LAMBTON KENT DISTRICT SCHOOL BOARD
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2023

LAMBTON KENT DISTRICT SCHOOL BOARD
August 31, 2023

CONTENTS

Independent Auditor's Report

To the Board of Trustees of Lambton Kent District School Board:

Opinion

We have audited the consolidated financial statements of Lambton Kent District School Board (the "Lambton Kent District School Board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Lambton Kent District School Board as at August 31, 2023, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

Basis for Opinion

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 to the consolidated financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements. As a result, the consolidated financial statements may not be suitable for any other purposes. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Lambton Kent District School Board for the year ended August 31, 2022 were audited by Bailey Kearney Ferguson LLP of Wallaceburg, Ontario, Canada, prior to its merger with MNP LLP. Bailey Kearney Ferguson LLP expressed an unmodified opinion on those statements on November 15, 2023.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

MNP LLP
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In preparing the consolidated financial statements, management is responsible for assessing Lambton Kent District School 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 Lambton Kent District School Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lambton Kent District School Board’s financial reporting process.

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Wallaceburg, Ontario

Chartered Professional Accountants

November 15, 2023

Licensed Public Accountants

LAMBTON KENT DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2023

	2023	2022 (Restated)
FINANCIAL ASSETS		
Cash	$ 12,693,029	$ 10,552,796
Accounts receivable (Note 3)	99,048,019	98,244,958
Investments (Note 4)	10,589,761	10,344,513
TOTAL FINANCIAL ASSETS	122,330,809	119,142,267
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	28,488,549	26,294,032
Other liabilities	1,107,335	1,182,980
Deferred revenue (Note 6)	13,196,445	12,828,208
Employee benefits payable (Note 7)	11,068,272	12,015,676
Long-term debt (Note 8)	26,411,261	28,266,276
Deferred capital contributions (Note 9)	230,868,685	222,590,062
Asset retirement obligations (Note 10)	35,579,898	31,258,724
TOTAL LIABILITIES	346,720,445	334,435,958
NET DEBT	(224,389,636)	(215,293,691)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 28)	255,388,802	243,764,564
Prepaid expenses	1,634,741	1,377,662
Inventories of supplies	913,821	2,036,616
TOTAL NON-FINANCIAL ASSETS	257,937,364	247,178,842
ACCUMULATED SURPLUS (Note 18)	$ 33,547,728	$ 31,885,151

APPROVED ON BEHALF OF THE BOARD

_______________ **Chief Executive Officer**

_______________ **Chair of the Board**

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

LAMBTON KENT DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED AUGUST 31, 2023

	Unaudited Budget	2023	2022 (Restated)
REVENUES			
Provincial grants			
Grants for student needs (Note 14)	$ 241,523,373	$ 241,559,967	$ 231,326,834
Other (Note 25)	3,174,520	10,587,080	20,906,363
Local taxation (Note 14)	50,729,290	51,547,782	49,975,785
School generated funds	3,193,000	6,088,767	3,446,749
Federal grants and fees	4,063,697	3,981,227	3,897,078
Investment income	500,000	655,390	404,542
Other revenues - school boards	45,000	158,126	139,001
Other fees and revenues	2,251,695	4,433,376	3,413,469
TOTAL REVENUES	305,480,575	319,011,715	313,509,821
EXPENSES			
Instruction	227,745,768	226,331,890	219,102,938
Administration	8,442,284	8,859,234	8,172,142
Transportation	14,558,094	15,841,705	15,151,550
Pupil accommodation	48,153,107	50,239,129	46,007,077
School generated funds	3,193,000	5,999,499	3,427,327
Other (Note 25)	2,599,809	10,077,681	13,505,216
TOTAL EXPENSES	304,692,062	317,349,138	305,366,250
ANNUAL SURPLUS	788,513	1,662,577	8,143,571
ACCUMULATED SURPLUS, BEGINNING OF YEAR	31,885,151	31,885,151	23,741,580
ACCUMULATED SURPLUS, END OF YEAR	$ 32,673,664	$ 33,547,728	$ 31,885,151

