Consolidated Financial Statements of

THE LIMESTONE DISTRICT SCHOOL BOARD

Year ended August 31, 2026

THE LIMESTONE DISTRICT SCHOOL BOARD

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

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.

CEO/CEDO/Director of Education

Executive Superintendent of Corporate and Staff Services and Treasurer

November 18, 2026

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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, 2026
- 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, 2026, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.

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 18, 2026

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash	$ 31,033,635	$ 32,177,068
Accounts receivable:		
Municipalities	4,884,384	5,160,988
Government of Ontario-approved capital (note 3)	59,097,546	68,224,535
Government of Ontario-non-capital (note 3)	17,301,220	24,329,697
Other	10,912,237	8,881,094
Investments (note 2)	1,800,085	1,903,405
Total financial assets	125,029,107	140,676,787
Financial liabilities:		
Temporary borrowing (note 4)	2,433,000	3,296,000
Accounts payable and accrued liabilities	23,890,413	26,627,475
Net long-term liabilities (note 11)	50,807,881	54,751,062
Deferred revenue (note 6)	17,341,066	19,467,334
Funds held in trust	2,081,985	2,020,075
Employee benefit liability (note 5(d))	6,559,140	6,604,707
Deferred capital contributions (note 7)	295,227,083	286,392,501
Asset retirement obligation (note 8)	62,900,806	59,284,453
Total financial liabilities	461,241,374	458,443,607
Net financial debt	(336,212,267)	(317,766,820)
Non-financial assets:		
Prepaid expenses	3,704,890	1,835,240
Tangible capital assets (note 17)	338,173,183	327,692,768
Total non-financial assets	341,878,073	329,528,008
Contingent liabilities and commitments (notes 14 and 15)		
Accumulated surplus (note 22)	$ 5,665,806	$ 11,761,188

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, 2026, with comparative information for 2025

	2026 Budget (note 19)	2026 Actual	2025 Actual
Revenues:			
Grants for student needs (note 13):			
Provincial legislative grants	$ 261,727,659	$ 256,865,215	$ 254,531,618
Education property tax	58,689,689	60,036,808	58,638,830
Provincial grants - other	4,657,383	4,098,943	7,692,758
Federal grants and fees	273,546	406,939	1,716,142
Investment income	1,247,415	1,139,431	1,455,596
Other	7,548,488	7,565,212	7,419,772
School fundraising	6,700,000	6,824,323	7,059,304
	340,844,180	336,936,871	338,514,020
Expenses (note 20):			
Instruction	255,048,835	254,726,092	250,129,305
Administration	8,811,861	9,238,789	8,579,956
Transportation	21,300,678	20,750,554	20,184,548
Pupil accommodation	51,317,668	49,063,989	48,935,690
Other	2,424,720	2,691,751	4,171,103
School funded activities	6,700,000	6,561,078	6,645,563
	345,603,762	343,032,253	338,646,165
Annual deficit	(4,759,582)	(6,095,382)	(132,145)
Accumulated surplus, beginning of year	11,761,188	11,761,188	11,893,333
Accumulated surplus, end of year (note 22)	$ 7,001,606	$ 5,665,806	$ 11,761,188

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, 2026, with comparative information for 2025

	2026	2025
Annual deficit	$ (6,095,382)	$ (132,145)
Acquisition of tangible capital assets	(26,463,533)	(26,524,179)
Amortization of tangible capital assets	19,599,471	19,116,238
Changes in estimate of TCA-ARO	(3,616,353)	(1,507,966)
	(16,575,797)	(9,048,052)
Acquisition of prepaid expenses	(1,869,650)	29,331
Increase in net debt	(18,445,447)	(9,018,721)
Net financial debt, beginning of year	(317,766,820)	(308,748,099)
Net financial debt, end of year	$ (336,212,267)	$ (317,766,820)

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, 2026, with comparative information for 2025

