SPECIAL MEETING OF THE BOARD
AGENDA

Date:	Friday, November 13, 2026
Time:	12:00 pm
Location:	Catholic Education Centre - Board Room 802 Drury Lane Burlington, Ontario

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Pages

1. **Call to Order**

   1.1 Land Acknowledgement, Opening Prayer, Our Father and National Anthem (J. Klein)

2. **Approval of the Agenda**

3. **Declarations of Conflict of Interest**

4. **Action Items**

   4.1 2025-26 Draft Financial Statements (A. Lofts) 1 - 38

5. **In-Camera**

6. **Resolution re Absentees**

7. **Adjournment and Closing Prayer (M. Duarte)**

HALTON CATHOLIC DISTRICT SCHOOL BOARD CDSB

Regular Board Meeting

Action Report

2025-26 Draft Audited Consolidated Financial Statements and Annual Investment Report	**Item 4.1**
November 13, 2026	

Alignment to Strategic Plan

This report is linked to our strategic priority of **Achieving:** We hold high expectations for all.

Purpose

To provide the Board of Trustees with the 2025-26 Draft Audited Consolidated Financial Statements for approval, and to report on the Board's investment activity for the 2025-26 fiscal year as required by O. Reg. 41/10

Background Information

At the Board Meeting of June 16, 2026, the Board received and approved Action Item 9.1, “2025-2026 Year-End Audit Planning Report from External Auditors”. The report detailed the audit approach (including the areas of focus), audit materiality and required communications. Halton Catholic District School Board’s (HCDSB) external auditors (Deloitte LLP) have provided the Audit Committee with its audit findings report for the year ending August 31, 2026. The report provides important information to assist the Board of Trustees in fulfilling their governance responsibility to review and approve the annual Financial Statements.

Also, in accordance with O. Reg. 41/10 and Board Operating Policy I-10, Banking, Investment and Borrowing, the Board establishes investment goals that require Management to invest surplus cash, accumulated surplus, and deferred revenue in accordance with O. Reg. 41/10. The Board's investment objectives include achieving a positive rate of return while limiting fiscal exposure to risk of loss.

During the 2025-26 fiscal year, HCDSB earned interest on daily cash balances held in its operating accounts with TD Bank, the Board’s banking institution. Interest earned on these operating cash balances is distinct from investments made under O. Reg. 41/10 and is therefore not being reported as an eligible investment for the purposes of this report.

During 2025-26, the Board did not hold or make any separate investments eligible under O. Reg. 41/10.

Comments

1. The financial statements have been prepared in accordance with the Financial Administration Act, supplemented by the Ontario Ministry of Education Memorandum 2004:B2, and Ontario Regulation 395/11, "Accounting Policies and Practices Public Entities," under the Financial Administration Act.
2. The attached (Draft) Consolidated Financial Statements of Halton Catholic District School Board as of August 31, 2026 ("Financial Statements") are comprised of the following pages:
    a. Covering Page
    b. Management's Responsibility for the Consolidated Financial Statements
    c. Independent Auditor's Report
    d. Consolidated Statement of Financial Position
    e. Consolidated Statement of Operations
    f. Consolidated Statement of Change in Net Debt
    g. Consolidated Statement of Cash Flows
    h. Notes to Consolidated Financial Statements
3. The Financial Statements were prepared by the Business Services staff and have been audited by the Board's External Auditors (Deloitte LLP). The form and content of the Financial Statements are primarily prescriptive in nature and present the actual results for the 2025-26 fiscal year. The Board approved the 2025-26 Original Budget on June 24, 2025, and the 2025-26 Revised Budget on December 16, 2025. The 2025-26 Draft Audited Consolidated Financial Statements culminate the annual reporting cycle. The Chief Executive Officer, the Secretary of the Board, and the Chair of the Board are required to sign the approved Financial Statements on behalf of the Board.
4. The "*Management's Responsibility for the Consolidated Financial Statements*" has remained essentially unchanged from the previous year.
5. The "*Independent Auditor's Report*" contains five sections: Opinion, Basis for Opinion, Emphasis of Matter, Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements, and the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements. The auditor's opinion, which appears at the beginning of the report, is an unmodified ("clean") audit opinion.
6. The "*Consolidated Statement of Financial Position*" presents the Board's Financial Assets and Liabilities at a point in time (August 31, 2026). The statement's layout provides two key performance measures: the Board's ability to finance its operations and the Board's ability to deliver future services. The difference between total Financial Assets and total Liabilities is called Net Debt. The Board's Net Debt balance is $630.8 million for fiscal 2025-26. Net Debt is added to the Non-Financial Assets (Prepaid Expenses and Tangible Capital Assets) to give the Accumulated Surplus. The Board's total Accumulated Surplus position is $260.8 million.

Accounts receivable were $126.9 million in 2025-26, a decrease of $8.9 million from 2024-25. The decrease is primarily due to a decrease in receivables from the Government of Ontario.

Included in accounts receivable is $79.4 million from the Government of Ontario for approved capital projects. The $79.4 million consists of $67.6 million due over the remaining term of existing capital debt instruments issued to finance approved capital and $11.8 million due in early 2027 for capital funded through the funding model.

Beginning in 2018-19, the Ministry of Education introduced a cash management strategy. As part of the Ministry's strategy, it delayed part of the grant payment to HCDSB. The delayed grant payment reflected in the Financial Statements is $25.1 million for fiscal 2025-26 and was included in the accounts receivable balance.