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

LAMBTON KENT DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022 (Restated)
ANNUAL SURPLUS	$ 1,662,577	$ 8,143,571
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of tangible capital assets and addition of TCA-ARO	(24,922,060)	(63,579,506)
Amortization of tangible capital assets	17,689,673	17,181,873
Proceeds on sale of tangible capital assets	3,739	-
Loss (Gain) on sale of tangible capital assets	(3,739)	-
Change in estimate in ARO liability	(4,391,851)	-
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	(11,624,238)	(46,397,633)
OTHER NON-FINANCIAL ASSET ACTIVITY		
Change in prepaid expenses	(257,079)	(215,902)
Acquisition of supplies inventory	1,122,795	(2,036,616)
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	865,716	(2,252,518)
CHANGE IN NET DEBT	(9,095,945)	(40,506,580)
NET DEBT, BEGINNING OF YEAR	(215,293,691)	(174,787,111)
NET DEBT, END OF YEAR	$ (224,389,636)	$ (215,293,691)

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

LAMBTON KENT DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022 (Restated)
OPERATING ACTIVITIES		
Annual surplus	$ 1,662,577	$ 8,143,571
Items not requiring cash		
Change in ARO liabilities excluding settlements	4,391,851	31,258,724
Settlement of ARO liability through abatement	(70,677)	-
Amortization of tangible capital assets	17,689,673	17,181,873
Amortization of deferred capital contributions	(16,269,234)	(16,667,327)
Loss (Gain) on sale of tangible capital assets	(3,739)	-
	7,400,451	39,916,841
Net change in non-cash working capital balances		
Accounts receivable	(14,093,536)	3,310,711
Assets held for sale	-	1,508,822
Accounts payable and other liabilities	2,194,517	(1,289,011)
Other liabilities	(75,645)	(144,570)
Deferred revenue	368,237	1,724,392
Employee benefits payable	(947,404)	(1,140,112)
Prepaid expenses	(257,079)	(215,902)
Inventories of supplies	1,122,795	(2,036,616)
Cash (used in) provided by operating activities	(4,287,664)	41,634,555
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(24,922,060)	(32,320,782)
Proceeds on sale of tangible capital assets	3,739	-
Acquisition of tangible capital assets - ARO	(4,391,851)	(31,258,724)
Cash used in capital activities	(29,310,172)	(63,579,506)
INVESTING ACTIVITIES		
Decrease (increase) in investments	(245,248)	338,828
FINANCING ACTIVITIES		
Additions to deferred capital contributions	24,547,857	29,011,825
Long-term debt repayments	(1,855,015)	(1,770,038)
Accounts receivable - Government of Ontario capital	13,290,475	(4,194,679)
Cash provided by financing activities	35,983,317	23,047,108
CHANGE IN CASH, during the year	2,140,233	1,440,985
CASH, BEGINNING OF YEAR	10,552,796	9,111,811
CASH, END OF YEAR	$ 12,693,029	$ 10,552,796

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared by the Board's management in accordance with the basis of accounting described below:

(a) BASIS OF ACCOUNTING

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

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the 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 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 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 Accumulated Surplus and certain related deferred revenue and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) REPORTING ENTITY

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

Consolidated entities

1) School Generated Funds

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

2) Chatham-Kent Lambton Administrative School Services

Chatham-Kent Lambton Administrative School Services is jointly controlled and the Board accounts for its interest in this entity using proportionate consolidation (Note 15).

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 have been included in the consolidated financial statements as they are controlled by the Board.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 Instruments	Measurement Method
Portfolio Instruments in equity	Fair Value
Bonds	Amortized Cost*
Treasury Bills	Amortized Cost*
Guaranteed Investment Certificates	Amortized Cost*
Term Deposits	Cost

*Upon standard implementation, amortized cost is measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest rate method is a method of calculating the amortized costs 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. It is applied to financial assets or financial liabilities that are not in the fair value category and is not 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS

Portfolio investments are investments in organizations that do not form part of the government reporting entiry. 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, if applicable.

