Consolidated Financial Statements of

THE LIMESTONE DISTRICT SCHOOL BOARD

Year ended August 31, 2023

THE LIMESTONE DISTRICT SCHOOL BOARD

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Year ended August 31, 2023

MANAGEMENT REPORT

Year ended August 31, 2023

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Limestone District School Board ("Board") are the responsibility of Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future 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.

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

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

Director of Education

Superintendent of Business Services
and Treasurer

November 15, 2023

KPMG LLP
863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Limestone District School Board

Opinion

We have audited the consolidated financial statements of The Limestone District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2023
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of August 31, 2023, and its consolidated results of operations, and its consolidated cash flows for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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 – Financial Reporting Framework

We draw attention to Note 1 to the financial statements which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Presentation

We draw attention to note 2 to the financial statements ("Note 2") which explains that certain comparative information presented for the year ended August 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended August 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended August 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada
November 15, 2023

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets:		
Cash	$ 21,972,270	$ 37,332,269
Accounts receivable:		
Municipalities	4,583,132	4,517,490
Government of Ontario-approved capital (note 3)	71,795,934	73,975,961
Government of Ontario-non-capital (note 3)	29,756,474	29,786,069
Other	16,576,903	5,497,114
Investments (note 1(c))	1,522,842	1,503,831
Total financial assets	146,207,555	152,612,734
Financial liabilities:		
Temporary borrowing (note 4)	4,562,000	498,000
Accounts payable and accrued liabilities	21,067,793	26,869,335
Net long-term liabilities (note 11)	62,175,983	65,670,232
Deferred revenue (note 6)	21,772,883	21,528,211
Funds held in trust	1,785,424	1,724,386
Employee benefit liability (note 5(d))	7,345,045	7,600,129
Deferred capital contributions (note 7)	271,156,894	261,843,527
Asset retirement obligation (notes 8 and 9)	55,736,530	49,868,524
Total financial liabilities	445,602,552	435,602,344
Net financial debt	(299,394,997)	(282,989,610)
Non-financial assets:		
Prepaid expenses	1,983,306	1,286,365
Tangible capital assets (note 17)	312,763,814	297,236,936
Total non-financial assets	314,747,120	298,523,301
Contingent liabilities and commitments (notes 14 and 15)		
Subsequent event (note 26)		
Accumulated surplus (note 23)	$ 15,352,123	$ 15,533,691

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

On Behalf of the Board:

____________________ Director of Education

____________________ Chair of the Board

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2023, with comparative information for 2022

	Budget	2023	2022
	(notes 19 and 20)		(Restated - note 2)
Revenues:			
Grants for student needs (note 13):			
Provincial legislative grants	$ 220,400,054	$ 223,533,463	$ 212,058,810
Education property tax	56,868,053	56,446,981	56,480,346
Provincial grants - other	5,358,075	8,716,200	14,155,369
Federal grants and fees	528,981	414,953	596,732
Investment income	1,532,826	1,360,972	396,635
Other	6,767,201	7,018,836	5,763,071
School fundraising	3,600,000	5,669,829	3,134,025
	295,055,190	303,161,234	292,584,988
Expenses (note 21):			
Instruction	218,622,295	219,875,540	207,876,058
Administration	7,856,422	7,956,593	7,927,817
Transportation	19,532,518	19,537,250	18,140,330
Pupil accommodation	46,863,499	46,143,125	45,265,735
Other	2,679,030	4,682,165	6,628,668
School funded activities	3,600,000	5,148,129	2,826,868
	299,153,764	303,342,802	288,665,476
Annual surplus (deficit)	(4,098,574)	(181,568)	3,919,512
Accumulated surplus, beginning of year	43,396,359	15,533,691	38,052,717
PSAS adjustment (note 2)	(26,438,538)	–	(26,438,538)
Accumulated surplus, beginning of year, as restated	16,957,821	15,533,691	11,614,179
Accumulated surplus, end of year (note 23)	$ 12,859,247	$ 15,352,123	$ 15,533,691