	2026	2025
Operating transactions:		
Annual deficit	$ (6,095,382)	$ (132,145)
Non-cash items including:		
Amortization, write downs and gain/loss on disposal	17,872,103	17,428,303
Amortization on TCA-ARO	1,727,368	1,687,935
Increase of ARO liabilities excluding settlements	3,616,353	1,507,966
Decrease of TCA-ARO asset excluding amortization on TCA-ARO	(3,616,353)	(1,507,966)
Amortization of deferred capital contributions	(17,628,956)	(17,181,182)
Change in non-cash assets and liabilities:		
(Decrease) increase in accounts receivable (non-capital)	(1,754,539)	14,692,956
Decrease in accounts receivable delayed grant payment	7,028,477	1,804,606
Decrease in accounts payable and accrued liabilities	(2,737,062)	(3,117,625)
Increase (decrease) in deferred revenue	550,575	(3,015,894)
Increase (decrease) in funds held in trust	61,910	(13,722)
Decrease in employee benefit liability	(45,567)	(608,932)
(Increase) decrease in prepaid expenses	(1,869,650)	29,331
	3,204,659	11,705,776
Cash applied to operating transactions	(2,890,723)	11,573,631
Capital transactions:		
Cash used to acquire tangible capital assets	(26,463,533)	(26,524,179)
Cash applied to capital transactions	(26,463,533)	(26,524,179)
Investing transactions:		
Decrease (increase) in investments	103,320	(71,251)
Cash applied to (provided by) investing transactions	103,320	(71,251)
Financing transactions:		
Decrease in temporary borrowing	(863,000)	(2,060,000)
Debt repayment	(3,943,181)	(3,787,237)
Decrease (increase) in accounts receivable - Government of Ontario (approved capital)	9,126,989	(565,939)
Increase in deferred capital contributions	26,463,538	26,524,179
(Decrease) increase in deferred capital revenue	(2,676,843)	1,025,128
Cash provided by financing transactions	28,107,503	21,136,131
(Decrease) increase in cash	(1,143,433)	6,114,332
Cash, beginning of year	32,177,068	26,062,736
Cash, end of year	$ 31,033,635	$ 32,177,068

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) Financial instruments:

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

Financial instrument	Measurement method
Derivatives	Fair Value
Portfolio investments in equity	Fair Value
Bonds	Amortized Cost
Treasury bills	Amortized Cost
Guaranteed investment certificate	Amortized Cost
Accounts receivable	Amortized Cost
Short-term borrowing	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Accrued vacation pay	Amortized Cost
Debenture debt	Amortized Cost
Term deposits	Cost
Cash and cash equivalents	Cost

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

- Amortized cost is measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to the acquisition of investments are added to the amortized cost. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.
- Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.
- Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

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

Fair value hierarchy:

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

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

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

Fair value hierarchy (continued):

- 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.

(d) 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.

(e) 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):

(f) 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.

1. Significant accounting policies (continued):

(g) Asset retirement obligations:

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

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

- there is a statutory, contractual or legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up;
- a reasonable estimate of the amount can be made,
- a corresponding amount is added to the carrying value of the related tangible capital asset and is then amortized over its remaining useful life.

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

(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) Other revenues:

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the Board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the Board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

1. Significant accounting policies (continued):

(j) 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

(k) 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):

(k) 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.

(l) 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 Ontario 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 policies (continued):

(m) 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.

(n) 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.

(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 financial statements, which in the case of the Board, is the Province of Ontario. As a result, education property tax revenue received from the municipalities is recorded as part of Core Education Funding, under Education Property Tax.

(p) 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.

(q) 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. Accounts subject to significant estimates include Asset Retirement Obligation liabilities. Actual results could differ from these estimates.

(r) 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. Investments:

The investments balance consists of the following:

	2026 Cost	2026 Fair value	2025 Cost	2025 Fair value
Fixed income accounts	$ 1,800,085	$ 1,795,722	$ 1,903,405	$ 1,895,772

During the year, there were no transfers between fair value hierarchy levels.

The fixed income securities yield interest between 3.350% and 5.491% and have maturities ranging from December 2026 to July 2031.

These investments are assessed regularly for impairment and are written down if a permanent impairment exists. Impairment of $Nil was recorded in 2025-26.

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 $59,097,546 as at August 31, 2026 (2025 - $68,224,535) 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, 2026 is $17,301,220 (2025 - $24,329,697).

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.

4. Temporary borrowing (continued):

All term loans are available by Adjusted Term Canadian Overnight Repo Rate Average (CORRA) based advances, bearing interest at the Adjusted Term CORRA rate, which ranged from 2.25% to 2.75%, plus 1.15% per annum. All loans are unsecured, due on demand and are in the form of Adjusted Term CORRA based advances and bank overdrafts.