Overall, the receivable balance related to the Government of Ontario was $107.7 million for 2025-26. This amount represents a decrease of $10.4 million from 2024-25. The decrease resulted from ($11.2) million in principal payments on the retirement of supported debt, a decrease of ($5.0) million in Core Education Funding, priorities and partnerships funding and delayed grant payments outstanding from the Government of Ontario, combined with an increase of $5.8 million due to the timing of capital additions and capital funding payments. Supported debt includes old debenture debt through the Ontario School Boards Financing Corporation (OSBFC) and new debenture debt under the Ontario Financing Authority (OFA), both primarily used to provide new pupil places.

During the year, one school property with a net book value of $0.5 million was reclassified from tangible capital assets to assets held for sale.

Accounts payable decreased by approximately $1.6 million compared to 2024-25. The primary drivers of the decrease are the $0.6 million repayment of underspent Responsive Educational Programs and the $2.0 million delayed grant payment clawback from 2024-25, partially offset by a $1.0 million increase due to the timing of outstanding invoices for capital construction and general operating expenses in 2025-26.

Temporary borrowing increased by $22.0 million from $44.0 million to $66.0 million due to an increase in the Education Development Charges (EDC) credit facility.

The decrease in deferred revenue by approximately $3.8 million resulted from the following:

- ($1.1) million decrease in deferred revenue relating to proceeds of disposition;
- ($1.2) million decrease in deferred revenue relating to school renewal funds;
- ($0.9) million decrease in deferred revenue relating to temporary accommodation;
- ($1.8) million decrease in deferred revenue relating to international students' tuition fees;

This is partially offset by an increase in deferred revenue related to the following:

- $0.4 million increase in assets held for sale deferred revenue;
- $0.8 million increase in Indigenous Education deferred revenue.

The Employee Future Benefits liability increased by $1.5 million to $10.9 million, based on the actuarial valuation completed this year as of August 31, 2026. The increase is primarily driven by higher costs for workers' compensation (WSIB) and long-term disability obligations, which

are recognized in full in the year the events occur. Further details of Employee Future Benefits are explained in Note 6 (pages 16-19) of the Financial Statements.

The decrease in net long-term debt of ($11.5) million resulted from principal debt payments made throughout the year.

The asset retirement obligation (ARO) liability increased by $13.5 million, from $3.3 million to $16.8 million. The related asset cost is amortized over the asset's remaining useful life. ARO-related amortization was $5.9 million in 2025-26, which contributes to the $7.8 million ARO balance reported as unavailable for compliance in Note 12. Further details are provided in Note 9 of the Financial Statements.

The Total Accumulated Surplus is broken down in Note 12 (Accumulated Surplus) of the Draft Financial Statements, and it is important to note that $0.1 million of the non-designated portion (or unappropriated portion) for the 2025-26 year of this Total Accumulated Surplus was transferred to the WSIB reserve to cover rising WSIB costs.

The in-year deficit for compliance purposes for 2025-26 has been internally appropriated as follows:

- Transfer of $0.3 million to the WSIB reserve,
- Transfer of ($0.6) million from the Facility Capital reserve to the Committed Capital Projects reserve, and
- Net usage of $(0.2) million of the Committed Capital Projects reserve

Thus, the total in-year accumulated surplus (deficit) available for compliance was a $0.6 million deficit. The Revised Estimates approved by the Board on December 16, 2025, outlined an expected in-year surplus (deficit) available for compliance of nil. The change from revised estimates was primarily due to unfavourable variances in WSIB costs and day school enrolment, partially offset by an increase in summer school enrolment and facility rentals, combined with lower administration costs than in the revised estimates.

7. The "*Consolidated Statement of Operations*" explains the change in the Board's accumulated surplus balance from the prior year. The difference between Revenues and Expenses gives the Total Annual Surplus/(Deficit) for the year, which is then added to the opening Total Accumulated Surplus/(Deficit) position to provide the closing Total Accumulated Surplus/(Deficit) position. The annual surplus for the year is $8.4 million, consisting of the in-year Available for Compliance deficit of $0.6 million and the in-year Unavailable for Compliance Surplus of $9.0 million. The Unavailable for Compliance Surplus includes $0.1 million decrease in unfunded Employee Future Benefits, $0.2 million for accrued interest, an increase of $0.2 million for School Generated Funds, ($6.0) million for asset retirement obligations, a transfer of ($0.4) million related to capital projects and $14.9 million in EDC revenue.
8. The "*Consolidated Statement of Change in Net Debt*" explains why the Board's net debt position changed. It highlights the changes due to tangible capital asset (TCA) activities in the year. It includes acquiring new TCA, amortizing existing TCA, and the sale of TCA, if any, that occurred during the year. An increase in net debt means more future revenues will be needed to pay for past transactions. Net debt increased by $39.9 million in 2025-26, from $590.9

million to $630.8 million, primarily due to $77.9 million in tangible capital asset additions, partially offset by the $8.4 million annual surplus and $29.8 million in amortization.

9. The "*Consolidated Statement of Cash Flows*" explains the change in cash and cash equivalents from the prior year. It provides information about how the Board generated cash to meet its obligations. The statement presents the Board's cash flow for the year in three categories: Operating, Capital, and Financing Activities. The Board follows the indirect method, starting with the Annual Surplus/(Deficit), adding back non-cash items, and then analyzing the changes in amounts on the other lines in the Statement of Financial Position that affect cash flows.
10. The Ministry's Education Finance Information System (EFIS) forms will be submitted electronically on November 13, 2026.
11. The Board complies with the Ministry's defined expense enveloping provisions for School Board Administration, Facilities and Transportation. Facilities and Transportation expense compliance is a new requirement for the 2025-26 fiscal year.
12. The grant funding recognized for Special Education and Mental Health and Wellness is $60.5 million, $0.3 million lower than the previous fiscal year due to the one-time recognition of $1.3 million in Special Education deferred revenue in 2024-25. Special Education and Mental Health and Wellness expenses continue to exceed the allocation, and the shortfall for 2025-26 is $7.5 million, which is funded from other operating sources.
13. In accordance with Section 252(2) of the Education Act, the final Audited Financial Statements will be made available on the Board's website.
14. Attached is the 2025-26 Year-End Schedule, which outlines the remaining items to be completed.