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Annual surplus (deficit)	$ (181,568)	$ 3,919,512
Acquisition of tangible capital assets	(25,923,445)	(27,404,764)
Amortization of tangible capital assets	17,250,360	16,402,927
Proceeds on sale of tangible capital assets	1,438,006	8,292,500
Gain on sale allocated to deferred revenue	(1,438,006)	(8,292,500)
Changes in estimate of TCA-ARO	(6,866,271)	–
Disposals of TCA-ARO	12,478	–
	(15,708,446)	(7,082,325)
Acquisition of prepaid expenses	(696,941)	(32,644)
Increase in net financial debt	(16,405,387)	(7,114,969)
Net financial debt, beginning of year	(282,989,610)	(226,006,117)
PSAS adjustment (note 2)	–	(49,868,524)
Net financial debt, beginning of year, as restated	(282,989,610)	(275,874,641)
Net financial debt, end of year	$ (299,394,997)	$ (282,989,610)

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Operating transactions:		
Annual surplus (deficit)	$ (181,568)	$ 3,919,512
Non-cash items including:		
Amortization, write downs and gain/loss on disposal	15,826,237	14,978,802
Amortization on TCA-ARO	1,424,124	1,424,124
Increase of ARO liabilities excluding settlements	5,868,006	–
Increase of TCA-ARO asset excluding amortization on TCA-ARO	(6,853,793)	–
Amortization of deferred capital contributions	(15,610,078)	(14,717,073)
Deferred gain on disposal of tangible capital assets	(1,438,006)	(8,292,500)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable (non-capital)	(11,145,426)	2,528,804
Decrease (increase) in accounts receivable delayed grant payment	29,595	(2,686,252)
Decrease in accounts payable and accrued liabilities	(5,801,540)	(3,075,639)
Increase in deferred revenue	617,869	1,413,150
Increase (decrease) in funds held in trust	61,038	(34,012)
Decrease in employee benefit liability	(255,084)	(677,038)
Increase in prepaid expenses	(696,941)	(32,644)
	(17,973,999)	(9,170,278)
Cash applied to operating transactions	(18,155,567)	(5,250,766)
Capital transactions:		
Cash used to acquire tangible capital assets	(25,923,445)	(27,404,764)
Proceeds on sale of tangible capital assets	1,438,006	8,292,500
Cash applied to capital transactions	(24,485,439)	(19,112,264)
Investing transactions:		
Increase in investments	(19,011)	(67,521)
Cash applied to investing transactions	(19,011)	(67,521)
Financing transactions:		
Increase (decrease) in temporary borrowing	4,064,000	(2,313,000)
Debt repayment	(3,494,249)	(3,356,676)
Decrease in accounts receivable - Government of Ontario (approved capital)	2,180,024	10,774,984
Increase in deferred capital contributions	24,923,445	29,981,778
Decrease in deferred capital revenue	(373,202)	(321,105)
Cash provided by financing transactions	27,300,018	34,765,981
Increase (decrease) in cash	(15,359,999)	10,335,430
Cash, beginning of year	37,332,269	26,996,839
Cash, end of year	$ 21,972,270	$ 37,332,269

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

1. Significant accounting policies:

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

(a) 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 Limestone District School Board (the "Board") and which are controlled by the Board.

These consolidated financial statements include school generated funds which include the assets, liabilities, revenue and expenses of organizations that exist at the school level and that are controlled by the Board.

(b) Basis of accounting:

These 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 and Accumulated Surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset.

The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires 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 Accumulated Surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(c) Investments:

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

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the Board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

The Board has portfolio investments in bonds and treasury bills, which are recorded at amortized cost using the effective interest rate method.

The Board has other investments in guaranteed investment certificates, which are recorded at amortized cost using the effective interest rate method. The Board also has other investments consisting of term deposits, measured at cost.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the period of service. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

1. **Significant accounting policies (continued):**

(e) 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.

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

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 to 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 to 10 years

Assets under construction are not amortized until the asset is available for productive use.

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

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

(f) Deferred revenue:

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

1. Significant accounting policies (continued):

(g) Deferred capital contributions:

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

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

(h) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, retirement gratuity, worker’s compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts ("ELHTs") were established in 2016-2017: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE-EWBT and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff) and other school board staff. 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 Grants for Student Needs ("GSN"), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

1. Significant accounting policies (continued):

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

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

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

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

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

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

(i) Government transfers:

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

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions ("DCC") and recognized as revenue in the Consolidated Statement of Operations and Accumulated Surplus at the same rate and over the same periods as the asset is amortized.