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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) TANGIBLE CAPITAL ASSETS

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

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset	Estimated Useful Life in Years
Buildings	40
Portable structures	20
First-time equipping of schools	10
Equipment and furniture	5-15
Computer hardware	3
Computer software	5
Vehicles	5-10
Land improvements	15

Assets under construction are recorded as construction in progress and are not amortized until the asset is completed and placed into service.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) LIABILITY FOR CONTAMINATED SITES

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environment standard;
- The Board is directly responsible or accepts responsibility for the contamination;
- It is expected that the future economic benefits will be given up; and
- A resonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) 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.

(i) DEFERRED CAPITAL CONTRIBUTIONS

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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, and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principal and vice-principal associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: ETFO, OSSTF, OECTA, and AEFO. 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, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to ETFO and OSSTF. School boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

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 are 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 accumulated over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

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

(ii) The costs of 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.

(k) GOVERNMENT TRANSFERS

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

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

(l) 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 changes and special education forms part of the respective deferred revenue balance.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1.(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the estimated useful life of tangible capital assets, the liability related to employee benefits payable, the liability for contaminated sites, and asset retirement obligations. Actual results could differ from these estimates.

(o) EDUCATION PROPERTY TAX REVENUE

Under Canadian Public Sector Accounting standards, the entity that determines and sets the tax levy records the revenue in the consolidated 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.

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

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

PS 1201 *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 and Accumulated Surplus. Requirements in PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*, 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 *Temporary Investments* will no longer apply.

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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.

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 required the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which 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.

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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. The new standard required 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 (PS 3270). 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. When recording an asset retirement obligation, the estimated retirement costs are capitialized to the carrying value of the associated assets and amortized over the asset's estimated remaining 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. 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 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 changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

As a result of applying this accounting standard, an asset retirement obligation of $35,579,898 (2022 - $31,258,724) was recognized as a liability in the Statement of Financial Position. The obligations represent estimated retirement costs from 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 DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated. The adoption of PS 3280 ARO was applied to the comparative period in Note 26.

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. Lambton Kent District School Board received a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive annual capital grants to support capital programs which are also reflected in this accounts receivable.

The Board has an amount receivable from the Province of Ontario of $37,751,457 (2022 - $51,041,932) with respect to this capital debt support grant and is included in accounts receivable on the Consolidated Statement of Financial Position.

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, 2023 is $39,853,409 (2022 - $36,290,094)

4. INVESTMENTS

Investments are comprised as follows:

	2023		2022	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Portfolio investments				
Bonds and treasury bills	$ 5,194,754	$ 5,170,284	$ 4,899,571	$ 4,751,037
Other investments				
GICs and term deposits	5,395,007	5,395,007	5,444,942	5,336,942
	$ 10,589,761	$ 10,565,291	$ 10,344,513	$ 10,087,979

5. LIABILITY FOR CONTAMINATED SITES

The Board has identified one site that had contamination and was not in productive use. Reports indicate that remediation for this site will be required and has been estimated at $1,250,000. The liability has been recorded at the estimated undiscounted cost to remedy the future expenditure and has been included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position. The timing of the remediation is uncertain at this time.

6. DEFERRED REVENUE

Revenues received 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 is comprised of:

	Balance August 31, 2022	Contributions Received	Revenue Recognized	Transfer (to)/from Deferred Capital Contributions	Balance August 31, 2023
Proceeds of disposition	$ 3,328,469	$ -	$ -	$ -	$ 3,328,469
Special Education Allocation	1,555,231	33,392,389	(33,136,943)	-	1,810,677
Special Education - equipment[1]	1,817,963	870,130	(818,165)	-	1,869,928
Applied Behaviour Analysis Training	74,339	65,054	(10,425)	-	128,968
After School Skills Development	65,134	77,995	(31,024)	-	112,105
Targeted Student Supports/ Experiential Learning	996,884	1,827,212	(1,810,271)	(64,854)	948,971
Indigenous Education	413,723	3,071,242	(3,118,025)	-	366,940
Other	374,477	10,670,070	(8,362,066)	(1,856,226)	826,255
Tuition fees - International[2]	1,320,940	1,206,969	(1,331,278)	-	1,196,631
Temporary accommodation	-	83,619	(49,915)	(33,704)	-
School renewal	844,433	4,603,885	(1,982,829)	(1,771,809)	1,693,680
In-kind grant - PPE/CSE/HEPA/Rapid Antigen Tests	2,036,615	12,293	(1,135,087)	-	913,821
	$ 12,828,208	$ 55,880,858	$(51,786,028)	$ (3,726,593)	$ 13,196,445

[1] Deferred amounts related to these programs are a result of a different funding period than the Board's fiscal year.