As at August 31, 2026, the amount drawn under Adjusted Term CORRA based advances was $2,433,000 (2025 - $3,296,000).

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, 2026.

(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, 2026, the Board's accrued benefit liability relating to retirement gratuities and benefits is $2,702,741 (2025 - $3,339,081). Accumulated surplus has been internally appropriated for these liabilities, which amounted to $Nil for retirement gratuities and benefits respectively as at August 31, 2026 (2025 - $Nil).

(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.

At August 31, 2026, the Board's accrued benefit liability relating to post-retirement benefits is $101,526 (2025 - $151,337). Accumulated surplus has been internally appropriated for this liability, which amounted to $Nil as at August 31, 2026 (2025 - $Nil).

5. Employee benefits liability (continued):

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

(ii) Post-retirement benefits (continued):

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

			2026	2025
	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	$ 3,339,081	$ 151,337	$ 3,490,418	$ 4,027,580
Amortization of actuarial (loss) gain	(2,947)	(8,109)	(11,056)	58,239
Interest on accrued benefit obligation	107,822	4,866	112,688	137,980
Benefit payments	(741,215)	(46,568)	(787,783)	(733,381)
Accrued benefit liability, August 31	2,702,741	101,526	2,804,267	3,490,418
Net employee future benefit expenses	$ 104,875	$ (3,243)	$ 101,632	$ 196,219

			2026	2025
	Retirement gratuities and benefits	Other post-retirement benefit expenses	Total retirement and post-retirement benefits	Total retirement and post-retirement benefits
Accrued employee future benefit obligations, August 31	$ 2,493,556	$ 101,526	$ 2,595,082	$ 3,359,375
Unamortized actuarial gain	209,185	–	209,185	131,043
Accrued benefit liability, August 31	$ 2,702,741	$ 101,526	$ 2,804,267	$ 3,490,418

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, require 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 $3,583,954 as at August 31, 2026 (2025 - $2,947,793).

The amount of the obligation for WSIB that was actuarially determined as at August 31, 2026 is $3,583,954 (2025 - $2,947,793).

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

	2026	2025
Accrued benefit obligation, beginning of year	$ 2,947,793	$ 3,006,174
Expense recognized for the period	1,631,675	484,338
Benefits paid for the period	(995,514)	(542,719)
Accrued benefit obligation, end of year	$ 3,583,954	$ 2,947,793

(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 $175,413 (2025 - $117,902).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2026. This actuarial extrapolation is based on assumptions about future events.

5. Employee benefits liability (continued):

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

(iv) Sick leave benefits (continued):

At August 31, 2026, the Board's accrued benefit liability relating to sick leave top-up benefits is $170,919 (2025 - $166,496).

(b) The Board has the following liabilities relating to employee benefits described in Note 5(a):

The accrued benefit obligations for employee future benefit plans as at August 31, 2026 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2026. 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:

	2026
Discount rate	4.2% per annum
Salary escalation	2% per annum
Dental benefits escalation	maintain by a flat rate for 4% per annum in 2026
Health benefits escalation	maintain by a flat rate for 4% per annum in 2026
Life benefits escalation	maintain by a flat rate for 4% per annum in 2026
Inflation rate	2% per annum

	2025
Discount rate	3.8% per annum
Salary escalation	2% per annum
Dental benefits escalation	maintain by a flat rate for 4% per annum in 2025
Health benefits escalation	maintain by a flat rate for 4% per annum in 2025
Life benefits escalation	maintain by a flat rate for 4% per annum in 2025
Inflation rate	2% per annum

(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, 2026 amount to $3,018,539 (2025 - $2,777,992) and are reported as part of the accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

5. Employee benefits liability (continued):

(d) Employee benefit liability:

	2026	2025
Employee benefit liabilities are comprised of:		
Retirement gratuities	$ 2,702,741	$ 3,339,081
Post-retirement benefits	101,526	151,337
Sick leave top-up benefit	170,919	166,496
Workplace safety and insurance	3,583,954	2,947,793
	6,559,140	6,604,707
Vacation credits	3,018,539	2,777,992
	$ 9,577,679	$ 9,382,699

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, 2026 and is comprised of:

	Balance as at August 31, 2025	Externally restricted revenue and investment income	Revenue recognized in the period	Transferred to deferred capital contributions	Balance as at August 31, 2026
Special education	$ –	$ 38,345,500	$ 38,345,500	$ –	$ –
Capital funds	13,720,382	15,496,020	9,148,926	9,023,938	11,043,538
Other	5,746,952	12,226,687	11,676,111	–	6,297,528
Total deferred revenue	$ 19,467,334	$ 66,068,207	$ 59,170,537	$ 9,023,938	$ 17,341,066

(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.