Conclusion

Staff have submitted the draft audited consolidated financial statements, which include an unmodified audit opinion, for approval, and report that no investments eligible under O. Reg. 41/10 were held or made during 2025-26.

Recommendation

The following recommendation is presented for the consideration of the Board:

Resolution#:	*Moved by:* *Seconded by:*
RESOLVED that the Halton Catholic District School Board approve the 2025-26 Draft Audited Consolidated Financial Statements for the year ended August 31, 2026, as presented.	

Report Prepared by:	A. Cross Senior Manager, Financial Services
Report Submitted by:	A. Lofts Chief Financial Officer and Treasurer of the Board
Report Approved by:	J. Klein Chief Executive Officer and Secretary of the Board

Consolidated financial statements of
Halton Catholic District School Board

August 31, 2026

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Halton Catholic District School Board (the "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.

A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Audit Committee meets with management and 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 Deloitte LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

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John Klein
Chief Executive Officer
and Secretary of the Board

Aaron Lofts
Chief Financial Officer
and Treasurer of the Board

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Independent Auditor's Report

To the Trustees of the
Halton Catholic District School Board

Opinion

We have audited the consolidated financial statements of Halton Catholic District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2026, and the consolidated statements of operations, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Board for the year ended August 31, 2026, are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and the Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Board as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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
November 13, 2026

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Halton Catholic District School Board

Consolidated statement of financial position

As at August 31, 2026

	Notes	2026 $	2025 $
Financial assets			
Cash		**21,753,739**	28,172,016
Accounts receivable	2	**126,942,084**	135,819,235
Assets held for sale	4	**503,367**	—
		149,199,190	163,991,251
Financial liabilities			
Temporary borrowing	3	**66,000,000**	44,000,000
Accounts payable and accrued liabilities		**20,104,032**	21,695,655
Deferred revenue	5	**21,420,896**	25,234,515
Employee future benefits payable	6	**10,853,934**	9,391,238
Net long term debt	7	**67,554,555**	79,083,170
Deferred capital contributions	8	**577,228,058**	572,141,360
Asset retirement obligations	9	**16,794,959**	3,342,650
		779,956,434	754,888,588
Net debt		**(630,757,244)**	(590,897,337)
Contractual obligations and contingent liabilities	18		
Non-financial assets			
Prepaid expenses		**255,285**	294,429
Tangible capital assets	11	**891,261,351**	843,010,708
		891,516,636	843,305,137
Accumulated surplus	12	**260,759,392**	252,407,800

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

Approved by the Board of Directors

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John Klein
Chief Executive Officer and Secretary of the Board

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Chair of the Board

Halton Catholic District School Board

Consolidated statement of operations

Year ended August 31, 2026

	Notes	2026 Budget $	2026 Actual $	2025 Actual $
Revenue				
Core Education Funding	14			
Provincial legislative grants		**386,364,804**	**384,858,323**	368,081,437
Education property tax		**93,238,384**	**93,693,298**	92,629,256
		479,603,188	**478,551,621**	460,710,693
Provincial grants - other		**4,675,385**	**5,006,605**	9,017,495
Federal grants and fees		**3,385,969**	**2,783,798**	3,505,176
Other fees and revenues		**20,817,894**	**25,916,705**	28,052,436
Investment income		**750,000**	**990,820**	2,059,971
School generated funds revenues		**15,100,000**	**14,195,011**	14,551,853
Amortization of deferred capital contributions	8			
Related to provincial legislative grants	14	**21,288,432**	**21,895,417**	19,891,842
Related to third parties		**467,750**	**503,649**	493,892
Total revenue		**546,088,618**	**549,843,626**	538,283,358
Expenses				
Instruction		**419,327,440**	**422,480,829**	404,821,169
Administration		**16,079,230**	**15,395,157**	15,124,895
Transportation	16	**11,789,668**	**11,561,556**	11,135,421
Pupil accommodation		**70,489,748**	**76,789,121**	69,509,536
Other		**1,177,007**	**1,270,530**	1,190,095
School generated funds expenses		**15,100,000**	**13,994,841**	14,088,211
Total expenses	15	**533,963,093**	**541,492,034**	515,869,327
Annual surplus		**12,125,525**	**8,351,592**	22,414,031
Accumulated surplus, beginning of year		**252,407,800**	**252,407,800**	229,993,769
Accumulated surplus, end of year	12	**264,533,325**	**260,759,392**	252,407,800

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

Halton Catholic District School Board

Consolidated statement of change in net debt

Year ended August 31, 2026

	2026 Budget $	2026 Actual $	2025 Actual $
Annual surplus	**12,125,525**	**8,351,592**	22,414,031
Tangible capital asset activities			
Acquisition of tangible capital assets and addition of tangible capital assets - asset retirement obligations	**(33,195,107)**	**(77,910,296)**	(32,552,496)
Amortization of tangible capital assets	**23,347,353**	**29,839,761**	21,933,605
Net book value of tangible capital assets transferred to assets held for sale	**—**	**503,367**	—
Changes in estimate of tangible capital assets - asset retirement obligations	**—**	**(683,475)**	(94,049)
Total tangible capital asset activities	**(9,847,754)**	**(48,250,643)**	(10,712,940)
Other non-financial asset activity			
Use (acquisition) of prepaid expenses	**—**	**39,144**	(41,178)
Total other non-financial asset activity	**—**	**39,144**	(41,178)
Change in net debt	**2,277,771**	**(39,859,907)**	11,659,913
Net debt, beginning of year	**(590,897,337)**	**(590,897,337)**	(602,557,250)
Net debt, end of year	**(588,619,566)**	**(630,757,244)**	(590,897,337)

