revenue	1,300,000	1,627,853	1,333,300
Fundraising and donations	—	289,413	559,795
Revenue from rental of schools and facilities	22,000	296,330	215,431
Interest on investments and bank	5,573,500	1,155,969	209,859
Revenue from bus charters	120,000	204,850	48,294
	<b>7,015,500</b>	<b>6,440,047</b>	<b>6,007,181</b>

**Consolidated schedule of administration and  
human resources expenditures**

Year ended June 30

	Budget \$	2023 \$	2022 \$
<b>Administration expenditures</b>			
Salaries and benefits – board office staff	3,790,386	<b>3,839,593</b>	3,737,052
Salaries and benefits – executive and senior management	1,205,006	<b>1,221,907</b>	1,210,577
Communications – voice and data	825,629	<b>788,037</b>	821,650
Professional fees	533,000	<b>1,327,010</b>	537,439
Fundraising, donations and scholarships	16,500	<b>263,387</b>	474,399
Electricity and fuel	232,230	<b>250,410</b>	242,866
Facility rentals	226,200	<b>240,172</b>	236,512
Snow clearing	142,102	<b>176,736</b>	151,416
Other	32,000	<b>50,579</b>	147,842
Postage	102,165	<b>150,205</b>	121,553
Garbage collection and municipal fees	97,750	<b>81,346</b>	105,753
Office supplies	68,600	<b>86,704</b>	91,369
Board meeting expenses	3,904	<b>825</b>	37,746
Membership fees	19,500	<b>11,118</b>	19,493
Advertising and public relations	21,500	<b>27,015</b>	17,715
Travel and professional learning	13,500	<b>19,426</b>	11,914
Office equipment rentals and repairs	10,000	<b>5,904</b>	11,087
Recovery of bad debt	2,500	<b>1</b>	10,108
<b>Total administration expenditures</b>	<b>7,342,472</b>	<b>8,540,375</b>	7,986,491
<b>Human resources expenditures</b>			
Salaries and benefits	2,411,219	<b>2,787,585</b>	2,512,391
Personnel services	166,700	<b>159,916</b>	173,853
Recruitment and training	57,596	<b>81,304</b>	60,867
Travel and professional learning	23,600	<b>24,918</b>	6,529
<b>Total human resource expenditures</b>	<b>2,659,115</b>	<b>3,053,723</b>	2,753,640

### Consolidated schedule of instructional expenditures

Year ended June 30

	Budget \$	2023 \$	2022 \$
<b>Instructional salaries and benefits</b>			
Salaries and benefits – regular teachers	594,633,400	<b>575,633,163</b>	571,871,329
Salaries and benefits – student assistants	31,439,000	<b>29,787,238</b>	26,640,003
Salaries and benefits – substitute teachers	31,888,500	<b>38,444,928</b>	35,843,852
Salaries and benefits – school secretaries	13,820,638	<b>13,472,117</b>	13,202,095
Salaries and benefits – program directors	2,495,293	<b>3,258,541</b>	3,305,567
Salaries and benefits – Indigenous teachers	—	<b>1,147,457</b>	1,156,756
Salaries and benefits – special projects	—	<b>571,855</b>	615,849
Salaries and benefits – Board employees	845,867	<b>689,944</b>	737,367
Salaries and benefits – program specialist	—	<b>6,022,383</b>	5,836,072
Change in employee future benefits accrual	—	<b>(3,015,498)</b>	(4,005,699)
	<b>675,122,698</b>	<b>666,012,128</b>	655,203,191
<b>Instructional materials</b>			
Materials – school allocation	7,224,168	<b>7,880,345</b>	7,310,585
Materials – district allocation	136,019	<b>514,373</b>	529,930
Indigenous peoples programs	—	<b>410,379</b>	346,876
Special grants and projects	—	<b>410,758</b>	195,099
Student services equipment	187,960	<b>130,475</b>	168,758
	<b>7,548,147</b>	<b>9,346,330</b>	8,551,248
<b>Travel and professional learning</b>			
Instructional staff	1,352,452	<b>1,313,859</b>	1,185,465
Indigenous peoples programs	—	<b>11,550</b>	41,897
	<b>1,352,452</b>	<b>1,325,409</b>	1,227,362
<b>Other instructional costs</b>			
Other	155,588	<b>255,684</b>	220,344
	<b>155,588</b>	<b>255,684</b>	220,344
<b>Total instructional expenditures</b>	<b>684,178,885</b>	<b>676,939,551</b>	665,202,145