6. Deferred revenue (continued):

(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 Ontario 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.

	2026	2025
Balance, beginning of year	$ 286,392,501	$ 277,049,503
Additions to deferred capital contributions	26,463,538	26,524,180
Revenue recognized in the period	(17,628,956)	(17,181,182)
Balance, end of year	$ 295,227,083	$ 286,392,501

8. Asset retirement obligations:

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, 2026, all liabilities 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	2026	2025
Liabilities for asset retirement obligations, beginning of year	$ 59,284,453	$ 57,776,487
Liabilities incurred during the year	–	–
Increase in liabilities reflecting changes in the estimate of liabilities[1]	3,616,353	1,507,966
Liabilities settled during the year	–	–
Liabilities for asset retirement obligations, end of year	$ 62,900,806	$ 59,284,453

[1]Reflecting changes in the estimated cash flows

8. Asset retirement obligations (continued):

The Board made an inflation adjustment increase in estimates of 6.1% as at March 31, 2026 (2.61% as at March 31, 2025), in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index ("BCPI") survey during the 2025 calendar year, as well as an adjustment to true up the estimated rate that was used at March 31, 2025. This rate is being used to update costs assumptions made in the ARO costing models in order to be reflective of March 31, 2026 costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate (based on the 2024 calendar year) to the actual rate for the 12-month period ending March 31, 2025.

9. 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:

	2026	2025
Interest payments on long-term debt	$ 2,091,755	$ 2,247,699
Accrued interest charges on long-term debt	(43,571)	(52,014)
Total interest expenses	$ 2,048,184	$ 2,195,685

10. Financial instruments:

As the valuation of all financial instruments held by the Board at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management:

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

(a) 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 Consolidated Statement of Financial Position represent the Board's maximum credit exposure as at the Consolidated Statement of Financial Position date.

10. Financial instruments (continued):

(b) Liquidity risk:

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

(c) Market risk

The Board is exposed to interest rate risk and price risk with regard to its portfolio and other 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.

11. Net long-term liabilities:

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

	2026	2025
Ontario Financing Authority, maturing November 2031	$ 1,938,460	$ 2,242,114
Ontario Financing Authority, maturing March 2033	4,839,582	5,426,662
Ontario Financing Authority, maturing March 2034	5,491,632	6,051,151
Ontario Financing Authority, maturing April 2035	1,830,244	1,987,941
Ontario Financing Authority, maturing March 2036	1,975,921	2,129,912
Ontario Financing Authority, maturing March 2037	3,522,130	3,784,951
Ontario Financing Authority, maturing June 2038	17,166,313	18,274,537
Ontario Financing Authority, maturing March 2039	120,805	127,896
Ontario Financing Authority, maturing March 2040	13,922,794	14,725,898
	$ 50,807,881	$ 54,751,062

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			
2027	$ 4,105,797	$ 1,929,229	$ 6,035,026
2028	4,275,380	1,759,556	6,034,936
2029	4,452,241	1,582,695	6,034,936
2030	4,636,701	1,398,235	6,034,936
2031	4,829,099	1,205,837	6,034,936
Future years	28,508,663	3,751,691	32,260,354
	$ 50,807,881	$ 11,627,243	$ 62,435,124

12. Pension plan costs:

(a) 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 ("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 Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2026, the Board contributed $4,814,804 (2025 - $4,553,944) 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. Core education funding:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the Board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 94.1% (2025 - 92.5%) of the consolidated revenues of the Board are directly controlled by the provincial government through the core education funding. The payment amounts of this funding are as follows:

	2026	2025
Provincial legislative grants	$ 256,865,215	$ 254,531,618
Education property tax	60,036,808	58,638,830
Core education funding	$ 316,902,023	$ 313,170,448

14. Contingent liabilities:

(a) Litigation:

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.

(b) The Board is a guarantor on a credit facility for Tri-Board Student Transportation Services in the amount of $2.3 million. As at August 31, 2026, there was $Nil (2025 - $Nil) drawn on the facility.