[2] Opening balance was adjusted by reclassifying $46,153 to prepaid expenses for financial statement presentation purposes.

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Actuarial Valuation of Future Benefits Liabilities

The Board engaged a qualified actuary to perform a valuation of the liabilities for employee future benefits liabilities. The valuation specifically addresses the liability for retirement gratuities, carry-over sick leave benefits and Workers' Compensation benefits.

The last full actuarial valuation was completed as at August 31, 2022 based on data provided as at the valuation date. The valuation was completed in accordance with the requirements of the CPA Canada Public Sector Handbook. For 2023, the actuary has provided estimates, as follows, of the future benefit amounts based on information available at the time of the estimates. Retirement gratuities are based upon an extrapolation of the August 31, 2022 actuarial valuation. Other Employee Future Benefits are based upon valuations as at August 31, 2023.

The following amounts were provided by the actuary and are included in the Board's consolidated financial statements.

Liabilities		**2023**		**2022**
	Retirement Gratuities	**Other Employee Future Benefits**	**Total Employee Future Benefits**	**Total Employee Future Benefits**
Accrued employee future benefit obligations at August 31	$ 9,924,283	$ 2,091,394	$ 12,015,677	$ 13,155,788
Unamortized actuarial gain (loss) at August 31	(1,146,179)	198,774	(947,405)	(1,140,112)
Employee future benefits liability at August 31	$ 8,778,104	$ 2,290,168	$ 11,068,272	$ 12,015,676

Expense		**2023**		**2022**
	Retirement Gratuities	**Other Employee Future Benefits**	**Total Employee Future Benefits**	**Total Employee Future Benefits**
Current year benefit cost	$ -	$ 190,562	$ 190,562	$ 184,060
Current year (gain)/loss less amortization	388,952	(4,214)	384,738	267,558
Interest on accrued benefit obligation	214,158	-	214,158	313,877
Employee future benefits expense [1]	$ 603,110	$ 186,348	$ 789,458	$ 765,495

[1] Excluding pension contributions to the OMERS, a multi-employer pension plan, described above.

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on actuarial assumptions for future events determined for accounting purposes as at August 31, 2022 and based on updated average daily salary and banked sick days as at August 31, 2023. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023	2022
	%	%
Inflation		
Retirement Gratuities	2.00	2.00
Workplace Safety and Insurance Board	4.00	4.00
Discount rate on accrued benefit obligation		
Retirement Gratuities	4.40	3.90
Workplace Safety and Insurance Board	4.40	3.90

Retirement benefits

(i) Ontario Teachers' Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed $3,685,824 (2022 - $3,370,366) 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.

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Retirement benefits (continued)

(iii) Retirement Gratuities

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

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

(ii) School Boards Co-operative Inc.

The Board is a member of the School Boards' Co-operative Inc., a co-operative managing workers' compensation. The Board makes annual contributions, in trust, to the co-operative which are invested on its behalf. The fund reimburses Workplace Safety and Insurance Board for claims paid on behalf of the Board. As at August 31, 2023, the co-operative holds $18,211 (2022 - $36,624) in trust for the Board.

(iii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $60,095 (2022 - $59,003), a result of changes made in 2012-2013 to the short-term sick leave and disability plan.

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, 2022 and is based on the average daily salary and banked sick days of employees as at August 31, 2023.

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Other Employee Future Benefits (continued)

The Board has restricted a portion of its accumulated surplus for certain of these employee future benefit obligations. The balance of these internal appropriations totalled $6,910,102 at August 31, 2023 (2022 - $6,910,102).

8. LONG-TERM DEBT

The Board has entered into seven loan agreements with the Ontario Financing Authority (OFA) which is assisting school boards with financing the Good Places to Learn and Primary Class Sizes capital projects.

Long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

		2023	2022
4.560%	Loan payable semi-annually $370,973 including interest, maturing November, 2031	$ 5,179,882	$ 5,668,840
4.900%	Loan payable semi-annually $397,678 including interest, maturing March, 2033	6,129,526	6,606,921
5.062%	Loan payable semi-annually $237,756 including interest, maturing March, 2034	3,925,351	4,191,998
5.232%	Loan payable semi-annually $128,180 including interest, maturing April, 2035	2,250,866	2,384,206
4.833%	Loan payable semi-annually $329,334 including interest, maturing March, 2036	6,240,094	6,584,638
3.564%	Loan payable semi-annually $91,577 including interest, maturing, March, 2037	1,984,204	2,093,705
3.799%	Loan payable semi-annually $31,132 including interest, maturing March, 2038	701,338	735,968
		$ 26,411,261	$ 28,266,276

8. LONG-TERM DEBT (continued)

The Board must comply at all times with the Board's obligations in respect of the debt and financial obligations and liability limits applicable to it under the Education Act and the regulations made thereunder. Failure by the Board to pay any principal, interest, fees or other amounts payable by it under these loan agreements constitutes an event of default. The Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the Board amounts equal to any amounts that the Board fails to pay under these loan agreements.

Interest and admin fees expense on long-term liabilities amounted to $1,318,245 (2022 - $1,403,222).

Principal and interest repayments required on long-term debt are approximately as follows:

	Principal	Interest and Admin Fees	Total
2024	$ 1,944,099	$ 1,229,161	$ 3,173,260
2025	2,037,490	1,135,770	3,173,260
2026	2,135,397	1,037,863	3,173,260
2027	2,238,039	935,221	3,173,260
2028	2,345,647	827,613	3,173,260
	$ 10,700,672	$ 5,165,628	$ 15,866,300

9. DEFERRED CAPITAL CONTRIBUTIONS

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

	2023	**2022**
Balance as at August 31	$ 222,590,062	$ 210,245,564
Additions to deferred capital contributions	24,547,857	29,011,825
Revenue recognized in the year	(16,269,234)	(16,667,327)
Balance as at August 31	$ 230,868,685	$ 222,590,062

10. 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 obligations 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 liabilties for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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 at beginning of year	$ 31,258,724	$ -
Opening adjustments for PSAB adjustment	-	31,258,724
Increase in liabilities reflecting changes in the estimate of liabilities[1]	4,391,851	-
Liabilities settled during the year	(70,677)	-
Liabilities for asset retirement obligations at end of year	$ 35,579,898	$ 31,258,724

[1] Reflecting change in the estimates cash flow and the discount rate

11. FINANCIAL INSTRUMENTS

The Board is exposed to a variety of finanacial 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, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

Liquidity Risk: The Board is exposed to liquidity risk in the event the Ontario Ministry of Education does not provide funding in a timely manner. The Board manages this risk by continually evaluating expenditures to budget as well as they have arranged temporary financing with their financial institution as described in Note 17.

Market risk: The Board is exposed to interest rate risk and price risk with regard to its short and long-term investments and interest rate risk on its long-term debt, all of which are regularly monitored.

The Board's financial instruments consist of cash, portfolio investments, other investments, accounts receivable, 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.

12. 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 (Restated and Unaudited)	**2023 Actual**	**2022 Actual** (Restated)
Expenses			
Salaries & Wages	$ 197,608,747	$ 199,356,078	$ 194,901,140
Employee Benefits	33,068,612	33,897,113	32,117,154
Staff Development	1,432,937	947,771	646,753
Supplies & Services	28,183,936	27,803,033	23,826,408
Interest Charges on Capital	1,516,141	1,471,723	1,494,393
Rental Expenses	9,770	-	1,694
Fees & Contractual Services	21,737,738	24,651,560	21,420,784
Other	2,902,021	11,532,187	13,776,051
Amortization, Write downs, Net Loss - TCA	17,272,060	16,729,573	17,181,873
Amortization and Net Loss - ARO	960,100	960,100	-
	$ 304,692,062	$ 317,349,138	$ 305,366,250

13. 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 public 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 fiscal year were $459,879 (2022 - $426,847). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the Board.

Any school 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 circumstantces 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 policy holder 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 by the board of directors to buy out such liability.

14. 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. 82% (2022 - 82%) 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	$ 241,559,967	$ 231,326,834
Education Property Tax	51,547,782	49,975,785
Grants for Student Needs	$ 293,107,749	$ 281,302,619

15. PARTNERSHIP WITH ST. CLAIR CATHOLIC DISTRICT SCHOOL BOARD

Transportation, Supervision of Childcare Services, Energy and Environmental and Community Use of Schools services for the Board are provided by Chatham Kent Lambton Administrative School Services (CLASS) in partnership with the St. Clair Catholic District School Board. Under the agreement created at the time CLASS was established, decisions related to the financial and operating activities of CLASS are shared. Neither partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2023		2022	
Financial Position	**Total**	**Board Portion**	**Total**	**Board Portion**
Financial assets	$ 2,918,893	$ 1,879,633	$ 3,150,995	$ 2,092,922
Non-financial assets	14,503	9,646	19,312	12,736
Financial liabilities	2,933,396	1,889,279	3,170,307	2,105,658
Accumulated surplus	$ -	$ -	$ -	$ -

	2023		2022	
Operations	**Total**	**Board Portion**	**Total**	**Board Portion**
Revenues	$ 24,501,450	$ 16,115,739	$ 24,133,520	$ 15,753,435
Expenses	24,501,450	16,115,739	24,133,520	15,753,435
Annual surplus	$ -	$ -	$ -	$ -

16. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. No provision has been made in the consolidated financial statements as the outcome is not determinable at this time. The settlement amount, if any, in excess of liability insurance coverage will be accounted for in the year determined. It is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board has entered into contractual agreements for capital projects that were not completed by August 31, 2023. The total costs to complete these projects are estimated to be approximately $5,428,377 (2022 - $11,687,211).

17. TEMPORARY BORROWING

The Board has entered into a credit facilities agreement with the Canadian Imperial Bank of Commerce (CIBC) which provides a demand operating line. The demand operating line has a maximum credit limit of $18 million. All amounts advanced under this facility are to be used for current expenditures.

Interest on this credit facility is calculated on the basis of the provisions of the CIBC Offsetting Banking Agreement for the Chatham Kent Lambton Administrators Group. This agreement outlines that interest will be charged at a rate of CIBC prime less 0.75%. Interest paid was $93,610 (2022 - $5,094).

At August 31, 2023, no amounts were advanced under this facility (2022 - $nil).

18. ACCUMULATED SURPLUS

Accumulated surplus (deficit) consists of the following:

	2023	2022
Surplus/(Deficit)		
Invested in non-depreciable tangible capital assets	$ 3,249,581	$ 2,875,378
Unappropriated	31,510,528	31,165,798
Internally appropriated	20,577,181	21,037,519
Externally appropriated - Employee future benefits	(3,747,034)	(5,951,171)
Externally appropriated - Asset Retirement Obligations	(20,802,043)	(19,912,620)
Externally appropriated - Other	2,759,515	2,670,247
	$ 33,547,728	$ 31,885,151

19. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received $9,995,250 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. 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, 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Statement of Financial Position. The flow-through of $744,654 (2022 - $744,654) in the grants in respect of the above agreement for the year, is recorded in these consolidated financial statements.

20. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Board's contractual rights arise because of contracts entered into the lease/rental of space to others and the sale of electricity. The following table summarizes the contractual rights of the Board for future assets:

	2024	**2025**	**2026**	**2027**	**2028**
Future lease/rental revenue	$ 705,000	$ 740,000	$ 777,000	$ 816,000	$ 857,000
Sale of electricity	80,000	80,000	80,000	80,000	80,000
	$ 785,000	$ 820,000	$ 857,000	$ 896,000	$ 937,000

	Thereafter
Future lease/rental revenue	$ 900,000
Sale of electricity	80,000
	$ 980,000

21. 2022-23 BUDGET RECONCILIATION

The unaudited budget data present 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 Asset Retirement Obligations (ARO)* standard.

The chart below reconciles the approved budget to the budget figures reporting in the Consolidated Statement of Operations and Accumulated Surplus.

Where amounts were not budgets 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.

Consolidated Statement of Operations (Simplified) For year ended August 31	**2022-23 Budget**	**Change**	**2022-23 Budget (Restated and Unaudited)**
Revenues	$ 305,480,575	$ -	$ 305,480,575
Expenses	303,731,962	960,100	304,692,062
Annual surplus (deficit)	1,748,613	(960,100)	788,513
Adjusted accumulated surplus (deficit) at beginning of year	$ 51,781,245	$ (19,896,094)	$ 31,885,151

22. 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 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.

23. RELATED PARTY TRANSACTIONS

The Board receives financing from the Ontario Financial Authority (OFA) on direction from the Province. The Province advances these loans to OFA under credit facilities extended for funding various objectives. The OFA is an agency of the Province that manages the Province's debt and borrowing program. The terms and conditions of these loans are disclosed under Note 8.

During the year, total interest and administrative fees paid on these loans was $1,309,113 (2022 - $1,393,533) and $9,132 (2022 - $9,689) respectively, which are included in administration expenses in the Consolidated Statement of Operations and Accumulated Surplus. These transactions have been reported in the normal course of operations at the exchange amount.

The Board invests surplus funds in portfolio investments. These investments are managed by and held in trust with a financial institution. At year-end, the school board had $1,744,835 (2022 - $1,531,938) invested in fixed income investments in the Province of Ontario. These investments have maturity dates ranging from September 2023 to November 2026. These investments bear interest at rates ranging from 0.69% to 4.43%. During the year, these investments earned interest income in the amount of $10,727 (2022 - $35,231) which has been recorded in investment income in the Consolidated Statement of Operations and Accumulated Surplus. These investments have been measured in the same manner as all other investments.

24. IN-KIND TRANSFERS FROM THE MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY

The Board recorded entries, both revenues and expenses associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is $1,135,087 (2022 - $11,981,291) with expenses based on use of $684,769 (2022 - $11,981,291) and disposal of $450,318 (2022 - $nil) for a net impact of $nil.

25. SUBSEQUENT EVENT: MONETARY RESOLUTION TO BILL 124

Subsequent to the financial statement date, a monetary resolution to Bill 124, *The Protecting a Sustainable Public Sector for Future Generations Act*, 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 completed 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 Other Provincial grants revenue and Other expenses have increased by $4,365,850 in the Consolidated Statement of Operations and Accumulated Surplus to record this transaction.

No other agreements have been reached with other education workers and teachers. The timing and amount of potential settlements with other employee groups is undeterminable at this time.

26. PRIOR PERIOD ADJUSTMENTS

The below accounts have been restated due to prior period adjustments. The restated ARO figures are explained further in Note 2.

	2022		
	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible capital assets including ARO	$ 232,418,459	$ 11,346,105	$ 243,764,564
Asset retirement obligations liability	-	31,258,724	31,258,724
Deferred capital contributions[1]	222,606,588	(16,526)	222,590,062
Accumulated surplus (deficit)	51,781,245	(19,896,094)	31,885,151
Statement of Change in Net Debt			
Annual surplus (deficit)	$ 8,143,571	$ -	$ 8,143,571
Acquisition of tangible capital assets (incl TCA-ARO)	(32,320,782)	(31,258,724)	(63,579,506)
Amortization of TCA (incl TCA-ARO)	17,181,873	-	17,181,873
Change in Net Debt	(9,201,704)	(31,304,876)	(40,506,580)
Statement of Operations			
Amortization of TCA (incl TCA-ARO)	$ 17,181,873	$ -	$ 17,181,873

[1] Reallocation due to Ministry required adjustment in the 2020-2021 fiscal year.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation format adopted for the current year.