**Consolidated schedule of Centre for Distance Learning  
and Innovation expenditures**

Year ended June 30

	Budget \$	2023 \$	2022 \$
Instructional materials and resources	296,400	338,591	432,289
Grants and subsidies	1,351,500	821,636	750,656
Salaries and benefits	213,083	230,011	216,513
Travel and professional learning	106,900	85,107	44,366
Communications – voice and data	49,700	36,915	35,669
<b>Total CDLI expenditures</b>	<b>2,017,583</b>	<b>1,512,260</b>	<b>1,479,493</b>

**Consolidated schedule of information technology expenditures**

Year ended June 30

	<b>Budget</b> \$	<b>2023</b> \$	<b>2022</b> \$
Salaries and benefits	3,675,304	3,668,658	3,603,358
Licences and subscriptions	1,640,673	2,540,144	1,569,852
Materials and equipment	1,239,874	970,725	1,290,018
Travel and professional fees	254,500	297,692	297,169
<b>Total information technology expenditures</b>	<b>6,810,351</b>	<b>7,477,219</b>	<b>6,760,397</b>

**Consolidated schedule of operations and maintenance expenditures**

Year ended June 30

	Budget \$	2023 \$	2022 \$
Salaries and benefits – janitorial	33,622,744	33,422,969	31,636,187
Maintenance grants expense	—	7,092,056	16,743,892
Electricity	16,004,400	16,325,264	16,205,574
Salaries and benefits – maintenance	7,704,726	8,077,450	8,099,141
Snow clearing	6,086,059	7,402,623	6,609,426
Garbage collection and municipal fees	4,254,156	4,072,558	4,461,355
Repairs and maintenance	4,386,184	4,484,048	3,803,827
Communication – voice and data	2,839,299	2,957,782	2,955,200
Fuel	2,104,200	3,495,194	2,973,405
Janitorial supplies and equipment	2,139,880	2,803,454	2,494,023
Housing	354,630	619,675	845,200
Vehicle operating	333,100	424,902	440,907
Travel and professional learning	193,000	202,949	206,233
Facility rentals	133,920	—	190,100
Vehicle repairs and maintenance	210,400	307,676	162,391
<b>Total operations and maintenance expenditures</b>	<b>80,366,698</b>	<b>91,688,600</b>	<b>97,826,861</b>

## Consolidated schedule of pupil transportation expenditures

Year ended June 30

	Budget \$	2023 \$	2022 \$
<b>Board-owned fleet</b>			
Salaries and benefits	12,843,678	13,165,792	12,287,446
Vehicle fuel	3,015,781	2,655,933	2,228,253
Vehicle repairs and maintenance	1,642,915	1,493,492	1,235,743
Interest on long-term debt	444,000	488,845	452,135
Vehicle insurance	356,400	426,640	308,370
Licenses and subscriptions	233,400	216,534	244,741
Vehicle registration	213,800	214,368	208,365
Electricity and fuel	176,000	146,158	195,011
Snow clearing	155,500	167,246	137,374
Communications – voice and data	116,000	107,944	106,626
Garbage collection and municipal fees	97,900	97,761	96,299
Other	78,864	105,407	63,744
Tires	87,000	73,964	71,834
Facility rentals	69,700	82,874	69,839
Building repairs and maintenance	61,650	(9,661)	60,777
Travel and professional learning	49,622	23,240	52,957
Office supplies	10,164	8,873	7,760
Principal payments on bus loans	2,426,421	—	—
	22,078,795	19,465,410	17,827,274
<b>Contracted transportation services</b>			
Regular	30,737,724	32,023,748	30,167,535
Alternate	7,641,113	7,533,780	7,349,994
	38,378,837	39,557,528	37,517,529
<b>District administration</b>			
Salaries and benefits	303,898	343,575	342,766
Travel, professional learning and other	19,700	13,596	14,831
	323,598	357,171	357,597
<b>Total pupil transportation expenditures</b>	<b>60,781,230</b>	<b>59,380,109</b>	<b>55,702,400</b>

### Consolidated schedule of long-term debt

As at June 30

#### Pupil transportation loans, variable rate

Creditor	Monthly principal payments	Plus interest	Maturity date	2023	2022
	\$			\$	\$
Scotiabank	2,523	Prime -0.25%	2022	—	10,153
CIBC	3,025	Prime	2022	—	15,125
TD Canada Trust	13,293	Prime -1%	2022	—	39,881
Scotiabank	4,687	Prime -0.25%	2023	10,796	69,141
CIBC	3,201	Prime	2023	10,123	45,339
TD Canada Trust	7,873	Prime -1%	2023	23,618	118,087
Scotiabank	4,459	Prime -0.25%	2024	66,879	120,387
TD Canada Trust	6,182	Prime -1%	2024	105,191	179,444
Scotiabank	2,569	Prime -0.25%	2025	65,058	95,886
TD Canada Trust	5,538	Prime	2025	156,402	222,860
TD Canada Trust	6,806	Prime	2025	197,361	279,028
CIBC	5,521	Prime	2025	112,924	179,170
<b>Total variable rate loans</b>				<b>748,352</b>	<b>1,374,501</b>

#### Pupil transportation loans, fixed rate

Creditor	Monthly Blended payments	Interest rate	Maturity date	2023	2022
	\$			\$	\$
Royal Bank	2,217	3.06%	2022	—	6,360
Royal Bank	3,695	2.01%	2023	11,021	54,653
Royal Bank	3,788	3.02%	2024	57,188	100,891
Royal Bank	4,604	3.08%	2025	130,702	181,435
Royal Bank	8,782	3.03%	2025	258,702	355,190
Royal Bank	23,314	2.96%	2026	864,080	1,114,431
Royal Bank	12,326	2.38%	2027	604,422	737,206
CIBC	18,943	2.10%	2028	1,124,905	1,335,825
Royal Bank	25,752	2.67%	2029	1,834,470	2,077,285
Royal Bank	26,066	3.66%	2030	2,029,249	2,263,087
BMO	32,498	2.56%	2031	2,897,032	3,208,474
TD Canada Trust	33,748	1.35%	2032	3,579,177	3,933,367
TD Canada Trust			2034	250,728	307,123
<b>Total fixed-rate loans</b>				<b>13,641,676</b>	<b>15,675,327</b>
<b>Total long-term debt</b>				<b>14,390,028</b>	<b>17,049,828</b>

Security for certain loans has been provided in the form of chattel mortgages over specific vehicles.

### Consolidated schedule of long-term debt

Year ended June 30

	<b>2023</b>		
	Balance, beginning of year \$	Principal repayment for the year \$	Balance, end of year \$
<b>Long-term debt</b>			
Pupil transportation	<b>17,049,828</b>	<b>2,659,800</b>	<b>14,390,028</b>
Annual principal payments to maturity		\$	
2024	2,407,468		
2025	2,316,169		
2026	1,958,326		
2027	1,791,966		
2028	1,644,084		
Thereafter	4,272,015		
		<b>14,390,028</b>	

**Consolidated schedule of adjusted annual surplus from operations**

Year ended June 30

	2023	2022
	\$	\$
<b>Annual deficit from operations</b>	<b>(56,657,406)</b>	<b>(47,691,863)</b>
Add (deduct) expenditures not funded through operating grant		
Amortization of tangible capital assets	50,879,656	75,236,555
Change in employee future benefits accrual	(3,015,498)	(4,005,699)
School-based activities	18,560,287	11,684,147
Change in vacation pay accrual for Board executive	596,405	—
Less non-expenditure items funded through operating grant		
Principal payments on long-term debt and leases	(2,914,440)	(3,030,465)
Tangible capital asset additions funded from operations	(299,967)	(483,067)
Less items from capital sources		
Capital transfers from government	(6,132,465)	(21,871,211)
Loss on disposal of tangible capital assets	2,761,591	965,732
Less revenue from school-based activities	(17,597,046)	(12,778,477)
Add deficit from consolidated entities	(387,424)	(218,848)
<b>Adjusted annual deficit from operations</b>	<b>(14,206,307)</b>	<b>(2,193,196)</b>