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

Halton Catholic District School Board

Consolidated statement of cash flows

Year ended August 31, 2026

	2026	2025
	$	$
Operating transactions		
Annual surplus	**8,351,592**	22,414,031
Items not involving cash		
Amortization of tangible capital assets	**23,989,136**	21,780,135
Amortization of tangible capital assets - asset retirement obligations	**5,850,625**	153,470
Transfer of tangible capital assets to assets held for sale	**409,771**	—
Increase in asset retirement obligation liabilities excluding settlements	**13,465,456**	167,152
Increase in tangible capital assets - asset retirement obligation	**(13,371,860)**	(167,152)
Deferred capital contributions revenue	**(22,399,066)**	(20,385,734)
Decrease in accounts receivable - other	**1,470,234**	17,275,083
Decrease in accounts receivable - delayed grant payment	**2,058,062**	1,157,168
Decrease in accounts payable and accrued liabilities	**(1,591,623)**	(49,936,572)
Decrease in deferred revenues - operating	**(994,266)**	(1,111,351)
Increase (decrease) in employee future benefits	**1,462,696**	(172,626)
Increase in assets held for sale	**(503,367)**	—
Settlement of asset retirement obligations liability through abatement	**(13,147)**	(54,113)
Decrease (increase) in prepaid expenses	**39,144**	(41,178)
Net change in cash from operating activities	**18,223,387**	(8,921,687)
Capital transaction		
Cash used to acquire tangible assets	**(65,128,315)**	(32,479,393)
Net change in cash from capital activity	**(65,128,315)**	(32,479,393)
Financing transactions		
Increase (decrease) in temporary borrowing	**22,000,000**	(13,000,000)
Debt principal repayments	**(11,528,615)**	(14,372,805)
Decrease in accounts receivable - Government of Ontario - approved capital	**5,348,855**	43,532,135
Additions and transfers to deferred capital contributions	**27,485,764**	27,626,549
Decrease in deferred revenues - capital	**(2,819,353)**	(1,460,404)
Net change in cash from financing activities	**40,486,651**	42,325,475
Change in cash	**(6,418,277)**	924,395
Cash , beginning of year	**28,172,016**	27,247,621
Cash, end of year	**21,753,739**	28,172,016

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

1. Significant accounting policies

The consolidated financial statements of the Halton Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Board are as follows:

(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 consolidated statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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

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

(b) Reporting entity

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

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1. Significant accounting policies (continued)

(b) Reporting entity (continued)

Consolidated entity:

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

Proportionately consolidated entity:

- Halton Student Transportation Services

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 are not included in the consolidated financial statements, as these funds are not controlled by the Board.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(e) Financial instruments

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

Financial instrument	Measurement method
Cash	Cost
Accounts receivable	Cost
Temporary borrowing	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Net long-term debt	Amortized cost

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to the acquisition of investments are added to the amortized cost. 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.

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.

DRAFT

1. Significant accounting policies (continued)

(e) Financial instruments (continued)

The Board does not have any financial instruments measured at fair value as at August 31, 2026 and 2025; accordingly, a consolidated statement of remeasurement gains and losses is not presented.

Establishing fair value

The fair value of guarantees and letters of credit is 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 where 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 and are therefore not recognized in these financial statements. For letters of guarantee and letters of credit relating to construction, disclosure is done at the face value of the guarantee or letter of credit.

Fair value hierarchy

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

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(f) Deferred revenue

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

(g) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing depreciable tangible capital assets for use in providing services, or any contributions of depreciable tangible assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset has been acquired as required by Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized as revenue in the statement of operations at the same rate and over the same periods as the related asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purposes
- Other restricted contributions received for capital purposes

DRAFT

1. Significant accounting policies (continued)

(h) Public Private Partnerships

Public Private Partnerships (P3) are an alternate financing and procurement model available to the Board to use private sector partners to design, build, acquire or better new or existing infrastructure projects with higher risk, multi-year construction period and significant investments. Assets procured via P3s are recognized as tangible capital assets, at the school board's cost, which represents the asset's fair value at the date of recognition, and the related obligations are recognized as other long-term financing liabilities for financial liability models and/or deferred revenue for P3 performance obligations arising from user pay obligations in the financial statements as the assets are constructed. At initial recognition, the total liability reflects the cost of the tangible capital asset less any consideration paid by the school board to the private sector partner. The total liability for combined consideration arrangements is allocated between a financial liability and performance obligation based on the portion of the asset cost financed through the respective models. Financial liabilities are measured at amortized cost using the implicit contract rate.

(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, workers' compensation and long-term disability benefits. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2019: Education Workers' Alliance Ontario (EWAO), Canadian Union of Public Employees (CUPE), 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 provides benefits to individuals who are retired prior to the Board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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 Core Education Funding, including additional ministry funding in the form of a Crown Contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board provides health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: OECTA and CUPE.

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

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 costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities were actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses

DRAFT

1. Significant accounting policies (continued)

(i) Retirement and other employee future benefits (continued)

arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance 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 workers' 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.

The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employee Retirement System pensions, are the employer's contributions due to the plan in the period.

The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(j) 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 the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset	Estimated useful life in years
Land improvements	15 years
Buildings	40 years
Furniture and equipment	5 to 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 to 10 years
Leasehold improvements	Over the lease term

Half a year of amortization is charged in the year of acquisition and in the year of disposal. 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 sale 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 sale 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.

DRAFT

1. Significant accounting policies (continued)

(k) Asset retirement obligations

Asset retirement obligations ("ARO") are provisions for legal obligations for the retirement of the Board's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A corresponding amount is added to the carrying value of the related tangible capital asset and is then amortized over its remaining useful life.

The estimated amounts of future costs to retire the asset are reviewed annually and adjusted to reflect the current best estimate of the liability. Adjustments may result from changes in the assumption used to estimate the amount required to settle the obligation. These amounts are recognized as an increase or decrease in the carrying amount of the asset retirement obligation liability, with a corresponding adjustment to the carrying amount of the related asset. If the related asset is no longer in productive use, all subsequent changes in the estimate of the liability for the ARO are recognized as an expense in the period incurred.

(l) Purchased intangibles

Purchased Intangibles are identifiable non-monetary economic resources without physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other intangible assets or tangible capital assets;
- Have useful economic lives extending beyond one year;
- Are to be used on a continuing basis;
- Are purchased through an arm's length exchange transaction between knowledgeable, willing parties that are under no compulsion to act;
- Are not for sale in the ordinary course of operations; and
- Are not held as part of a collection.

A purchased intangible asset is recognized and capitalized on its acquisition date and is recorded at acquisition cost as a non-financial asset.

(m) 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, provided 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.

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1. Significant accounting policies (continued)

(m) Government transfers (continued)

Government transfers for capital are deferred as required by Ontario Regulation 395/11, and 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 tangible capital asset is amortized.

(n) Other revenue

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 obligations, for example, fines and penalties, is 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 years are deferred and reported as a liability. The majority of Board revenues do not fall under the new PS 3400 accounting standard.

(o) 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.

(p) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees (Trustees) on June 24, 2025. 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.

(q) 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 Core Education Funding, under Education Property Tax.

(r) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include employee future benefits, certain accruals, useful lives of tangible capital assets and asset retirement obligations. Actual results could differ from these estimates.

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2. Accounts receivable – Government of Ontario

Capital Grant

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010, that is supported by the existing capital programs. The Board will receive 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 amount receivable.

The Board has an amount receivable from the Province of Ontario of $79,393,030 as at August 31, 2026 ($84,741,883 in 2025) with respect to capital grants.

Operating Grant

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2026 is $25,051,899 ($27,109,961 in 2025).

3. Temporary borrowing

To address operating requirements and to bridge capital expenses, the Board has an operating line of credit and short-term loans.

The operating line of credit bears interest at the bank's prime lending rate less 0.85%, is unsecured, is due on demand, and has a maximum limit of $250,000,000. As at August 31, 2026, the amount drawn under the operating line of credit was nil (2025 - nil).

All term loans are available by Adjusted Term Canadian Overnight Repo Rate Average ("CORRA") based advances, bearing interest at the Adjusted Term CORRA rate, which ranged from 2.29% to 2.30%, plus 0.90% per annum (2025 - 2.68% to 2.70%, plus 0.90%). All loans are unsecured, due on demand and are in the form of Adjusted Term CORRA-based advances and bank overdrafts.

Total Adjusted Term CORRA-based advances totalled $66,000,000 as at the end of 2026 ($44,000,000 as at the end of 2025), for total short-term borrowings of $66,000,000 as at the end of 2026 ($44,000,000 as at the end of 2025).

4. Assets Held for Sale

As of August 31, 2026, $491,285 (2025- nil) related to buildings and $12,082 (2025 - nil) related to land were recorded as assets held for sale.

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5. Deferred revenue

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2026 is comprised of:

	Balance as at August 31, 2025 $	Externally restricted revenue and investment income $	Revenue recognized in the period $	Transferred to deferred capital contributions (Note 8) $	Balance as at August 31, 2026 $
Deferred revenue - operating					
Special education	—	**60,544,657**	**(60,544,657)**	**—**	**—**
Legislative grants	2,374,866	**4,156,341**	**(3,405,170)**	**—**	**3,126,037**
Other Ministry of Education grants	18,079	**3,266,254**	**(3,284,333)**	**—**	**—**
Other provincial grants	14,380	**6,879**	**—**	**—**	**21,259**
International students tuition	3,470,573	**1,690,496**	**(3,416,282)**	**—**	**1,744,787**
Other third party	179,658	**146,510**	**(154,961)**	**—**	**171,207**
Total deferred revenue - operating	6,057,556	**69,811,137**	**(70,805,403)**	**—**	**5,063,290**
Deferred revenue - capital					
School renewal	4,834,362	**4,983,090**	**(766,714)**	**(5,397,955)**	**3,652,783**
Retrofit for childcare	1,032,200	**—**	**—**	**—**	**1,032,200**
Legislative grants	1,276,056	**17,332,572**	**(16,031,673)**	**(2,220,683)**	**356,272**
Proceeds of disposition	12,034,341	**435**	**—**	**(1,116,114)**	**10,918,662**
Assets held for sale	—	**397,689**	**—**	**—**	**397,689**
Education development charges	—	**16,625,120**	**(16,625,120)**	**—**	**—**
Other Ministry of Education grants - Capital	—	**188,331**	**—**	**(188,331)**	**—**
Other third party	—	**594,504**	**—**	**(594,504)**	**—**
Total deferred revenue - capital	19,176,959	**40,121,741**	**(33,423,507)**	**(9,517,587)**	**16,357,606**
Total deferred revenue	25,234,515	**109,932,878**	**(104,228,910)**	**(9,517,587)**	**21,420,896**

6. Retirement and other employee future benefits

	Retirement benefits $	Other employee future benefits $	2026 Total employee future benefits $	2025 Total employee future benefits $
Accrued employee future benefits obligations at August 31	**743,282**	**9,979,976**	**10,723,258**	9,210,055
Unamortized actuarial gain at August 31	**130,676**	**—**	**130,676**	181,183
Employee future benefits liability at August 31	**873,958**	**9,979,976**	**10,853,934**	9,391,238