1. Significant accounting principles (continued):

(j) Accumulated surplus - available for compliance, internally appropriated:

Certain amounts, as approved by the Board of Trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

(k) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on restricted funds forms part of the respective deferred revenue balances.

(l) Education property tax revenue:

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

(m) Budget figures:

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

(n) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(b) 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. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee benefit liabilities.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $55,736,530. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate).

1. Significant accounting principles (continued):

(o) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

2. Change in accounting policy - adoption of new accounting standards:

The Board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

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

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 T*emporary Investments* no longer applies.

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

2. Change in accounting policy - adoption of new accounting standards (continued):

Establishing fair value

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

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.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. It has reported obligations for closure and post closure activities related to landfill sites as the landfill site's capacity was used (if applicable). The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable).

2. Change in accounting policy - adoption of new accounting standards (continued):

When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings and closure and post closure activities related to landfill sites (if applicable). The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

The Board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of $55,736,530 (2022 - $49,868,524) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated TCA gross book value, TCA accumulated amortization and TCA amortization expense were restated.

2. Change in accounting policy - adoption of new accounting standards (continued):

The adoption of PS 3280 *Asset Retirement Obligations* was applied to the comparative period as follows:

2022	As previously reported	Adjustments	As restated
Statement of Financial Position:			
Tangible Capital Assets including ARO	$ 275,231,075	$ 22,005,861	$ 297,236,936
Asset retirement obligation liability	–	49,868,524	49,868,524
Accumulated surplus (deficit)	43,396,355	(27,862,665)	15,533,691
Statement of Change in Net Debt:			
Annual surplus (deficit)	5,343,633	(1,424,124)	3,919,512
Amortization of TCA (including TCA-ARO)	14,978,803	1,424,124	16,402,927
Change in net debt	–	–	–
Statement of Operations:			
Amortization of TCA-ARO	14,978,803	1,424,124	16,402,927
Accretion - asset retirement obligations	–	–	–
Surplus (deficit) for the year	5,343,633	(1,424,124)	3,919,512

3. Accounts receivable - Government of Ontario:

The Province replaced variable capital funding with a one-time debt support grant in 2010. 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 receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable.

The Board has an account receivable from the Province of $71,795,934 as at August 31, 2023 (2022 - $73,975,961) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to the Board 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, 2023 is $29,756,474 (2022 - $29,786,069).

4. Temporary borrowing:

The Board's financing agreement with its bank provides for operating credit facilities as follows:

The Board has a revolving term loan of up to $20,000,000 to finance capital expenses under the Ministry's "School Condition Improvement" Program, with $4,562,000 utilized as at August 31, 2023 (2022 - $498,000) under the facility by way of a demand revolving loan or by a bankers' acceptance having terms not less than 30 days and not more than 365 days and a stamping fee of 0.75% per annum.

5. Employee benefits liability:

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation:

The Board provides retirement gratuities and benefits and post-retirement benefits to various employees. An independent actuarial study of the retirement gratuities and benefits and post-retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed as at August 31, 2023.

(i) Retirement gratuities and benefits:

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

The Board has a liability related to these retirement gratuities and benefits. At August 31, 2023, the Board's accrued benefit liability relating to retirement gratuities and benefits is $4,383,174) (2022 - $4,900,123). Accumulated surplus has been internally appropriated for these liabilities, which amounted to $1,333,922 for retirement gratuities and benefits respectively as at August 31, 2023 (2022 - $2,445,521).

(ii) Post-retirement benefits:

The Board provides post-retirement benefits to various employees. This coverage includes extended health, dental and life insurance benefits until age 65. The post-retirement benefit costs and liabilities are included in the Board's consolidated financial statements.

5. Employee benefits liability:

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation (continued):

(ii) Post-retirement benefits (continued):

At August 31, 2023, the Board's accrued benefit liability relating to post-retirement benefits is $247,283 (2022 - $302,564). Accumulated surplus has been internally appropriated for this liability, which amounted to $Nil as at August 31, 2023 (2022 - $Nil).

Retirement gratuities and benefits and other post-retirement benefit expenses:

			2023	2022
	Retirement gratuities and benefits	Other post-retirement benefit expenses	Total retirement and post-retirement benefits	Total retirement and post-retirement benefits
Accrued benefit liability, September 1	$ 4,900,123	$ 302,564	$ 5,202,687	$ 5,827,093
Amortization of actuarial loss	103,005	1,709	104,714	172,534
Interest on accrued benefit obligation	178,288	10,484	188,772	109,831
Benefit payments	(798,242)	(67,474)	(865,716)	(906,771)
Accrued benefit liability, August 31	4,383,174	247,283	4,630,457	5,202,687
Net employee future benefit expenses	$ 281,293	$ 12,193	$ 293,486	$ 282,365
Accrued employee future benefit obligations, August 31	$ 4,294,454	$ 247,283	$ 4,541,737	$ 5,132,219
Unamortized actuarial gain	88,720	–	88,720	70,468
Accrued benefit liability, August 31	$ 4,383,174	$ 247,283	$ 4,630,457	$ 5,202,687

5. **Employee benefits liability (continued):**

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation (continued):

(iii) Workplace Safety and Insurance Board ("WSIB"):

This Board is a Schedule 2 employer with the Workplace Safety and Insurance Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act up to the amount of its insurance deductibility. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012, requires the Board to provide a salary top-up to a maximum of 4½ years for employees receiving payments from the WSIB, where the previously negotiated collective agreements included such provision. The Board recognizes WSIB payments on a claim basis rather than on a premium basis and reports such claims as expenses in the year in which the payments are made.

The Board carries catastrophic risk insurance and accumulated surplus has been internally appropriated for these liabilities which amounted to $2,528,379 as at August 31, 2023 (2022 - $2,196,789).

The amount of the obligation for WSIB that was actuarially determined as at August 31, 2023 is $2,528,379 (2022 - $2,196,789).

Information with respect to the Board's WSIB future payments are as follows:

	2023	2022
Accrued benefit obligation, beginning of year	$ 2,196,789	$ 2,232,122
Expense recognized for the period	910,666	392,268
Benefits paid for the period	(579,076)	(427,601)
Accrued benefit obligation, end of year	$ 2,528,379	$ 2,196,789

(iv) Sick leave benefits:

Sick leave top-up benefits:

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 the year. The benefit costs expensed in the consolidated financial statements are $117,381 (2022 - $177,074).

5. Employee benefits liability (continued):

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation (continued):

(iv) Sick leave benefits (continued):

Sick leave top-up benefits (continued):

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2023. This actuarial extrapolation is based on assumptions about future events.

At August 31, 2023, the Board's accrued benefit liability relating to sick leave top-up benefits is $186,209 (2022 - $200,653).

(b) The Board has the following liabilities relating to employee benefits described in (a):

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial extrapolations completed for accounting purposes as at August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023
Discount rate	4.4% per annum
Salary escalation	2.5% per annum
Dental benefits escalation	increase by a flat rate for 4% per annum in 2024
Health benefits escalation	increase by a flat rate for 4% per annum in 2024
Life benefits escalation	increase by a flat rate for 4% per annum in 2024
Inflation rate	2% per annum

	2022
Discount rate	3.9% per annum
Salary escalation	2.7% per annum
Dental benefits escalation	increase by a flat rate for 4% per annum in 2023
Health benefits escalation	increase by a flat rate for 4% per annum in 2023
Life benefits escalation	increase by a flat rate for 4% per annum in 2023
Inflation rate	2% per annum

5. Employee benefits liability (continued):

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as at August 31, 2023 amount to $2,335,474 (2022 - $2,275,400) and are reported as part of the accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

(d) Employee benefit liability:

	2023	2022
Employee benefit liabilities are comprised of:		
Retirement gratuities	$ 4,383,174	$ 4,900,123
Post-retirement benefits	247,283	302,564
Sick leave top-up benefit	186,209	200,653
Workplace safety and insurance	2,528,379	2,196,789
	7,345,045	7,600,129
Vacation credits	2,335,474	2,275,400
	$ 9,680,519	$ 9,875,529

6. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

Deferred revenue has been set aside for specific purposes by legislation, regulation or agreement as at August 31, 2023 and is comprised of:

	Balance as at August 31, 2022	Externally restricted revenue and investment income	Revenue recognized in the period	Transferred to deferred capital contributions	Balance as at August 31, 2023
Special education	$ 2,027,920	$ 32,535,270	$ 32,518,029	$ –	$ 2,045,161
Capital funds	5,535,364	2,190,342	286,213	466,123	6,973,370
Other	13,964,927	29,104,870	20,870,016	9,445,429	12,754,352
Total deferred revenue	$ 21,528,211	$ 63,830,482	$ 53,674,258	$ 9,911,552	$ 21,772,883

6. Deferred revenue (continued):

(a) Special education:

The Province has provided a specific operating grant to be used for the provision of instruction and support to special education students. Any amount not spent by year end must be deferred for use for this specific purpose in future years.

(b) Capital funds:

Capital funds include proceeds of disposition deferred revenue which pertains to the gains on disposal of instructional and administrative buildings and property.

(c) Other:

Other deferred revenue includes many specific program amounts, both capital and operating, from Provincial ministries, primarily the Ministry of Education.

7. Deferred capital contributions:

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

	2023	2022
Balance, beginning of year	$ 261,843,527	$ 246,578,822
Additions to deferred capital contributions	24,923,445	29,981,778
Revenue recognized in the period	(15,610,078)	(14,717,073)
Balance, end of year	$ 271,156,894	$ 261,843,527

8. Asset retirement obligations:

The Board has recorded ARO as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

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

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

8. Asset retirement obligations (continued):

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

As at August 31	2023	2022
Liabilities for asset retirement obligations, beginning of year	$ 49,868,524	$ –
Opening adjustments for PSAB adjustment	–	49,868,524
Liabilities incurred during the year	6,866,271	–
Increase in liabilities reflecting changes in the estimate of liabilities[1]	–	–
Increase in liabilities due to accretions[2]	–	–
Liabilities settled during the year	(998,265)	–
Liabilities for asset retirement obligations end of year	$ 55,736,530	$ 49,868,524

[1]Reflecting changes in the estimated cash flows

[2]Increase in the carrying amount of a liability due to the passage of time

9. Revaluation of asset retirement obligations liability:

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, 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 from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

10. Debt charges on capital borrowing:

The expenditure for capital loan interest and interest on unfinanced capital expenses reported on the Consolidated Statement of Operations and Accumulated Surplus includes:

	2023	2022
Interest payments on long-term debt	$ 2,540,687	$ 2,678,260
Accrued interest charges on long-term debt	(38,749)	(36,706)
Total interest expenses	$ 2,501,938	$ 2,641,554

11. Net long-term liabilities:

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

	2023	2022
Ontario Financing Authority, maturing November 2031	$ 2,809,851	$ 3,075,088
Ontario Financing Authority, maturing March 2033	6,518,902	7,026,623
Ontario Financing Authority, maturing March 2034	7,089,671	7,571,267
Ontario Financing Authority, maturing April 2035	2,279,919	2,414,980
Ontario Financing Authority, maturing March 2036	2,416,685	2,550,121
Ontario Financing Authority, maturing March 2037	4,283,542	4,519,935
Ontario Financing Authority, maturing June 2038	20,373,877	21,367,760
Ontario Financing Authority, maturing March 2039	141,263	147,559
Ontario Financing Authority, maturing March 2040	16,262,273	16,996,899
	$ 62,175,983	$ 65,670,232

The Board entered into a loan agreement effective November 3, 2006 with the Ontario Financing Authority in the amount of $5,967,000 ($2,809,851 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 4.56% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $201,236. The loan will be fully repaid by November 2031.

The Board entered into a second loan agreement effective March 3, 2008 with the Ontario Financing Authority in the amount of $12,065,240 ($6,518,902 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "Good Places to Learn" and "Primary Class Size" initiatives. The loan has a fixed interest rate of 4.90% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $422,941. The loan will be fully repaid by March 2033.

The Board entered into a third loan agreement effective March 3, 2009 with the Ontario Financing Authority in the amount of $12,061,042 ($7,089,671 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 5.062% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $429,418. The loan will be fully repaid by March 2034.

The Board entered into a fourth loan agreement effective April 2010 with the Ontario Financing Authority in the amount of $3,592,034 ($2,414,980 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 5.232% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $129,835. The loan will be fully repaid by April 2035.

11. Net long-term liabilities (continued):

The Board entered into a fifth loan agreement effective March 2011 with the Ontario Financing Authority in the amount of $3,664,849 ($2,416,685 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 4.833% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $127,545. The loan will be fully repaid by March 2036.

The Board entered into a sixth loan agreement effective March 2012 with the Ontario Financing Authority in the amount of $6,474,464 ($4,283,542 is outstanding as at August 31, 2022) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 3.564% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $197,698. The loan will be fully repaid by March 2037.

The Board entered into a seventh loan agreement effective June 2013 with the Ontario Financing Authority in the amount of $28,505,666 ($21,367,760 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "New Pupil Places and Good Places to Learn" initiatives. The loan has a fixed interest rate of 3.663% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $883,782. The loan will be fully repaid by June 2038.

The Board entered into an eighth loan agreement effective March 2014 with the Ontario Financing Authority in the amount of $189,874 ($141,263 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "New Pupil Places" initiatives. The loan has a fixed interest rate of 4.003% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $6,070. The loan will be fully repaid by March 2039.

The Board entered into a ninth loan agreement effective March 2015 with the Ontario Financing Authority in the amount of $21,571,170 ($16,262,273 is outstanding as at August 31, 2023) to finance capital improvement projects under the Ministry's "New Pupil Places" initiatives. The loan has a fixed interest rate of 2.993% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of $618,943. The loan will be fully repaid by March 2040.

11. Net long-term liabilities (continued):

Payments due on long-term debt over the next five years and subsequent payments to maturity are as follows:

	Principal	Interest	Total
For the year ended August 31			
2024	$ 3,637,684	$ 2,397,252	$ 6,034,936
2025	3,787,237	2,247,699	6,034,936
2026	3,943,181	2,091,755	6,034,936
2027	4,105,796	1,929,229	6,035,025
2028	4,275,380	1,759,556	6,034,936
Future years	42,426,705	7,938,458	50,365,163
	$ 62,175,983	$ 18,363,949	$ 80,539,932

12. Pension plan costs:

(a) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario ("Province"). The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(b) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal 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, 2023, the Board contributed $3,735,220 (2022 - $3,466,233) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expense. No pension liability for this type of plan is included in the Board's consolidated financial statements.

13. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the Board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 92.4% (2022 - 91.8%) of the consolidated revenues of the Board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial legislative grants	$ 223,533,463	$ 212,058,810
Education property tax	56,446,981	56,480,346
Grants for student needs	$ 279,980,444	$ 268,539,156

14. Contingent liabilities:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

15. Commitments:

On June 1, 2003, the Board received $6,139,800 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 the future provincial grants payable of the Board in respect of the NPF debt. Provincial funds in the amount of $457,419 (2022 - $457,419) flowed through the provincial grants for student needs revenues and other expenses on the Consolidated Statement of Operations and Accumulated Surplus to reflect the principal and interest repayments for the year ended August 31, 2023.

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.

16. Trust funds:

(a) The Board was the trustee for $2,516,691 (2022 - $2,928,499) held for employees’ self-funded leave plans. These amounts are not included in the Board’s consolidated financial statements.

(b) The Limestone Learning Foundation, a registered charity, holds donated funds, the benefits of which are to be used for purchases of specific educational opportunities for students solely in the Limestone District School Board. As at December 31, 2022, the Foundation held assets of $2,461,064 (2022 - $2,433,695). These amounts are not included in the Board’s consolidated financial statements.

17. Tangible capital assets:

	Cost							
	Balance at August 31, 2022	Adjustment for PS3280[1]	Opening balance - Adjusted[1]	Additions and transfers	Disposals	Transfer to assets held for sale	Revaluation of TCA-ARO (note 9)	Balance at August 31, 2023
Land	$ 7,953,742	$ –	$ 7,953,742	$ –	$ –	$ –	$ –	$ 7,953,742
Land Improvements	28,041,992	–	28,041,992	4,066,548	–	–	–	32,108,540
Buildings	390,159,649	49,736,744	439,896,393	18,100,205	(1,988,043)	–	6,866,271	462,874,826
Portable structures	4,940,637	–	4,940,637	976,710	–	–	–	5,917,347
Furniture and Equipment	6,293,022	131,780	6,424,802	601,819	(927,221)	–	–	6,099,400
Computer hardware	3,397,580	–	3,397,580	1,896,571	(54,778)	–	–	5,239,373
Computer Software	1,972,718	–	1,972,718	205,495	(299,116)	–	–	1,879,097
Vehicles	319,692	–	319,692	76,097	–	–	–	395,789
	$ 443,079,032	$ 49,868,524	$ 492,947,556	$ 25,923,445	$ (3,269,158)	$ –	$ 6,866,271	$ 522,468,114

[1]See note 2 Change in accounting policy

17. Tangible capital assets (continued):

	Accumulated amortization						
	Balance at August 31, 2022	Adjustment for PS3280[1]	Balance August 31 Adjusted[1]	Amortization	Disposals, write-offs, revaluation of TCA-ARO, additions and transfers	Transfer to assets held for sale	Balance at August 31, 2023
Land Improvements	$ 12,578,154	$ –	$ 12,578,154	$ 1,462,784	$ –	$ –	$ 14,040,938
Buildings	145,188,047	27,862,663	173,050,710	13,317,072	(1,975,565)	–	184,392,217
Portable structures	3,149,471	–	3,149,471	262,635	–	–	3,412,106
Furniture and Equipment	3,836,527	–	3,836,527	550,149	(927,221)	–	3,459,455
Computer hardware	1,267,572	–	1,267,572	1,440,222	(54,778)	–	2,653,016
Computer software	1,553,817	–	1,553,817	197,257	(299,116)	–	1,451,958
Vehicles	274,369	–	274,369	20,241	–	–	294,610
Total	$ 167,847,957	$ 27,862,663	$ 195,710,620	$ 17,250,360	$ (3,256,680)	$ –	$ 209,704,300

[1]See note 2 Change in accounting policy

17. Tangible capital assets (continued):

	Net book value	
	August 31, 2023	August 31, 2022 (Restated - note 2)
Land	$ 7,953,742	$ 7,953,742
Land improvements	18,067,602	15,463,838
Buildings	278,482,609	266,845,683
Portable structures	2,505,241	1,791,166
Furniture and equipment	2,639,945	2,588,275
Computer hardware	2,586,357	2,130,008
Computer software	427,139	418,901
Vehicles	101,179	45,323
Total	$ 312,763,814	$ 297,236,936

18. Ontario School Board Insurance Exchange (OSBIE):

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022 were $304,455 (2021 - $323,866). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

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

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

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

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

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

19. Budget data:

The budget data presented in these consolidated financial statements is based upon the revised 2022-2023 budget. The original 2022-2023 budget was approved by the Board of Trustees on June 8, 2022.

20. Budget reconciliation:

The audited budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

Where amounts were not budgeted for (ARO amortization and accretion expenses), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

As school boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the Board. This is an amendment to make the 2023 budget information more comparable.

20. Budget reconciliation (continued):

Consolidated Statement of Operations (Simplified)
For the year ended August 31

	2022-23 Budget	Change	2022-23 Budget restated and unaudited
Revenue	$ 295,055,190	$ –	$ 295,055,190
Expenses	297,729,640	–	297,729,640
Amortization of TCA-ARO	–	1,424,124	1,424,124
ARO accretion expenses	–	–	–
Annual surplus (deficit)	(2,674,450)	(1,424,124)	(4,098,574)
Accumulated surplus (deficit), beginning of year	43,396,359	–	43,396,359
PSAS Adjustments	–	(26,438,538)	(26,438,538)
Accumulated surplus (deficit), beginning of year, as restated	43,396,359	(26,438,538)	16,957,821
Accumulated surplus (deficit), end of year	$ 40,721,909	$ (27,862,662)	$ 12,859,247

21. Expenses by object:

The following is a summary of the expenses reported on the Consolidated Statement of Operations and Accumulated Surplus by object:

	2023 Budget	2023 Actual	2022 Actual
	(note 20)		(Restated - note 2)
Expenses:			
Salary and wages	$ 193,028,389	$ 194,520,751	$ 186,193,986
Employee benefits	33,218,374	33,991,841	31,874,110
Staff development	545,824	924,212	404,395
Supplies and services	20,881,113	20,183,766	18,779,793
Interest on long-term debt	2,501,938	2,501,938	2,641,554
Rental expenses	85,400	73,950	71,108
Fees and contract services	25,806,320	25,537,979	24,075,634
Other	1,328,149	3,206,806	5,317,262
Transfer to other boards	–	3,069	77,839
	$ 277,395,507	$ 280,944,312	$ 269,435,681
Amortization, write-downs and loss on disposal of tangible capital assets and tangible capital assets - asset retirement obligations	18,158,257	17,250,361	16,402,927
School activities	3,600,000	5,148,129	2,826,868
Total expenses	$ 299,153,764	$ 303,342,802	$ 288,665,476

22. Related entities:

Tri-Board Student Transportation Services:

The Board has a one-third economic interest in Tri-Board Student Transportation Services ("Tri-Board"). Tri-Board's principal activity is to provide student transportation for three school boards including the Limestone District School Board. Related party transactions with Tri-Board Student Transportation Services during the year, not separately disclosed in the consolidated financial statements, include the following:

(i) The Board purchased student transportation services totalling $18,094,237 (2022 - $16,678,404) and administration costs of $666,372 (2022 - $900,457).

22. Related entities (continued):

Tri-Board's assets, liabilities, revenue, expenses and surplus for the year ended August 31 are as follows:

	2023	2022
Financial assets	$ 255,537	$ 533,861
Financial liabilities	(194,571)	(600,016)
Net debt	60,966	(66,155)
Non-financial assets	37,940	71,325
Accumulated surplus	$ 98,906	$ 5,170

	2023	2022
Revenue	$ 50,114,314	$ 46,888,222
Expenses	50,020,580	46,888,220
Annual surplus	$ 93,734	$ 2

23. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022 (Restated - note 2)
Available for compliance:		
Unappropriated	$ 21,656,154	$ 24,093,391
Internally appropriated:		
Committed Capital Projects	6,217,648	5,433,808
School Budget Balances	3,166,926	2,480,391
Retirement Benefits	1,333,922	2,445,521
Workers Safety Insurance Board	2,528,379	2,196,789
	34,903,029	36,649,900
Unavailable for compliance:		
Employee future benefits	(2,440,390)	(3,883,583)
Accrued interest	(714,287)	(753,035)
School generated funds	3,951,029	3,429,330
Asset Retirement Obligation	(28,301,000)	(27,862,663)
Revenue recognized for land	7,953,742	7,953,742
	(19,550,906)	(21,116,209)
Accumulated surplus	$ 15,352,123	$ 15,533,691

24. In-kind transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Government and Consumer Services ("MGCS"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is $133,591 (2022 - $3,935,470) with expenses based on use of $133,591 (2022 - $3,935,470) for a net impact of $Nil (2022 - $Nil).

25. Future accounting standard adoption:

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

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the Board as of September 1, 2023 and for the year ending August 31, 2024):

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

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

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

26. Subsequent event:

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and three education sector unions: the Ontario Secondary School Teachers’ Federation (OSSTF) Teachers, OSSTF Education Workers and the Elementary Teachers’ Federation of Ontario (ETFO) Education Workers. This agreement provides for a 0.75% increase in salaries and wages for the 2019-20 school year, a 0.75% increase in salaries and wages for the 2020-21 school year, and a minimum of 1.5% to a maximum of 3.25% increase in salaries and wages for the 2021-22 school year, which will be awarded through an arbitration process expected to be competed in the 2023-24 school year.

This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks. As such, the revenues and expenses are understated by $4,267,612, with no impact to the overall financial position of the school board.

No other agreements have been reached with other education workers and teachers.