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 (2025 - $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, 2026.

15. Commitments (continued):

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

16. Trust funds:

(a) The Board was the trustee for $2,776,778 (2025 - $3,545,080) 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, 2025, the Foundation held assets of $2,445,806 (2024 - $2,204,341). These amounts are not included in the Board's consolidated financial statements.

17. Tangible capital assets:

Cost	Balance at August 31, 2025	Additions and transfers	Disposals	Transfer to assets for sale	Revaluation of TCA-ARO	Balance at August 31, 2026
Land	$ 7,953,742	$ –	$ –	$ –	$ –	$ 7,953,742
Land improvements	39,614,796	6,445,087	–	–	–	46,059,883
Buildings	502,513,425	18,215,812	–	–	3,616,353	524,345,590
Portable structures	6,523,720	527,025	–	–	–	7,050,745
Furniture and equipment	5,292,497	164,138	(504,838)	–	–	4,951,797
Computer hardware	5,151,472	935,368	(1,896,571)	–	–	4,190,269
Computer software	341,405	–	(309,123)	–	–	32,282
Vehicles	2,111,569	176,103	(158,316)	–	–	2,129,356
	$ 569,502,626	$ 26,463,533	$ (2,868,848)	$ –	$ 3,616,353	$ 596,713,664

Accumulated amortization	Balance at August 31, 2025	Amortization	Additions, transfers and disposals	Transfer to assets for sale	Balance at August 31, 2026
Land improvements	$ 17,717,490	$ 2,372,782	$ –	$ –	$ 20,090,272
Buildings	212,952,032	14,712,429	–	–	227,664,461
Portable structures	3,367,056	333,768	–	–	3,700,824
Furniture and equipment	3,252,933	438,733	(504,838)	–	3,186,828
Computer hardware	2,599,689	1,556,957	(1,896,571)	–	2,260,075
Computer software	300,809	37,369	(309,123)	–	29,055
Vehicles	1,619,849	147,433	(158,316)	–	1,608,966
Total	$ 241,809,858	$ 19,599,471	$ (2,868,848)	$ –	$ 258,540,481

17. Tangible capital assets (continued):

Net book value	August 31, 2026	August 31, 2025
Land	$ 7,953,742	$ 7,953,742
Land improvements	25,969,611	21,897,306
Buildings	296,681,129	289,561,394
Portable structures	3,349,921	3,156,665
Furniture and equipment	1,764,969	2,039,564
Computer hardware	1,930,194	2,551,781
Computer software	3,227	40,598
Vehicles	520,390	491,718
Total	$ 338,173,183	$ 327,692,768

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, 2025 were $401,810 (2024 - $361,011). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board. Premiums are recorded at the exchange amount, as the transactions are undertaken on similar terms and conditions to arm's length transactions with a non-related party.

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

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

(a) 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.

18. Ontario School Board Insurance Exchange (OSBIE) (continued):

(b) 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 2025-2026 budget. The original 2025-2026 budget was approved by the Board of Trustees on June 18, 2025.

20. Expenses by object:

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

	2026 Budget (note 19)	2026 Actual	2025 Actual
Expenses:			
Salary and wages	$ 225,467,855	$ 227,611,086	$ 225,810,688
Employee benefits	39,049,506	39,836,856	38,221,246
Staff development	1,016,980	634,525	676,398
Supplies and services	21,227,927	17,902,528	18,379,849
Interest on long-term debt	2,048,184	2,048,184	2,195,685
Rental expenses	114,741	56,841	111,952
Fees and contract services	28,460,936	27,882,516	26,519,247
Other	932,286	899,168	969,299
	318,318,415	316,871,704	312,884,364
Amortization, write-downs and loss on disposal of tangible capital assets and tangible capital assets - asset retirement obligations	20,585,347	19,599,471	19,116,238
School activities	6,700,000	6,561,078	6,645,563
Total expenses	$ 345,603,762	$ 343,032,253	$ 338,646,165

21. 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 $19,242,957 (2025 - $18,791,256) and administration costs of $762,538 (2025 - $697,202).