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6. Retirement and other employee future benefits (continued)

	Retirement benefits $	Other employee future benefits $	2026 Total employee future benefits $	2025 Total employee future benefits $
Current year (recovery) benefit expenses	**(17,392)**	**5,166,800**	**5,149,408**	1,690,059
Interest on accrued benefit obligation	**30,744**	**238,700**	**269,444**	309,932
Employee future benefits expenses	**13,352**	**5,405,500**	**5,418,852**	1,999,991
Total payments made during the year	**259,300**	**3,696,856**	**3,956,156**	2,172,617

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Included in the current year benefit expense is a net actuarial gain of $37,603 (gain of 89,755 in 2025) for amortization of net actuarial losses. The unamortized actuarial loss is amortized over the expected average remaining service life of 6.5 years (7.0 years in 2025), other than sick leave benefits, which are recorded in the year. The actuarial loss for the year was $12,904 (gain of $142,229 in 2025).

Retirement benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the 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 the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching and support staff 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, 2026, the Board contributed $7,083,534 ($7,103,694 in 2025) 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.

The OMERS pension plan had a $1.3 billion deficit as at December 31, 2025, based on the actuarial valuation of the pension benefit obligation, resulting in the plan being 99% funded (98% funded in 2025). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

(iii) Gratuity benefits

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

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6. Retirement and other employee future benefits (continued)

Retirement benefits (continued)

(iv) Retirement life insurance and health care benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

The premiums are based on the Board's experience, and retirees' premiums 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 do not qualify for Board-subsidized premiums or contributions.

Other employee future benefits

(i) Workplace Safety and Insurance Board obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Long-term disability salary compensation

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(iii) Sick leave benefits

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $243,711 ($175,043 in 2025).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2026 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2026.

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6. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

The accrued benefit obligations for employee future benefit plans as at August 31, 2026 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2026. These valuations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2026 %	2025 %
Inflation		
Retirement gratuities	**2.0**	2.0
Other employee future benefits	**2.0**	2.0
Wage and salary escalation		
Retirement gratuities	**0.0**	0.0
Sick leave	**2.0**	2.0
Insurance and health care cost escalation		
Health	**5.0**	5.0
Dental	**5.0**	5.0
Life insurance	**5.0**	5.0
Other employee future benefits - Health	**4.0**	4.0
Discount on accrued benefit obligations	**4.2**	3.8

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7. Net debenture debt

	2026 $	2025 $
OSBFC (2001) – A3, repayable in semi-annual installments of $2,515,121, bearing interest at 6.55% per annum, maturing October 19, 2026	**2,435,292**	7,076,779
OSBFC (2003) – A2, repayable in semi-annual installments of $189,051, bearing interest at 5.80% per annum, maturing November 7, 2028	**868,277**	1,182,294
OFA (2006) – repayable in semi-annual installments of $23,381, bearing interest at 4.56% per annum, maturing November 15, 2031	**225,228**	260,509
OSBFC (2007) – A1, repayable in semi-annual installments of $1,171,034, bearing interest at 5.38% per annum, maturing June 25, 2032	**11,876,595**	13,513,871
OFA (2008) – F02, repayable in semi-annual installments of $17,597, bearing interest at 4.90% per annum, maturing March 3, 2033	**201,354**	225,780
OFA (2008) – F03, repayable in semi-annual installments of $26,107, bearing interest at 4.83% per annum, maturing March 3, 2033	**299,448**	335,875
OFA (2009) – repayable in semi-annual installments of $908,987, bearing interest at 5.06% per annum, maturing March 13, 2034	**11,624,631**	12,809,015
OFA (2009) – A3, repayable in semi-annual installments of $61,119, bearing interest at 5.06% per annum, maturing March 13, 2034	**781,622**	861,258
OFA (2010) – F02, repayable in semi-annual installments of $738,166, bearing interest at 5.23% per annum, maturing April 13, 2035	**10,405,725**	11,302,296
OSBFC (2010) – repayable in semi- annual installments of $1,294,708, bearing interest at 3.94% per annum, maturing September 19, 2025	**—**	886,179
OFA (2012) – F02, repayable in semi-annual installments of $357,767, bearing interest at 3.56% per annum, maturing March 9, 2037	**6,373,891**	6,849,509
OFA (2014) – F02, repayable in semi-annual installments of $1,068,719, bearing interest at 4.00% per annum, maturing on March 11, 2039	**21,268,659**	22,517,108
OFA (2015) – repayable in semi-annual installments of $53,072, bearing interest at 2.99% per annum, maturing on March 9, 2040	**1,193,833**	1,262,697
	67,554,555	79,083,170

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7. Net debenture debt (continued)

Principal payments relating to net debt of $67,554,555 are due as follows:

	Principal $	Interest $	Total $
2026/27	8,730,511	3,014,543	11,745,054
2027/28	6,604,217	2,625,787	9,230,004
2028/29	6,739,642	2,301,311	9,040,953
2029/30	6,874,726	1,977,176	8,851,902
2030/31	7,209,338	1,642,563	8,851,901
Thereafter	31,396,121	4,171,083	35,567,204
	67,554,555	15,732,463	83,287,018

Principal and interest payments for the year were as follows:

	2026 $	2025 $
Principal payments on long-term liabilities	**11,528,615**	14,372,805
Interest payments on long-term liabilities	**3,629,964**	4,395,121
	15,158,579	18,767,926

8. Deferred capital contributions

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

	2026 $	2025 $
Opening balance, September 1	**572,141,360**	564,900,545
Additions to deferred capital contributions	**18,365,866**	16,551,443
Transfer from deferred revenue (Note 5)	**9,517,587**	11,075,106
Transfer to deferred revenue - assets held for sale (Note 5)	**(397,689)**	—
Amortization of deferred capital contributions	**(22,399,066)**	(20,385,734)
Ending balance, August 31	**577,228,058**	572,141,360

9. Asset retirement obligations

The Board discounts significant obligations where there is a high degree of confidence in 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 are reflective of the risks specific to the asset retirement liability.

As at August 31, 2026, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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9. Asset retirement obligations (continued)

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2026	2025
	$	$
Opening balance, September 1	**3,342,650**	3,229,611
Liabilities incurred during the year	**—**	73,103
Increase in liabilities reflecting changes in the estimate of liabilities	**12,781,981**	—
Revaluation of asset retirement obligation due to inflation	**683,475**	94,049
Liabilities settled during the year	**(13,147)**	(54,113)
Ending balance, August 31	**16,794,959**	3,342,650

Revaluation of asset retirement liability

The Board made an inflation adjustment increase in estimates of 6.10% as of March 31, 2026 (2.61% as of March 31, 2025), in line with the Provincial government fiscal year-end, to reflect costs as at that date.

This rate represents the percentage increase in the Canada Building Construction Price Index ("BCPI") survey during the 2025 calendar year, as well as an adjustment to true up the estimated rate used as of March 31, 2025. This rate updates cost assumptions in the ARO costing models to reflect March 31, 2026, costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate (based on the 2025 calendar year) to the actual rate for the 12-month period ending March 31, 2026.

The inflation adjustment has been added to the Tangible Capital Asset – Asset Retirement Obligation balance and amortized over the remaining useful life of the underlying asset, except where the related ARO asset has no remaining useful life, in which case it is expensed directly.

10. Financial instruments

Risks arising from financial instruments and risk management

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

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.

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.

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10. Financial instruments (continued)

Market risk

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

The Board's financial instruments consist of cash, accounts receivable, temporary borrowing, 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.

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11. Tangible capital assets

Year ended August 31, 2026

	Cost					
	Balance at August 31, 2025 $	**Additions and transfers $**	**Transfers disposals and write-offs $**	**Transfer to assets held for sale $**	**Revaluation of TCA-ARO $**	**Balance at August 31, 2026 $**
Land	249,089,110	**34,328,774**	**—**	**(12,082)**	**—**	**283,405,802**
Land improvements	24,551,209	**2,762,056**	**(2,229,633)**	**—**	**—**	**25,083,632**
Buildings	845,803,908	**25,497,488**	**—**	**(2,352,925)**	**683,475**	**869,631,946**
Construction in progress	2,355,840	**10,917,776**	**—**	**—**	**—**	**13,273,616**
Furniture and equipment	8,289,400	**963,124**	**(555,949)**	**—**	**—**	**8,696,575**
Computer hardware	1,719,622	**640,444**	**(154,556)**	**—**	**—**	**2,205,510**
Computer software	157,442	**65,676**	**—**	**—**	**—**	**223,118**
Pre-acquisitions costs (PAC)	1,613,876	**2,734,958**	**—**	**—**	**—**	**4,348,834**
	1,133,580,407	**77,910,296**	**(2,940,138)**	**(2,365,007)**	**683,475**	**1,206,869,033**

	Accumulated amortization					Net book value	
	Balance at August 31, 2025 $	**Amortization $**	**Disposals, write-offs revaluation of TCA-AROs, and transfers $**	**Transfer to assets held for sale $**	**Balance at August 31, 2026 $**	**August 31, 2026 $**	August 31, 2025 $
Land	—	**—**	**—**	**—**	**—**	**283,405,802**	249,089,110
Land improvements	9,285,186	**1,812,843**	**(2,229,633)**	**—**	**8,868,396**	**16,215,236**	15,266,023
Buildings	277,867,385	**26,435,144**	**—**	**(1,861,640)**	**302,440,889**	**567,191,057**	567,936,523
Construction in progress	—	**—**	**—**	**—**	**—**	**13,273,616**	2,355,840
Furniture and equipment	2,885,636	**899,528**	**(555,949)**	**—**	**3,229,215**	**5,467,360**	5,403,764
Computer hardware	510,530	**654,190**	**(154,556)**	**—**	**1,010,164**	**1,195,346**	1,209,092
Computer software	20,962	**38,056**	**—**	**—**	**59,018**	**164,100**	136,480
Pre-acquisitions costs (PAC)	—	**—**	**—**	**—**	**—**	**4,348,834**	1,613,876
	290,569,699	**29,839,761**	**(2,940,138)**	**(1,861,640)**	**315,607,682**	**891,261,351**	843,010,708

11. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of $13,273,616 ($2,355,840 in 2025) have not been amortized. Amortization of these assets will commence when the assets are put into service.

(b) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was nil (nil in 2025).

12. Accumulated surplus

Accumulated surplus consists of the following:

	2026	2025
	$	$
Available for compliance - unappropriated		
Total operating surplus	**3,836,654**	4,001,404
Available for compliance - internally appropriated		
Retirement gratuities	**1,093,661**	1,093,661
WSIB	**7,782,618**	7,480,180
Operating reserve	**13,734,081**	13,734,081
School budget	**1,028,201**	1,028,180
Facility capital reserve	**6,163,698**	6,718,098
Committed capital interest earned	**832,553**	908,935
Committed capital projects	**12,388,674**	12,964,767
	43,023,486	43,927,902
	46,860,140	47,929,306
Unavailable for compliance		
Employee future benefits	**(1,977,655)**	(2,055,087)
Interest accrual	**(869,516)**	(1,063,688)
School generated funds	**4,048,231**	3,848,061
Asset retirement obligations to be covered in the future	**(7,805,600)**	(1,829,654)
Revenues recognized for land	**220,503,792**	205,578,862
	213,899,252	204,478,494
Balance, end of year	**260,759,392**	252,407,800

13. Trust funds

Trust funds administered by the Board amounting to $977,721 ($772,713 in 2025) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

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14. Core Education Funding

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. Approximately 91.0 percent (89.3 percent in 2025) of the consolidated revenues of the Board are directly controlled by the provincial government through the Core Education Funding. The payment amounts of this funding are as follows:

	2026	2025
	$	$
Provincial legislative grants	**406,753,740**	387,973,279
Education property tax	**93,693,298**	92,629,256
	500,447,038	480,602,535

15. Expenses

The following is a summary of the current expenses reported on the consolidated statement of operations by object:

	2026 Budget	**2026 Actual**	2025 Actual
	$	**$**	$
Salary and wages	**365,730,067**	**368,620,549**	355,924,812
Employee benefits	**64,224,985**	**64,363,533**	58,240,530
Staff development	**1,296,317**	**941,077**	1,452,240
Supplies and services	**46,623,684**	**44,765,195**	44,863,201
Interest	**3,435,792**	**3,465,223**	4,208,668
Rental expense	**2,981,125**	**2,350,741**	2,408,336
Fees and contract services	**24,995,842**	**23,841,755**	23,227,607
Other	**1,248,262**	**3,165,732**	3,533,238
Amortization, write downs and net loss on disposal of tangible capital assets and tangible capital assets - asset retirement obligations	**23,347,353**	**29,839,761**	21,933,605
Other expenses on asset retirement obligations	**79,666**	**138,468**	77,090
	533,963,093	**541,492,034**	515,869,327

16. Partnership in Halton Student Transportation Services

On September 1, 2007, the Board entered into an agreement with Halton District School Board, Le Conseil scolaire de district Catholique du Centre-Sud and Le Conseil scolaire de district du Centre-Sud-Ouest to provide common administration of student transportation services. On February 10, 2009, Service de Transport des Élèves de Halton/Halton Student Transportation Services ("HSTS") was incorporated under the Corporations Act of Ontario. A revised agreement dated April 17, 2009, was created in an effort to increase delivery efficiency and cost-effectiveness of student transportation for each of the School Boards.

Each Board participates in the shared costs associated with this service for the transportation of their respective students through HSTS.

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16. Partnership in Halton Student Transportation Services (continued)

Effective September 1, 2013, two school boards have left the partnership, and the partnership is supplying services exclusively to Halton District School Board and the Board.

Each board participates in the shared costs associated with this service for the transportation of their respective students through HSTS. HSTS is proportionately consolidated in the Board's consolidated financial statements, whereby the Board's pro-rata share of assets and liabilities and actual incurrence of revenues and expenses of the consortium are included in the Board's consolidated financial statements. The Board's pro-rata share for 2026 is 38% (38% in 2025). Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information of HSTS:

	2026		2025	
	Total	**Board portion**	Total	Board portion
	$	**$**	$	$
Financial position				
Financial assets	**212,851**	**81,309**	275,870	104,637
Financial liabilities	**(224,897)**	**(85,912)**	(288,156)	(109,296)
Non-financial assets	**12,806**	**4,892**	13,046	4,948
Accumulated surplus	**760**	**289**	760	289
Operations				
Revenue	**33,776,520**	**11,559,145**	32,320,544	11,135,421
Expenses	**(33,776,520)**	**(11,559,145)**	(32,320,544)	(11,135,421)
Annual surplus	**—**	**—**	—	—

17. Ontario School Boards' Insurance Exchange

The school board is a member of the Ontario School Boards' 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, 2026 were $750,619 ($737,868 in 2025). Premiums are recorded at the exchange amount, as the transactions are undertaken on similar terms and conditions to arm's length transactions with a non-related party.

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.

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17. Ontario School Boards' Insurance Exchange (continued)

(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 on 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 within the Board of directors to buy out such liability.

18. Contractual obligations and contingent liabilities

(i) The Board has obligations under operating leases that require annual lease payments in the following amounts:

	$
2026/27	2,710,344
2027/28	2,461,839
2028/29	2,004,217
2029/30	1,172,001
2030/31	485,603
	8,834,004

(ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of $5,679,409 ($2,955,927 in 2025).

(iii) The nature of the Board activities is such that there is usually litigation pending or in the prospect at any time. With respect to claims at August 31, 2026, management believes that the Board has valid defences and appropriate insurance coverage in place. In the event claims are successful, management believes that such claims are not expected to have a material effect on the Board's financial position.

(iv) The Board, in the normal course of business, enters into commodities contracts in order to fix the price of commodities to be acquired in the future. The Board has entered into these contracts in conjunction with a consortium which includes other school boards.

19. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received $635,000 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.

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19. Repayment of "55 School Board Trust" funding (continued)

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 $47,375 ($47,375 in 2025) in grants in respect of the above agreement for the year ended August 31, 2026, is recorded in these consolidated financial statements.

20. Related party disclosure

Related parties of the Board include other school boards, the Ontario Financing Authority ("OFA") and OSBIE.

The OFA is an agency of the Province of Ontario that manages the province's debt and borrowing program. Please refer to Note 7 for additional disclosure on the Board's borrowing with the OFA and to Note 17 for additional disclosure on the Board's transactions with OSBIE.

21. Future accounting standards adoption

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

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board as of September 1, 2026 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
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

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.

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21. Future accounting standards adoption (continued)

Reporting Model- PS 1202- Financial Statement Presentation (continued)

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
- Increased clarity regarding presentation of budget comparatives on the Statement of Operations
- 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
- Financing transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows

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