28. TANGIBLE CAPITAL ASSETS

2023

	COST						ACCUMULATED AMORTIZATION						
	Balance September 1, 2022	Adjustment for PS3280	Opening Balance Adjusted	Additions and Transfers	Disposals and Transfers	Balance, August 31, 2023	Balance September 1, 2022	Adjustment for PS3280	Opening Balance Adjusted	Amortization	Disposals, Write Offs & Adjustment	Balance August 31, 2023	Net Book Value August 31, 2023
Land	$ 2,875,378	$ -	$ 2,875,378	$ 374,203	$ -	$ 3,249,581	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,249,581
Buildings	426,634,268	4,363,751	430,998,019	8,816,150	-	439,814,169	203,914,635	945,784	204,860,419	12,877,769	-	217,738,188	222,075,981
Construction in progress	194,304	-	194,304	12,447,768	-	12,642,072	-	-	-	-	-	-	12,642,072
Portable structures	1,392,193	-	1,392,193	33,704	-	1,425,897	302,694	-	302,694	57,556	-	360,250	1,065,647
First-time equipping	959,982	-	959,982	-	(68,126)	891,856	804,859	-	804,859	77,809	(68,126)	814,542	77,314
Equipment and furniture	3,310,428	-	3,310,428	223,254	(271,384)	3,262,298	1,714,627	-	1,714,627	299,466	(271,384)	1,742,709	1,519,589
Computer hardware	9,410,012	-	9,410,012	1,339,276	-	10,749,288	6,337,432	-	6,337,432	2,246,317	-	8,583,749	2,165,539
Computer software	792,309	-	792,309	-	(81,387)	710,922	298,172	-	298,172	143,726	(81,387)	360,511	350,411
Vehicles	1,055,843	-	1,055,843	162,424	(61,044)	1,157,223	848,178	-	848,178	69,935	(61,044)	857,069	300,154
Land improvements	13,566,827	28,100	13,594,927	1,525,282	-	15,120,209	2,206,383	14,316	2,220,699	956,996	-	3,177,695	11,942,514
	$ 460,191,544	$ 4,391,851	$ 464,583,395	$ 24,922,061	$ (481,941)	$ 489,023,515	$ 216,426,980	$ 960,100	$ 217,387,080	$ 16,729,574	$ (481,941)	$ 233,634,713	$ 255,388,802

2022

	COST						ACCUMULATED AMORTIZATION						
	Balance September 1, 2021	Adjustment for PS3280	Opening Balance Adjusted	Additions and Transfers	Disposals and Transfers	Balance, August 31, 2022	Balance September 1, 2021	Adjustment for PS3280	Opening Balance Adjusted	Amortization	Disposals, Write Offs & Adjustment	Balance August 31, 2022	Net Book Value August 31, 2022
Land	$ 1,422,224	$ -	$ 1,422,224	$ 1,453,154	$ -	$ 2,875,378	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,875,378
Buildings	372,081,381	31,058,724	403,140,105	23,494,163	-	426,634,268	171,175,203	19,879,286	191,054,489	12,860,146	-	203,914,635	222,719,633
Construction in progress	113,641	-	113,641	80,663	-	194,304	-	-	-	-	-	-	194,304
Portable structures	599,696	-	599,696	792,497	-	1,392,193	265,986	-	265,986	36,708	-	302,694	1,089,499
First-time equipping	1,303,877	-	1,303,877	-	(343,895)	959,982	1,056,162	-	1,056,162	92,592	(343,895)	804,859	155,123
Equipment and furniture	4,312,411	-	4,312,411	156,619	(1,158,602)	3,310,428	2,560,129	-	2,560,129	313,100	(1,158,602)	1,714,627	1,595,801
Computer hardware	10,327,294	-	10,327,294	1,284,405	(2,201,687)	9,410,012	5,590,578	-	5,590,578	2,948,541	(2,201,687)	6,337,432	3,072,580
Computer software	573,955	-	573,955	228,344	(9,990)	792,309	179,132	-	179,132	129,030	(9,990)	298,172	494,137
Vehicles	1,055,900	-	1,055,900	71,512	(71,569)	1,055,843	865,822	-	865,822	53,925	(71,569)	848,178	207,665
Land improvements	8,607,402	200,000	8,807,402	4,759,425	-	13,566,827	1,425,219	33,333	1,458,552	747,831	-	2,206,383	11,360,444
	$ 400,397,781	$ 31,258,724	$ 431,656,505	$ 32,320,782	$ (3,785,743)	$ 460,191,544	$ 183,118,231	$ 19,912,619	$ 203,030,850	$ 17,181,873	$ (3,785,743)	$ 216,426,980	$ 243,764,564

Assets not placed into service by August 31, 2023 are not amortized and have been recorded as Construction in Progress.