21. Related entities (continued):

Tri-Board Student Transportation Services (continued):

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

	2026	2025
Financial assets	$ 1,533,501	$ 4,377,290
Financial liabilities	(1,472,520)	(4,311,278)
Net financial assets	60,981	66,012
Non-financial assets	52,775	32,778
Accumulated surplus	$ 113,756	$ 98,790

	2026	2025
Revenue	$ 53,765,781	$ 52,299,269
Expenses	53,750,816	52,302,356
Annual surplus (deficit)	$ 14,965	$ (3,087)

Ontario Financing Authority:

Related parties of the Board include other school boards, the Ontario Financing Authority (OFA) and the Ontario School Boards' Insurance Exchange (OSBIE).

The OFA is an agency of the Province of Ontario that manages the province's debt and borrowing program. Please refer to Note 11 (Net long-term liabilities) for additional disclosure on the Board's borrowing with the OFA.

OSBIE is a non-profit insurance reciprocal, the members of which are Ontario school boards or Ontario school board organizations. Please refer to Note 18 (Ontario School Boards' Insurance Exchange) for additional disclosure on the Board's transactions with OSBIE.

21. Related entities (continued):

Ontario Financing Authority (continued):

(a) The Board entered into a loan agreement effective November 3, 2006 with the Ontario Financing Authority in the amount of $5,967,000 ($1,938,460 is outstanding as at August 31, 2026) 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.

(b) The Board entered into a second loan agreement effective March 3, 2008 with the Ontario Financing Authority in the amount of $12,065,240 ($4,839,582 is outstanding as at August 31, 2026) 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.

(c) The Board entered into a third loan agreement effective March 3, 2009 with the Ontario Financing Authority in the amount of $12,061,042 ($ 5,491,632 is outstanding as at August 31, 2026) 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.

(d) The Board entered into a fourth loan agreement effective April 2010 with the Ontario Financing Authority in the amount of $3,592,034 ($1,830,244 is outstanding as at August 31, 2026) 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.

(e) The Board entered into a fifth loan agreement effective March 2011 with the Ontario Financing Authority in the amount of $3,664,849 ($1,975,921 is outstanding as at August 31, 2026) 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.

(f) The Board entered into a sixth loan agreement effective March 2012 with the Ontario Financing Authority in the amount of $6,474,464 ($3,522,130 is outstanding as at August 31, 2026) 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.

21. Related entities (continued):

Ontario Financing Authority (continued):

(g) The Board entered into a seventh loan agreement effective June 2013 with the Ontario Financing Authority in the amount of $28,505,666 ($17,166,313 is outstanding as at August 31, 2026) 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.

(h) The Board entered into an eighth loan agreement effective March 2014 with the Ontario Financing Authority in the amount of $189,874 ($120,805 is outstanding as at August 31, 2026) 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.

(i) The Board entered into a ninth loan agreement effective March 2015 with the Ontario Financing Authority in the amount of $21,571,170 ($13,922,794 is outstanding as at August 31, 2026) 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.

22. Accumulated surplus:

Accumulated surplus consists of the following:

	2026	2025
Available for compliance:		
Unappropriated	$ 16,391,225	$ 21,132,470
Internally appropriated:		
Committed Capital Projects	5,479,442	5,722,591
School Budget Balances	1,772,358	2,098,955
Workers Safety Insurance Board	3,583,954	2,947,793
	27,226,979	31,901,809
Unavailable for compliance:		
Employee future benefits	(628,674)	(628,674)
Accrued interest	(575,270)	(618,841)
School generated funds	5,076,918	4,813,673
Asset Retirement Obligation	(33,387,889)	(31,660,521)
Revenue recognized for land	7,953,742	7,953,742
	(21,561,173)	(20,140,621)
Accumulated surplus	$ 5,665,806	$ 11,761,188

23. In-kind transfers from the Ministry of Public and Business Service Delivery and Procurement:

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 Public and Business Service Delivery and Procurement ("MPBSDP"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSDP and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is $18,469 (2025 - $Nil) with expenses based on use of $18,469 (2025 - $Nil) for a net impact of $Nil (2025 - $Nil).

24. 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.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board as of September 1, 2026 for the year ending August 31, 2027), standards must be implemented at the same time.

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

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

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

The main changes are:

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

The framework is expected to be implemented prospectively.

Reporting Model- PS 1202 *Financial Statement Presentation*:

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

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Increased clarity regarding presentation of budget comparatives on the Statement of Operations

24. Future accounting standard adoption (continued):

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

- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Changes in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Financing transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows