

Agenda – Audit Committee

Monday, November 11, 2024- 5:30 p.m.

Limestone Education Centre

220 Portsmouth Avenue, Kingston, Ontario

Virtual Link: <https://bit.ly/LDSBAuditNov112024>

Public Meeting – 5:30 p.m.

Acknowledgement of Territory: “The Limestone District School Board is situated on the traditional territories of the Anishinaabe and Haudenosaunee. We acknowledge their enduring presence on this land, as well as the presence of Métis, Inuit, and other First Nations from across Turtle Island. We honour their cultures and celebrate their commitment to this land.”

1. CALL TO ORDER

2. ADOPTION OF THE AGENDA

3. DECLARATION OF CONFLICT OF INTEREST

4. FOR INFORMATION

- 4.1. Audit Committee Annual Report to the Board of Trustees & MOE, Superintendent Young (Report appended pages 3-5)
- 4.2. Update on Fraud Procedure, Superintendent Young (Procedure appended pages 6-9)
- 4.3. 2024-2025 Regional Internal Audit Plan, Pasquale L’orfanio (Report appended pages 10-11)
- 4.4. Audit Findings Report, Lori Huber (Report appended pages 12-37)

5. FOR ACTION

- 5.1. Admin Report on the Draft Consolidated Financial Statements for the year ended August 31, 2024, Manager Carson (Report appended pages 38-42)
- 5.2. Draft Consolidated Financial Statements for the year ended August 31, 2024, Manager Carson (Pages 43-83)

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

MOTIONS:

- 1) That the Audit Committee recommend to the Board the approval of the audited consolidated financial statements for the year ended August 31, 2024.
- 2) That the audited consolidated financial statements for the year ended August 31, 2024, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 13, 2024, Board meeting.

6. OTHER BUSINESS

7. NEXT MEETING DATE

-May 5, 2025

8. ADJOURNMENT

9. PRIVATE DISCUSSION BETWEEN AUDITORS AND AUDIT COMMITTEE

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

[See Yourself in Limestone](#)

**Annual Report to the Board of Trustees for the
Fiscal Year Ended August 31, 2024**

This report summarizes the actions of the Limestone District School Board (DSB) Audit Committee for the year ended August 31, 2024.

Audit Committee Members

In accordance with Board Policy #11 - Committees of the Board and the recruitment and selection process outlined in *Ontario Regulation 361/10*, the following Audit Committee members were appointed to serve during the current term as follows:

Garrett Elliott	Trustee representative
Suzanne Ruttan	Trustee representative, Chair of the Committee
Tiffany Lloyd	Trustee representative
Christine Innocente	External member
Roger Richard	External member

Assessment

Board Policy #11 and *Ontario Regulation 361/10* stipulate that Audit Committee meetings will be held at least three times a year. All meetings have been held as planned in 2023-2024. The Limestone DSB has had an Audit Committee in place since May 2004.

The members in attendance at each meeting in 2023-2024 were as follows:

Member's Name	Sept 11, 2023	Nov 6, 2023	Nov 14, 2023	May 6, 2024
Tiffany Lloyd	regrets	X	X	X
Garrett Elliott	X	X	regrets	X
Suzanne Ruttan	X	X	X	X
Christine Innocente	X	X	X	X
Roger Richard	X	X	X	regrets

Governance

The Audit Committee of the Limestone DSB was originally established in May 2004. The appointment of the members to the Audit Committee was completed in accordance with provisions 3. (1) and 3. (2) of *Ontario Regulation 361/10*.

External Audit Committee Members:

On September 14, 2020, Ms. Christine Innocente and Mr. Roger Richard joined the Limestone DSB as external Audit Committee members. On November 6, 2023 Ms. Christine Innocente and Mr. Roger Richard were reinstated as external audit committee members for another three year term.

Internal/External Audit

Relationships with both internal and external auditors have been satisfactory. Both internal and external auditors were present at Audit Committee meetings that were held in private session.

External Auditors

The external auditors, KPMG LLP, were present at all Audit Committee meetings. The following material was presented:

- September 11, 2023 meeting - Provided the Committee with an update on the Limestone District School Board Interim/Year End audit activities for the 2022-2023 fiscal year.

- November 6, 2023 meeting - Provided the Committee with an audit opinion on the Limestone District School Board consolidated financial statements for the year ended August 31, 2023 and the audit findings report.
- November 14, 2023 meeting – Provided the Committee with guidance on the note which the Ministry required to be added to the financial statements, which detailed the settlement for OSSTF, OSSTF Ed workers, and ETFO Ed workers.
- May 6, 2024 meeting – Provided the Committee with the draft audit plan for the Limestone District School Board for the 2023-2024 fiscal year.

Internal Auditors

The Regional internal auditors were present at all Audit Committee meetings. The following material was presented:

- September 11, 2023 meeting - Provided the Committee with the 2023-2024 regional internal audit plan, regional internal audit charter; 2023-2024 annual report on internal audit activities, and the fraud policy review final report.
- November 6, 2023 meeting – Provided the Committee with a 2023-2024 regional internal audit plan update.
- November 14, 2023 meeting – Attended the meeting, but no reports were necessary as this was a special meeting to approve a note that the Ministry required to be added to the financial statements which detailed the settlement for OSSTF, OSSTF Ed workers, and ETFO Ed workers.
- May 6, 2024 meeting - Provided the Committee with a 2023-2024 regional internal audit plan update.

Summary of the Work Performed

The following is a summary of work undertaken by the Audit Committee in the last 12 months:

- reviewed and approved 2022-2023 consolidated financial statements;
- reviewed Audit Findings Report for 2022-2023 consolidated financial statements;
- reviewed and approved Audit Plan for 2023-2024 financial statements;
- reviewed and approved Audit Committee's Annual Report to the Board;
- reviewed regional internal audit reports; and
- reviewed regional internal audit plans.

By the signature noted below, we attest that we have discharged our duties and responsibilities in accordance with *Ontario Regulation #361/10*. Under this regulation, there is a requirement to submit a copy of this report to the Ministry.

On behalf of the Audit Committee,

Tiffany Lloyd
Chair of Limestone DSB Audit Committee
Date: November 11, 2024

**Annual Report to the Board of Trustees and Forwarded
To the Ministry of Education
For the year ended August 31, 2024**

District School Board Name: Limestone District School Board

Fiscal Year: 2023-2024

Re: Annual Audit Committee report to the Ministry of Education as per *Ontario Regulation 361/10*

The Regional internal auditors were present at all Audit Committee meetings. The following material was presented:

- September 11, 2023 meeting - Provided the Committee with the 2023-2024 regional internal audit plan, regional internal audit charter; 2023-2024 annual report on internal audit activities, and the fraud policy review final report.
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- May 6, 2024 meeting - Provided the Committee with a 2023-2024 regional internal audit plan update.

On behalf of the Audit Committee,

Tiffany Lloyd
Chair of Limestone DSB Audit Committee

Date: November 11, 2024



The administrative procedure outlined below is developed to protect the Limestone District School Board (LDSB) against fraudulent activities, safeguarding its revenue, assets, proprietary information, and other resources. It delineates specific guidelines, assigns responsibilities, and charts the processes for the detection and investigation of fraud within the organization. LDSB's fraud prevention and investigation procedures underscores our unwavering commitment to transparency, accountability, and integrity in all organizational operations.

1. Definition and Classification of Fraud

- 1.1. Fraud encompasses any deceptive or unauthorized action undertaken by an individual or group with the intent of personal gain.
- 1.2. Types of Fraud include, but are not limited to:
 - Fabrication, alteration, or destruction of any financial document or record, including but not limited to cheques, timesheets, contracts, and accounting records.
 - Submission or authorization of false financial claims.
 - Authorization of payment for undelivered goods or unrendered services.
 - Acceptance of material value from entities conducting business with the LDSB, contravening Administrative Procedure 403 - Conflict of Interest.
 - Fraudulent activities involving computer systems, including data manipulation and unauthorized software use.
 - Violation of LDSB policies, legal statutes, or misuse of organization resources.
 - Discrepancies in financial transaction management or reporting.
 - Unauthorized disclosure of sensitive information.

2. Roles and Responsibilities

- 2.1. Supervisory and management staff are tasked with establishing and maintaining robust internal controls to mitigate and detect fraud, ensuring operational integrity, asset protection, and accurate financial reporting.



- 2.2. All employees are obliged to report any suspected fraudulent activity immediately upon discovery.
- 2.3. Reports of fraud must be made impartially and in good faith.
- 2.4. Investigators must disclose any potential conflicts of interest, ensuring transparency and integrity in the investigative process.
- 2.5. Prompt measures must be taken to halt ongoing fraudulent activities and secure pertinent records upon fraud detection.

3. Fraud Investigation Protocol

- 3.1. Immediate investigation is imperative following a fraud report, with a commitment to confidentiality and integrity.
- 3.2. The identity of all parties involved in a fraud investigation shall be protected to the fullest extent permissible by law.
- 3.3. Disclosure of investigation outcomes shall be limited to individuals with a legitimate need for such information.
- 3.4. Information obtained during investigations may be disclosed to external agencies as required by law.
- 3.5. Employees found guilty of fraud will face disciplinary actions, potentially including termination, in accordance with Administrative Procedure 415 – Progressive Discipline.

4. Reporting Procedures

- 4.1. Employees detecting fraud must report to their immediate supervisor or, if the supervisor is implicated, to their Superintendent.
- 4.2. Subsequent notifications should be directed to the Superintendent of Corporate Services and/or the Superintendent of Human Resources.
- 4.3. Non-employee suspicions of fraud should follow a similar reporting path.
- 4.4. Special reporting protocols are established for instances involving high-level positions, ensuring direct communication with the Director of Education or the Regional Internal Audit Committee.



5. Protection Against Reprisals (Whistleblower Protection)

- 5.1. The LDSB strictly prohibits retaliation against individuals for engaging in the reporting or investigation process.
- 5.2. Disciplinary measures against reprisal actions would undermine the organization's commitment to a fair and just investigative process.
- 5.3. The board will endeavour to keep the identity of anyone who makes a good faith allegation confidential if requested. In the event that legal proceedings require the disclosure of the identity of the complainant, the complainant will be advised prior to proceeding.

6. Post-Investigation Risk Assessment

- 6.1. Following an investigation, a comprehensive risk assessment will be conducted to prevent future incidents, enhancing organizational resilience against fraud.

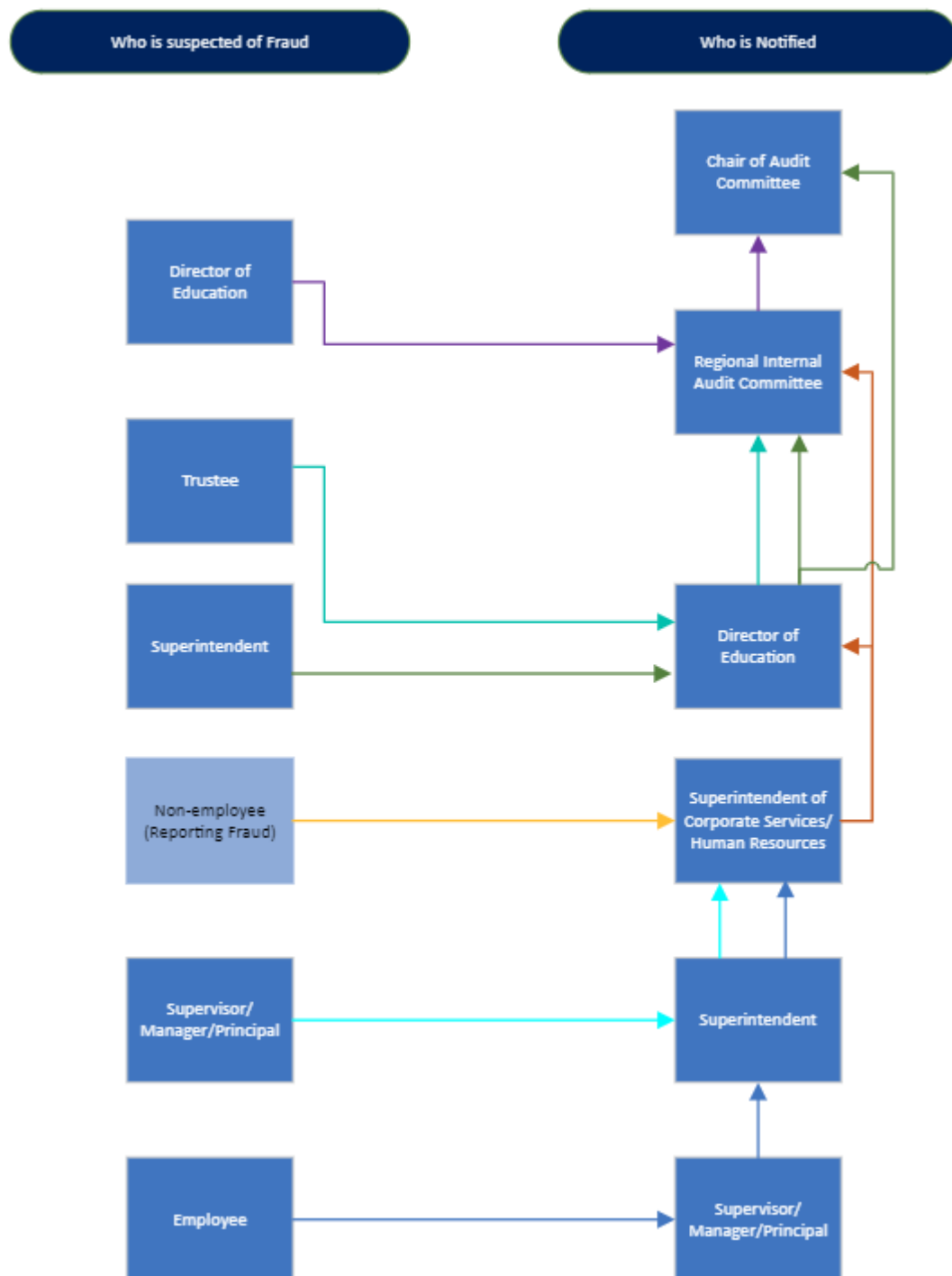
7. Education and Training

- 7.1. LDSB is committed to ongoing education and training on fraud awareness and prevention, ensuring all employees are equipped to recognize and respond to fraudulent activities effectively.

8. Procedure Review

- 8.1. This procedure is subject to regular review and updates to maintain its efficacy and alignment with best practices and regulatory requirements.

Appendix A -Fraud Notification Process



Subject:	2024-245 Regional Internal Audit Plan
Presented by:	Pasquale L'orfanio, Internal Auditor
Meeting Date:	November 11 th , 2024

Purpose

To provide the Audit Committee with an update from the Regional Internal Audit Manager (RIAM) on the progress of the 2024-25 RIAT work.

This is in alignment with Ontario Regulation 361/10: Audit Committees (9) Duties of an Audit Committee 3(2&3).

Content

24 – 25 Regional Internal Audit Plan Update

The Audit Committee approved the 2024-25 Audit Plan at the September 9, 2024 meeting. The following presents an update on the engagements:

Status	Audit & Scope	Schedule
In Progress	2023-24 Special Education Benchmarking Management and AC at each board often ask how they perform compare to others in the province. The purpose of this project is to share comparative metrics with participating Boards to highlight potential differences and outliers that could be used to investigate and report on.	January 2024: Analysing EFIS and OnSIS data. April 2024: Terms of Reference issued to School Board May 2024: Survey sent to Ontario East Region School Board, as well as 6 other regions within the Province. Fall 2024: Complete Analysis, assessing 15 areas with 90 ratios over 2 school year period. Draft report in progress.

Cyclical	Follow-up Procedures This is a recurring item on RIAT’s annual plan. RIAT continues to follow-up on the remaining recommendation, as they come due.	Not needed at this time.
As Needed	Management Request Engagement To cover any important items that may be required to during the school year.	None Requested to-date
Recommendation		
That the Limestone District School Board Audit Committee receives for information the November 11 th 2024 RIAT update.		



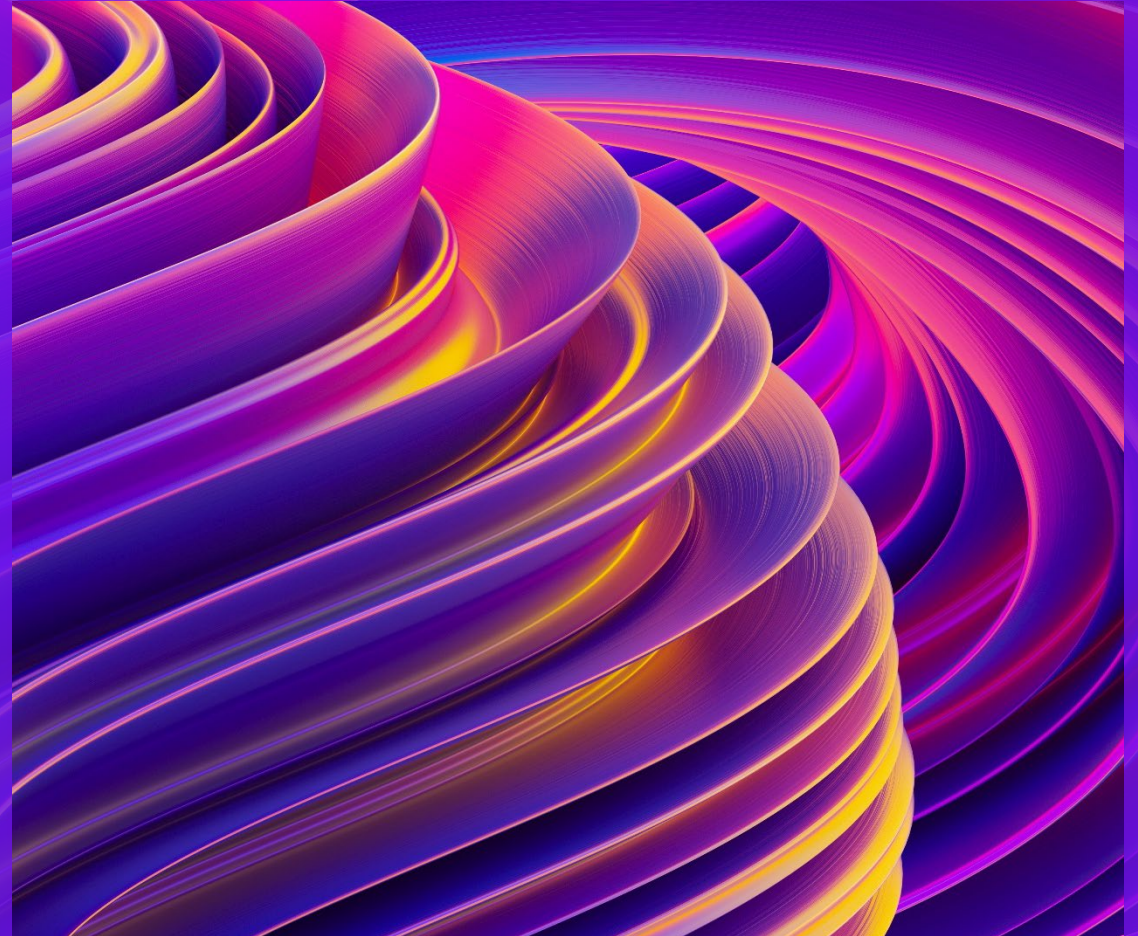
Limestone District School Board

**Audit Findings Report
for the year ended August 31, 2024**

KPMG LLP

Prepared as of November 5, 2024 for presentation
to the Audit Committee on November 11, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	5	Status	6	Significant changes	7	Risks and results
8	Other matters	10	Misstatements	11	Control deficiencies	12	Policies and practices
14	Specific topics	15	Independence	16	Appendices		

The purpose of this report is to assist you, as a member of the Audit Committee (the “Committee”), in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management, the Committee, and the Board of Trustees and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights

Status

We have completed the audit of the consolidated financial statements of Limestone District School Board (the “School Board”) with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

Significant changes

☐ Significant changes since our audit plan

- There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Risks and results

☒ Significant risks

- In the Audit Plan, we did not identify any significant financial reporting risks other than the presumed risk of management override of controls and presumed risk of fraudulent revenue recognition. We did not identify any additional significant financial reporting risks that required additional audit procedures.

☐ Other risks of material misstatement

☐ Going concern matters

Other matters

☒ Other matters

- We have highlighted certain other matters for the Committee’s consideration.

☐ No matters to report

☒ Matters to report – see link for details

Uncorrected misstatements

☐ Uncorrected misstatements

- There have been no uncorrected audit misstatements identified.

Corrected misstatements

☐ Corrected misstatements

- There have been no corrected audit misstatements identified.

Control deficiencies

☐ Significant deficiencies

☐ Other control deficiencies

Policies and practices & Specific topics

☐ Significant unusual transactions

☒ Accounting policies and practices

☐ Other financial reporting matters

☒ Specific topics

Status

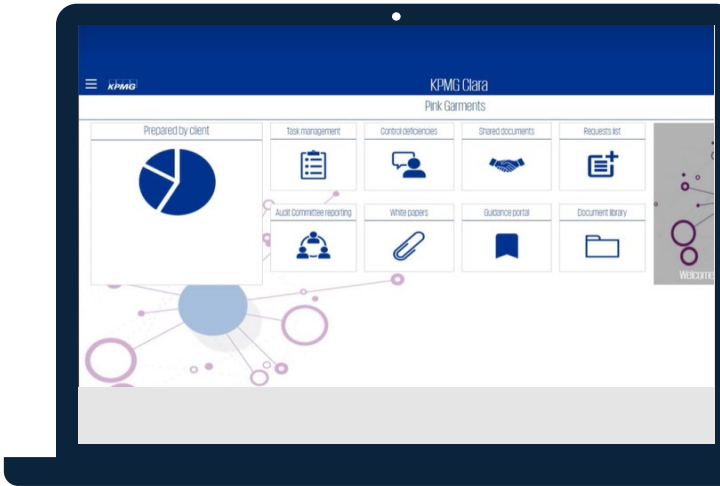
As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Committee;
- Completing our subsequent events review procedures up to the date of the auditor’s report;
- Obtaining evidence of the Board of Trustee’s approval of the financial statements;
- Receipt of the signed management representation letter.

We will update the Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

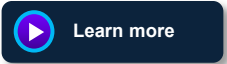
A draft of our auditor’s report is provided in [Appendix 1a: Draft Auditor’s Report](#).

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency
We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.



Significant changes

We have not made any significant changes to our audit plan which was communicated to you in the audit planning report, and note that:

Management and the KPMG audit team	There were no key Management team member changes from the Audit Plan. Management were available as needed to assist the Audit Team. The senior audit team remained consistent from the team presented in the Audit Plan.
Materiality	Materiality was set at \$8,000,000 in our audit planning report, which represented approximately 2.6% of prior year total expenses. Current year actual expenses increased to \$353 million, therefore, materiality represented 2.2% of current year expenses. This falls within the acceptable range of our required benchmark of between 0.5% -3.0%.
Fraud risk	We performed our required audit procedures in professional standards over fraud risk as communicated to the Committee in the Audit Plan and did not identify any additional fraud risks from our audit work. As part of our unpredictable procedure, we reviewed a sample of expenses based on approval thresholds in the procurement policy to ensure the policy is being followed. We have no findings to report from this procedure.
Other areas of audit focus	We identified certain areas of audit focus in our Audit Plan. We did not identify any additional areas of audit focus and have no significant findings to report as a result of these procedures.
Bill 124 expenses	A monetary resolution to Bill 124 occurred in fiscal 2024 relating to amounts applicable for previous years as well as the current year. Note disclosure has been included in the financial statements to alert a user of the financial statements to the significant financial impact of this monetary resolution to Bill 124.

Significant risks and results

We highlight our significant findings in respect of **significant risk**.

Fraud risk from management override of controls		
Significant risk	Estimate?	Key audit matter?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.	No	No

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Assessed the design and implementation of controls surrounding the journal entry process;
- Determined the criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments.

Findings

We did not uncover any issues during the performance of the procedures described above.



Other matters



Bill 124 Accruals

- In 2024, a monetary resolution to Bill 124 was reached between the Crown and the following education sector unions: Ontario English Catholic Teachers' Association (OECTA) and Canadian Union of Public Employees (CUPE). This agreement provides a 0.75% increase for salaries and wages on September 1, 2019, a 0.75% increase for salaries and wages on September 1, 2020, and a 2.75% increase in salaries and wages on September 1, 2021, in addition to the original 1% increase applied on September 1 in each year during the 2019-22 collective agreements. The same increases also apply to non-unionized employee groups (excluding Principals and Vice-Principals and school board executives).
- The Crown has funded the monetary resolution for these employee groups to the applicable school boards though the appropriate changes to the Grants for Student Needs benchmarks and additional Priorities and Partnerships Funding (PPF).
- The impact of Bill 124 was material as outlined in note 25 of the financial statements whereby the impact on salary and wages expenses in the current fiscal year was \$40,927,299. The portion related to 2019-2020 to 2022-2023 is \$27,518,489, with the remainder of \$13,408,810 related to 2023-2024.
- In closing the 2023 financial statements, there was uncertainty around the impact of Bill 124 at that time which the School Board included in their 2023 note disclosures.
- In the 2024 audit, we substantively tested retroactive payments relating to Bill 124, by selecting a sample of payments made to employees and recalculating amounts received by each sampled employee by using union grids, union wage increases, and the retroactive wage increases for the years 2019-2023. We also reviewed and tested accruals made for any remaining retroactive payments.
- Overall, we noted consistency in the application of the methods applied across the sector and have no findings to report in this regard.

Other matters (continued)

**Employee
future benefits**

Employee future benefits (“EFB”) liability is an estimate and as part of our audit, we rely on the actuarial valuations performed by management’s expert, School Boards’ Co-operative Inc. (the “expert”) in the valuation of the Board’s accrued EFB liability at August 31, 2024. A full valuation of the EFB plans was performed as at August 31, 2024 using new source data provided by the Board.

Our audit procedures over the EFB balances included:

- Performing attribute testing on the source data provided to the actuary for the purposes of providing the new actuarial valuation.
- Updating our understanding of any new significant changes to any benefit plans that might impact the EFB liability.
- Reviewing the actuarial report in detail and ensuring all balances and disclosures in the Board’s financial statements are accurate.
- Ensuring the note disclosure is appropriate and adequate under the financial reporting framework and assessing the key assumptions for reasonability, including comparing these rates to other public sector organizations.
- The expert approximated the cost of borrowing for the Board and constructed this rate using Province of Ontario spot rate curve as at August 31, 2024.
- Our audit included an assessment of the reasonableness of the rate selected (3.80%) compared to other Canadian benefit plans.

As a result of the aforementioned audit procedures, we did not identify any audit misstatements. There are no findings to report.

**Consolidation
of OSBIE**

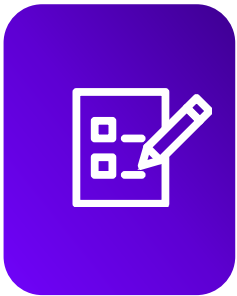
- As a firm, KPMG continues to discuss with the Ministry of Education and the Auditor General of Ontario on this subject and we will continue to work with management to determine the appropriate course of action in accordance with the financial reporting framework.
- The Ministry has deferred the decision to consolidate OSBIE at the School Board level from the 2023-24 financial statements.

Audit misstatements

Materiality for fiscal 2024 was set at \$8,000,000 (2023 - \$8,000,000) which translated into an audit misstatement posting threshold of \$400,000 (2023 - \$400,000). As such, all misstatements identified during the audit greater than \$400,000 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the Committee that all identified adjustments or differences be corrected, if any.



Uncorrected differences

- We did not identify any misstatements that were communicated to management and remain uncorrected in the financial statements.



Impact of corrected misstatements

- We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the School Board's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

No significant deficiencies in internal control over financial reporting were identified in the audit.

Accounting policies and practices



Initial selection

The following new accounting policies and practices were selected and applied during the period with no impact to the School Board:

- I. 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.
- II. 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.
- III. 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.



Revised

There were no changes to the significant accounting policies and practices on the financial statements other than those noted above.

In addition, the Board has disclosed in the notes to the financial statements future accounting changes that will impact financial reporting in future years.



Significant qualitative aspects

There are no significant qualitative aspects to note related to accounting policies and practices.

The significant accounting policies and practices are disclosed in note 1 to the financial statements.

Other financial reporting matters

We also highlight the following:

 Financial statement presentation - form, arrangement, and content	 ➤ The impact of the new accounting standards, as outlined in note 2 to the financial statements, were considered and deemed to be not significant. ➤ The presentation and disclosure in the financial statements is in accordance with the financial reporting framework.
 Concerns regarding application of new accounting pronouncements	 No matters to report.
 Significant qualitative aspects of financial statement presentation and disclosure	 No matters to report.

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report.
Other information in documents containing the audited financial statements	Not applicable.
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management’s consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

Dedicated ethics & independence partners

Process for reporting breaches of professional standards and policy, and documented disciplinary policy

Ethics, independence and integrity training for all staff

International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest

Operating policies, procedures and guidance contained in our quality & risk management manual

Mandated procedures for evaluating independence of prospective audit clients

Restricted investments and relationships

Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the School Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1

Required
communications

2

Audit quality

Appendix 1: Other required communications



Engagement terms

A copy of the engagement letter was provided to the Committee as part of the Audit Planning Report.



Auditor's report

The conclusion of our audit is set out in our draft auditors' report as attached.



Representations of management

In accordance with professional standards, we will obtain certain representations from management upon approval of the financial statements.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)

Appendix 1a: Draft auditor’s report

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, 2024
- 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, 2024, 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.

Appendix 1a: Draft auditor's report (continued)

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.

Appendix 1a: Draft auditor's report (continued)

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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

(Date)





Appendix 1b: Management representation letter

KPMG LLP
Chartered Professional Accountants
863 Princess Street, Suite 400
Kingston, Ontario K7L 5N4
Canada

(Date)

Ladies and Gentleman:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the Limestone District School Board ("the Entity") as at and for the period ended August 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated April 24, 2024, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board of trustees and committees of the board of trustees that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.



Appendix 1b: Management representation letter (continued)

- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

ASSETS & LIABILITIES - GENERAL:

- 13) The Entity has satisfactory title to all owned assets.
- 14) We have no knowledge of any liens or encumbrances on assets and/or assets that have been pledged or assigned as security for liabilities, performance of contracts etc., not disclosed in the financial statements.
- 15) We have no knowledge of any plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

CONTRACTUAL AGREEMENTS:

- 16) The Entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non compliance including violations or default of the covenants in the Entity's debt agreements.

ENVIRONMENTAL MATTERS:

- 17) The Entity has appropriately recognized, measured and disclosed environmental matters in the financial statements.

EMPLOYEE FUTURE BENEFITS:

- 18) The employee future benefit costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

EXPERTS/SPECIALISTS:

- 19) The information provided by us to School Board Cooperative Inc. ("the experts") and used in the work and findings of the experts are complete and accurate. We agree with the findings of the expert in evaluating Employee Future Benefits and have adequately considered the qualifications of the expert in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give nor cause any instructions to be given to the expert with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence and objectivity of the experts.

BUDGET FIGURES:

- 20) We confirm, to the best of our knowledge and belief, the following representations in respect of the Entity's budget figures:
 - a) The budget figures presented in the financial statements are based on the budget approved by the Board of Trustees in accordance with the provincially mandated funding model for Ontario school boards; and
 - b) The budget figures presented in the financial statements have been adjusted to conform to the generally accepted accounting principles for the Public Sector established by the Public Sector Accounting Board, the basis of accounting used to prepare the financial statements.

TANGIBLE CAPITAL ASSETS:

- 21) We confirm, to the best of our knowledge and belief, the following representations in respect of the Entity's tangible capital assets:
 - a) The Entity has reported its tangible capital assets in its financial statements in accordance with PS3150 – Tangible Capital Assets;
 - b) The tangible capital asset note in the financial statements contains all known, required information related to tangible capital assets of the Entity; and
 - c) We have not knowingly withheld any information relating to tangible capital assets of the Entity

OTHER:

- 22) We confirm that all potential sites subject to PS 3260, Contaminated Sites, have been identified, and that no liability is required to be recognized in the financial statements.
- 23) We confirm that all Asset Retirement Obligations subject to PS 3280, have been identified. The amount recorded is complete and accurate.
- 24) We have no knowledge of any communications from regulatory or governmental authorities or others concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
- 25) The amount recorded as a revenue and receivable for the Government of Ontario – Approved Capital Funding program in the financial statements has been determined and approved under the guidelines and regulations issued by the Government of Ontario with respect to this program. The Entity has included only, eligible and supported long-term liabilities of the Entity in the calculation of the revenue and receivable amount.

Appendix 1b: Management representation letter (continued)

- 26) The Entity does administer Trust Funds that have separate disclosure in the financial statements.
- 27) We are responsible for preparing and filing the Entity's financial information into the Electronic Financial Information System (EFIS) of the Ministry of Education of Ontario.

Yours very truly,

LIMESTONE DISTRICT SCHOOL BOARD

By: Mr. Craig Young, Superintendent of Business

By: Ms. Paula Carson, Manager of Financial Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix 2: Audit quality - How do we deliver audit quality?

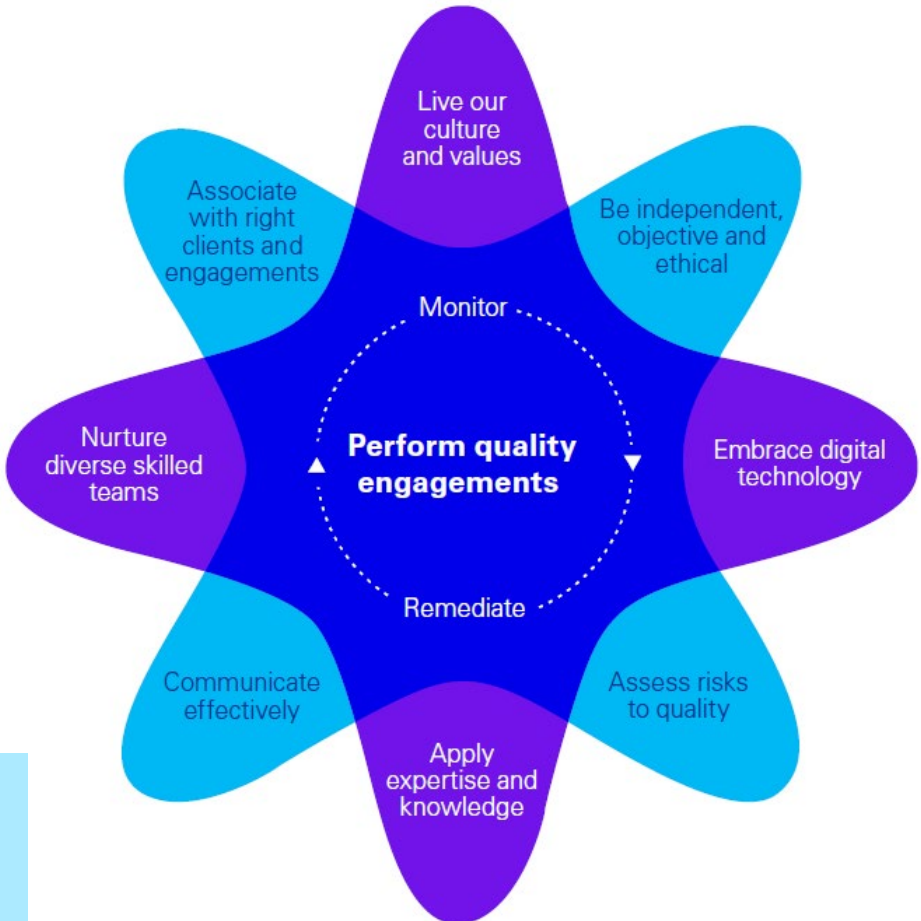
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm’s Statement on the Effectiveness of our SoQM.

[KPMG 2023 Audit Quality and Transparency Report](#)

We define ‘audit quality’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Appendix 2: Audit quality - audit quality indicators (AQIs)

The objective of these measures is to provide the Committee and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.

Audit team composition

- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience

Technology in the audit

- Increase in use of technology in the audit year over year
- Use of secure KPMG portal for transfer of electronic documents

Independence

- We will not put ourselves in a situation where we would audit our own work.
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.

Client preparedness

- The financial records are closed and ready on the first day of audit work.
- Client-prepared documentation was prepared accurately.
- Participation of all client personnel as required in the audit process, such as IT, HR, Legal, etc.

Audit Committee

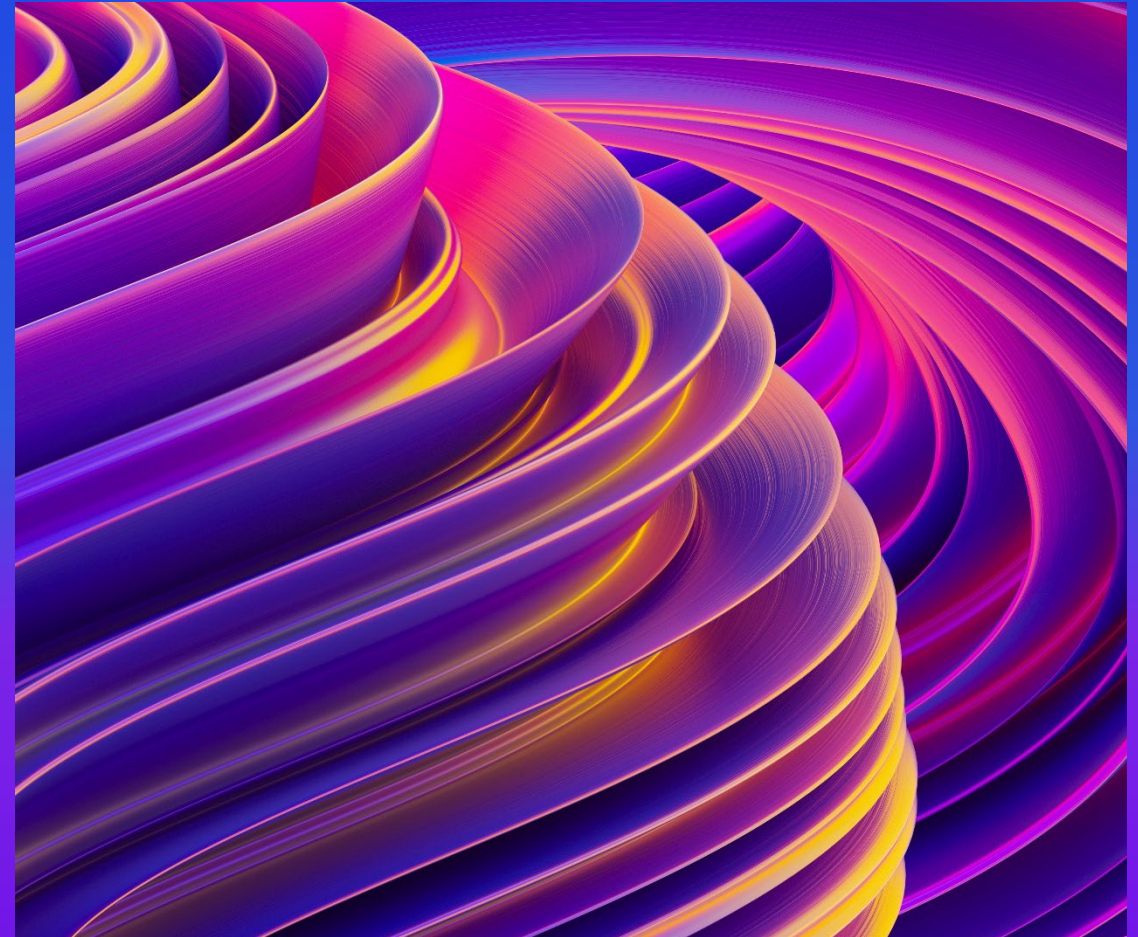
- Committee members participate fully in the discussion with auditors, including meeting in camera with the auditors
- KPMG provides current industry trends and updates to accounting and audit standards

- Nothing to report
- Some matters to report
- Specific matters to report



<https://kpmg.com/ca/en/home.html>

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Administrative Report: Draft Consolidated Financial Statements for the year ended August 31, 2024

Audit Committee Meeting

November 11, 2024

Purpose:

To report on the completion of the audited consolidated financial statements for 2023-2024 and to make recommendations.

Background

These consolidated financial statements reflect the financial results for the Board for the year-ended August 31, 2024, with comparative results for the previous year and a comparison to the Board's budget. The Education Act requires the Board to prepare annual consolidated financial statements, to have the statements audited, to submit the audited statements to the Ministry of Education, and to publish the statements.

The Board's 2023-2024 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.

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

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 capital asset. 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 be recognized as revenue in certain instances and property taxation be reported as revenue when received or receivable. 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.

Current

At year-end August 31, 2024, the accumulated surplus is \$11.9 million as per note 22 (below) from the 2023-2024 consolidated financial statements. There is a total of \$31 million of accumulated surplus- available for compliance and a deficit of \$19.1 million of accumulated surplus- unavailable for compliance resulting in a net accumulated surplus of \$11.9 million.

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

Accumulated surplus consists of the following:

	2024	2023
Available for compliance:		
Unappropriated	\$ 19,727,938	\$ 21,656,154
Internally appropriated:		
Committed Capital Projects	5,969,712	6,217,648
School Budget Balances	2,107,949	3,166,926
Retirement Benefits	222,321	1,333,922
Workers Safety Insurance Board	3,006,174	2,528,379
	31,034,094	34,903,029
Unavailable for compliance:		
Employee future benefits	(850,994)	(2,440,390)
Accrued interest	(670,855)	(714,287)
School generated funds	4,399,932	3,951,029
Asset Retirement Obligation	(29,972,586)	(28,301,000)
Revenue recognized for land	7,953,742	7,953,742
	(19,140,761)	(19,550,906)
Accumulated surplus	\$ 11,893,333	\$ 15,352,123

At year-end August 31, 2024, the accumulated surplus – total available for compliance of \$31 million includes \$19.7 million of unappropriated funds. It also includes amounts designated as internally appropriated: committed capital of \$6 million, \$2.1 million for school budget balances carried over to the following year, an amount of \$220,000 for retirement benefits as required to address collective agreements and settlements, and finally an amount of \$3 million for Workers' Safety Insurance Board.

The accumulated surplus, unavailable for compliance at year-end August 31, 2024, is a deficit of \$19.1 million. The most significant components are a \$0.9 million deficit for employee future benefits, \$4.4 million surplus for School generated funds, a \$30 million deficit for Asset Retirement Obligation, and a \$8 million surplus for revenue recognized for land.

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

At year-end August 31, 2024, the Consolidated Statement of Operations and Accumulated Surplus shows a deficit of \$3.5 million, as compared to the budgeted deficit of \$4.4 million. The favorable \$0.9 million variance includes an additional \$0.6 million for enrolment higher than projected and \$0.4 million in additional school fundraising. During the 2023-24 school year, the Board received \$39.7 million in funding for Bill 124 and retroactive payments to be made to Board employees. Our 2023-24 salary and wages expenses for Bill 124 and retroactive payments totaled \$40.9 million, resulting in a \$1.2 million shortfall in the funding for these expenditures.

Expenditures over budget included additional expenditures of \$1.6 million on short term Educational Assistants and additional expenditures due to the increase in employee replacement costs. Expenditures under budget included decreased computer expenditures of \$1.8 million due to capitalization of the purchases.

The Ministry of Education Regulations require that school boards meet three enveloping provisions in 2023-2024 and the Board has complied with all three in this financial year:

- Special Education expenditures (excluding equipment and applied behaviour analysis (ABA) training amounts) exceed the envelope for Special Education;
- Expenditures for governance and central administration were less than that specific envelope; and
- Expenditures for school renewal were less than the envelope for school renewal. The under expenditure has been added to deferred revenue on the consolidated statement of financial position.

Limestone District School Board

Limestone District School Board is situated on traditional territories of the Anishinaabe and Haudenosaunee.

The date for filing the consolidated financial statements for the year ended August 31, 2024 with the Ministry of Education is December 4, 2024. It is expected that they will be filed on time pending their approval by the Board's Audit Committee, and then the Board, following the scheduled Board meeting of November 13, 2024.

A copy of the draft consolidated financial statements for the year-ended August 31, 2024 are attached to the November 11, 2024 Audit Committee meeting agenda and will be presented after this report. Following the presentation of the draft consolidated financial statements for the year-ended August 31, 2024, the committee will be asked to approve the following motions:

- 1) That the Audit Committee recommend to the Board approval of the audited consolidated financial statements for the year ended August 31, 2024.
- 2) That the audited consolidated financial statements for the year ended August 31, 2024, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 13, 2024 Board meeting.

Recommendations

That the two motions be approved after the presentation of the draft consolidated financial statements for the year ended August 31, 2024.

Prepared by: Paula Carson, Manager of Financial Services

Reviewed by: Craig Young, Superintendent of Business Services

Consolidated Financial Statements of

**THE LIMESTONE DISTRICT
SCHOOL BOARD**

Year ended August 31, 2024

DRAFT

THE LIMESTONE DISTRICT SCHOOL BOARD

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Year ended August 31, 2024

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DRAFT

MANAGEMENT REPORT

Year ended August 31, 2024

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

Director of Education

Superintendent of Business Services
and Treasurer

November 15, 2024

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, 2024
- 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, 2024, and its consolidated results of operations, and its consolidated cash flows for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

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

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

Our opinion is not modified in respect of this matter.

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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 15, 2024

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 26,062,736	\$ 21,972,270
Accounts receivable:		
Municipalities	4,697,417	4,583,132
Government of Ontario-approved capital (note 4)	67,658,596	71,795,934
Government of Ontario-non-capital (note 4)	26,134,303	29,756,474
Other	22,996,285	16,576,903
Investments (3)	1,832,154	1,522,842
Total financial assets	149,381,491	146,207,555
Financial liabilities:		
Temporary borrowing (note 5)	5,356,000	4,562,000
Accounts payable and accrued liabilities	28,703,764	21,067,793
Net long-term liabilities (note 11)	58,538,300	62,175,983
Deferred revenue (note 7)	21,458,100	21,772,883
Funds held in trust	2,033,797	1,785,424
Employee benefit liability (note 6(d))	7,213,639	7,345,045
Deferred capital contributions (note 8)	277,049,503	271,156,894
Asset retirement obligation (note 9)	57,776,487	55,736,530
Total financial liabilities	458,129,590	445,602,552
Net financial debt	(308,748,099)	(299,394,997)
Non-financial assets:		
Prepaid expenses	1,864,572	1,983,305
Tangible capital assets (note 17)	318,776,860	312,763,815
Total non-financial assets	320,641,432	314,747,120
Contingent liabilities and commitments (notes 14 and 15)		
Accumulated surplus (note 22)	\$ 11,893,333	\$ 15,352,123

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, 2024, with comparative information for 2023

	Budget (note 19)	2024	2023
Revenues:			
Grants for student needs (note 13):			
Provincial legislative grants	\$ 231,001,933	\$ 243,164,803	\$ 223,533,463
Education property tax	57,010,949	57,917,267	56,446,981
Provincial grants - other	5,012,343	31,627,999	8,716,200
Federal grants and fees	163,917	137,885	414,953
Investment income	1,287,588	1,504,338	1,360,972
Other	7,150,802	7,953,167	7,018,836
School fundraising	5,000,000	6,792,921	5,669,829
	306,627,532	349,098,380	303,161,234
Expenses (note 20):			
Instruction	226,656,244	263,860,606	219,875,540
Administration	8,163,826	9,427,419	7,956,593
Transportation	20,522,843	20,568,126	19,537,250
Pupil accommodation	47,988,225	49,169,566	46,143,125
Other	2,696,552	3,187,435	4,682,165
School funded activities	5,000,000	6,344,018	5,148,129
	311,027,690	352,557,170	303,342,802
Annual deficit	(4,400,158)	(3,458,790)	(181,568)
Accumulated surplus, beginning of year	15,352,123	15,352,123	15,533,691
Accumulated surplus, end of year (note 22)	\$ 10,951,965	\$ 11,893,333	\$ 15,352,123

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, 2024, with comparative information for 2023

	2024	2023
Annual deficit	\$ (3,458,790)	\$ (181,568)
Acquisition of tangible capital assets	(22,358,459)	(25,923,445)
Amortization of tangible capital assets	18,385,372	17,250,360
Proceeds on sale of tangible capital assets	–	1,438,006
Gain on sale allocated to deferred revenue	–	(1,438,006)
Changes in estimate of TCA-ARO	(2,039,957)	(6,866,271)
Disposals of TCA-ARO	–	12,478
	(9,471,834)	(15,708,446)
Acquisition of prepaid expenses	118,732	(696,941)
Increase in net debt	(9,353,102)	(16,405,387)
Net financial debt, beginning of year	(299,394,997)	(282,989,610)
Net financial debt, end of year	\$ (308,748,099)	\$ (299,394,997)

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, 2024, with comparative information for 2023

	2024	2023
Operating transactions:		
Annual deficit	\$ (3,458,790)	\$ (181,568)
Non-cash items including:		
Amortization, write downs and gain/loss on disposal	16,713,786	15,826,237
Amortization on TCA-ARO	1,671,586	1,424,124
Increase of ARO liabilities excluding settlements	2,039,957	5,868,006
Increase (decrease) of TCA-ARO asset excluding amortization on TCA-ARO	(2,039,957)	(6,853,793)
Amortization of deferred capital contributions	(16,465,850)	(15,610,078)
Deferred gain on disposal of tangible capital assets	-	(1,438,006)
Change in non-cash assets and liabilities:		
Increase in accounts receivable (non-capital)	(4,136,415)	(11,145,426)
Decrease in accounts receivable delayed grant payment	3,622,171	29,595
Increase (decrease) in accounts payable and accrued liabilities	5,238,718	(5,801,540)
Increase (decrease) in deferred revenue	(355,769)	617,869
Increase in funds held in trust	248,373	61,038
Decrease in employee benefit liability	(131,406)	(255,084)
Decrease (increase) in prepaid expenses	118,731	(696,941)
	6,523,925	(17,973,999)
Cash applied to operating transactions	3,065,135	(18,155,567)
Capital transactions:		
Cash used to acquire tangible capital assets	(22,358,459)	(25,923,445)
Proceeds on sale of tangible capital assets	-	1,438,006
Cash applied to capital transactions	(22,358,459)	(24,485,439)
Investing transactions:		
Increase in investments	(309,312)	(19,011)
Cash applied to investing transactions	(309,312)	(19,011)
Financing transactions:		
Increase (decrease) in temporary borrowing	794,000	4,064,000
Debt repayment	(3,637,683)	(3,494,249)
Decrease in accounts receivable - Government of Ontario (approved capital)	4,137,339	2,180,024
Increase in deferred capital contributions	22,358,459	24,923,445
Increase (decrease) in deferred capital revenue	40,987	(373,202)
Cash provided by financing transactions	23,693,102	27,300,018
Increase (decrease) in cash	4,090,466	(15,359,999)
Cash, beginning of year	21,972,270	37,332,269
Cash, end of year	\$ 26,062,736	\$ 21,972,270

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

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

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

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(c) Investments:

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

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

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

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

(d) Non-financial assets:

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

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

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

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

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

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

(f) Deferred revenue:

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting policies (continued):

(g) 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. The majority of Board revenues do not fall under the new PS 3400 accounting standard.

(h) 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

(i) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, 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").

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting policies (continued):

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

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.

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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting policies (continued):

(j) 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.

(k) 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.

(l) 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.

(m) Education property tax revenue:

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

(n) 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

1. Significant accounting principles (continued):

(o) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(b) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee benefit liabilities.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$57,776,487 (2023 - \$55,736,530). These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities).

(p) 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

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

The Board adopted the following standards concurrently beginning September 1, 2023 retroactively with restatement: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and adopted PSG-8 *Purchased Intangibles* prospectively.

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. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

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 P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There were no adjustments to opening balances as a result of adopting the new accounting standards.

3. Investments:

The investments balance consists of the following:

	Level	2024	2023
Fixed income accounts	1	1,832,154	1,522,842
		\$ 1,832,154	\$ 1,522,842

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

The fixed income securities yield interest between 2.24% and 5.491% and have maturities ranging from October 2024 to May 2029.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

4. 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 \$67,658,596 as at August 31, 2024 (2023 - \$71,795,934) 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, 2024 is \$26,134,303 (2023 - \$29,756,474).

5. Temporary borrowing:

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

The Board has a revolving term loan of up to \$20,000,000 to finance capital expenses under the Ministry's "School Condition Improvement" Program, with \$5,356,000 utilized as at August 31, 2024 (2023 - \$4,562,000) under the facility by way of a demand revolving loan or by a bankers' acceptance having terms not less than 30 days and not more than 365 days and a stamping fee of 0.75% per annum.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

6. 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, 2024.

(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, 2024, the Board's accrued benefit liability relating to retirement gratuities and benefits is \$3,827,926 (2023 - \$4,383,174). Accumulated surplus has been internally appropriated for these liabilities, which amounted to \$222,321 for retirement gratuities and benefits respectively as at August 31, 2024 (2023 - \$1,333,922).

(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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

6. Employee benefits liability (continued):

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

(ii) Post-retirement benefits (continued):

At August 31, 2024, the Board's accrued benefit liability relating to post-retirement benefits is \$199,654 (2023 - \$247,283). Accumulated surplus has been internally appropriated for this liability, which amounted to \$Nil as at August 31, 2024 (2023 - \$Nil).

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

			2024	2023
	Retirement gratuities and benefits	Other post-retirement benefit expenses	Total retirement and post-retirement benefits	Total retirement and post-retirement benefits
Accrued benefit liability, September 1	\$ 4,383,174	\$ 247,283	\$ 4,630,457	\$ 5,202,687
Amortization of actuarial loss	45,192	1,974	47,166	104,714
Interest on accrued benefit obligation	171,963	9,578	181,541	188,772
Benefit payments	(772,403)	(59,181)	(831,584)	(865,716)
Accrued benefit liability, August 31	3,827,926	199,654	4,027,580	4,630,457
Net employee future benefit expenses	\$ 217,155	\$ 11,552	\$ 228,707	\$ 293,486
Accrued employee future benefit obligations, August 31	\$ 3,798,113	\$ 199,654	\$ 3,997,767	\$ 4,541,737
Unamortized actuarial gain	29,813	—	29,813	88,720
Accrued benefit liability, August 31	\$ 3,827,926	\$ 199,654	\$ 4,027,580	\$ 4,630,457

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

6. Employee benefits liability (continued):

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

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

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

The Board carries catastrophic risk insurance and accumulated surplus has been internally appropriated for these liabilities which amounted to \$3,006,174 as at August 31, 2024 (2023 - \$2,528,379).

The amount of the obligation for WSIB that was actuarially determined as at August 31, 2024 is \$3,006,174 (2023 - \$2,528,379).

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

	2024	2023
Accrued benefit obligation, beginning of year	\$ 2,528,379	\$ 2,196,789
Expense recognized for the period	1,057,450	910,666
Benefits paid for the period	(579,655)	(579,076)
Accrued benefit obligation, end of year	\$ 3,006,174	\$ 2,528,379

(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 \$138,436 (2023 - \$117,381).

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

6. Employee benefits liability (continued):

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

(iv) Sick leave benefits (continued):

Sick leave top-up benefits (continued):

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2024. This actuarial extrapolation is based on assumptions about future events.

At August 31, 2024, the Board's accrued benefit liability relating to sick leave top-up benefits is \$179,885 (2023 - \$186,209).

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

The accrued benefit obligations for employee future benefit plans as at August 31, 2024 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2024. 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:

2024		
Discount rate		3.8% per annum
Salary escalation		2.5% per annum
Dental benefits escalation		maintain by a flat rate for 4% per annum in 2024
Health benefits escalation		maintain by a flat rate for 4% per annum in 2024
Life benefits escalation		maintain by a flat rate for 4% per annum in 2024
Inflation rate		2% per annum
2023		
Discount rate		4.4% per annum
Salary escalation		2.5% per annum
Dental benefits escalation		increase by a flat rate for 4% per annum in 2023
Health benefits escalation		increase by a flat rate for 4% per annum in 2023
Life benefits escalation		increase by a flat rate for 4% per annum in 2023
Inflation rate		2% per annum

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

6. Employee benefits liability (continued):

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as at August 31, 2024 amount to \$2,756,738 (2023 - \$2,335,474) and are reported as part of the accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

(d) Employee benefit liability:

	2024	2023
Employee benefit liabilities are comprised of:		
Retirement gratuities	\$ 3,827,926	\$ 4,383,174
Post-retirement benefits	199,654	247,283
Sick leave top-up benefit	179,885	186,209
Workplace safety and insurance	3,006,174	2,528,379
	7,213,639	7,345,045
Vacation credits	2,756,738	2,335,474
	\$ 9,970,377	\$ 9,680,519

7. 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, 2024 and is comprised of:

	Balance as at August 31, 2023	Externally restricted revenue and investment income	Revenue recognized in the period	Transferred to deferred capital contributions	Balance as at August 31, 2024
Special education	\$ 2,045,161	\$ 35,724,362	\$ 35,712,995	\$ –	\$ 2,056,528
Capital funds	12,654,267	16,624,729	10,102,197	6,481,545	12,695,254
Other	7,073,454	12,801,417	13,168,553	–	6,706,318
Total deferred revenue	\$ 21,772,882	\$ 65,150,508	\$ 58,983,745	\$ 6,481,545	\$ 21,458,100

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

7. Deferred revenue (continued):

(a) Special education:

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

(b) Capital funds:

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

(c) Other:

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

8. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with 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.

	2024	2023
Balance, beginning of year	\$ 271,156,894	\$ 261,843,527
Additions to deferred capital contributions	22,358,459	24,923,445
Revenue recognized in the period	(16,465,850)	(15,610,078)
Balance, end of year	\$ 277,049,503	\$271,156,894

9. Asset retirement obligations:

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

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

As at August 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

9. Asset retirement obligations (continued):

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

As at August 31	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 49,868,524	\$ 49,868,524
Liabilities incurred during the year	–	6,866,271
Increase in liabilities reflecting changes in the estimate of liabilities ¹	2,039,957	–
Liabilities settled during the year	–	(998,265)
Liabilities for asset retirement obligations end of year	\$ 57,776,487	\$ 55,736,530

¹Reflecting changes in the estimated cash flows

The Board made an inflation adjustment increase in estimates of 3.66% as at March 31, 2024, to reflect costs as at that date based on information from the Building Construction Price Indexes (BCPI).

10. Debt charges on capital borrowing:

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

	2024	2023
Interest payments on long-term debt	\$ 2,397,252	\$ 2,540,687
Accrued interest charges on long-term debt	(43,432)	(38,749)
Total interest expenses	\$ 2,353,820	\$ 2,501,938

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

11. Net long-term liabilities:

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

	2024	2023
Ontario Financing Authority, maturing November 2031	\$ 2,532,381	\$ 2,809,851
Ontario Financing Authority, maturing March 2033	5,985,998	6,518,902
Ontario Financing Authority, maturing March 2034	6,583,387	7,089,671
Ontario Financing Authority, maturing April 2035	2,137,699	2,279,919
Ontario Financing Authority, maturing March 2036	2,276,721	2,416,685
Ontario Financing Authority, maturing March 2037	4,038,649	4,283,542
Ontario Financing Authority, maturing June 2038	19,343,256	20,373,877
Ontario Financing Authority, maturing March 2039	134,712	141,263
Ontario Financing Authority, maturing March 2040	15,505,497	16,262,273
	\$ 58,538,300	\$ 62,175,983

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			
2025	\$ 3,787,237	\$ 2,247,699	\$ 6,034,936
2026	3,943,181	2,091,755	6,034,936
2027	4,105,796	1,929,229	6,035,025
2028	4,275,380	1,759,556	6,034,936
2029	4,452,241	1,582,695	6,034,936
Future years	37,974,465	6,355,763	44,330,228
	\$ 58,538,300	\$ 15,966,697	\$ 74,504,997

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

12. Pension plan costs:

(a) Ontario Teacher's Pension Plan:

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

(b) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2024, the Board contributed \$4,665,865 (2023 - \$3,735,220) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expense. No pension liability for this type of plan is included in the Board's consolidated financial statements.

13. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the Board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 86.2% (2023 - 92.4%) 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:

	2024	2023
Provincial legislative grants	\$ 243,164,803	\$ 223,533,463
Education property tax	57,917,267	56,446,981
Grants for student needs	\$ 301,082,070	\$ 279,980,444

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

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, 2024, there was \$Nil (2023 - \$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 (2023 - \$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, 2024.

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 \$3,250,957 (2023 - \$2,516,691) 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, 2023, the Foundation held assets of \$2,216,729 (2023 - \$2,461,064). These amounts are not included in the Board's consolidated financial statements.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

17. Tangible capital assets:

	Cost					
	Balance at August 31,- 2023	Additions and transfers	Disposals	Transfer to assets held for sale (note 9)	Revaluation of TCA-ARO	Balance at August 31, 2024
Land	\$ 7,953,742	\$ —	\$ —	\$ —	\$ —	\$ 7,953,742
Land Improvements	32,108,540	3,205,292	—	—	—	35,313,832
Buildings	462,874,826	16,383,067	—	—	2,039,957	481,297,850
Portable structures	5,917,347	953,378	—	—	—	6,870,725
Furniture and Equipment	6,099,400	260,350	(1,057,545)	—	—	5,302,205
Computer hardware	5,239,373	1,430,190	(1,996,561)	—	—	4,673,002
Computer Software	400,706	—	—	—	—	400,706
Vehicles	1,874,181	126,182	(28,173)	—	—	1,972,190
	\$ 522,468,115	\$ 22,358,459	\$ (3,082,279)	\$ —	\$ 2,039,957	\$ 543,784,252

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

17. Tangible capital assets (continued):

	Accumulated amortization				
	Balance August 31 Amortization	Amortization	Disposals, write-offs, revaluation of TCA-ARO, additions and held for sale	Transfer to assets 2024	Balance at August 31,
Land Improvements	\$ 14,040,938	\$ 1,695,173	\$ –	\$ –	\$ 15,736,111
Buildings	184,392,217	14,043,609	–	–	198,435,826
Portable structures	3,412,106	310,887	–	–	3,722,993
Furniture and Equipment	3,459,455	496,863	(1,057,545)	–	2,898,773
Computer hardware	2,653,016	1,652,063	(1,996,561)	–	2,308,518
Computer software	205,757	80,141	-	–	285,898
Vehicles	1,540,811	106,636	(28,173)	–	1,619,274
Total	\$ 209,704,300	\$ 18,385,372	\$ (3,082,279)	\$ –	\$ 225,007,393

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

17. Tangible capital assets (continued):

	Net book value	
	August 31, 2024	August 31, 2023
Land	\$ 7,953,742	\$ 7,953,742
Land improvements	19,577,721	18,067,602
Buildings	282,862,024	278,482,609
Portable structures	3,147,732	2,505,241
Furniture and equipment	2,403,432	2,639,945
Computer hardware	2,364,484	2,586,357
Computer software	114,808	194,949
Vehicles	352,916	333,370
Total	\$ 318,776,859	\$ 312,763,815

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

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, 2023 were \$309,650 (2022 - \$304,455). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

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

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

- 1) In the event that the Board of Directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.
- 2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

19. Budget data:

The budget data presented in these consolidated financial statements is based upon the revised 2023-2024 budget. The original 2023-2024 budget was approved by the Board of Trustees on June 14, 2023.

20. Expenses by object:

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

	2024 Budget (note 19)	2024 Actual	2023 Actual
Expenses:			
Salary and wages	\$ 199,699,317	\$ 238,275,660	\$ 194,520,751
Employee benefits	35,299,022	39,838,635	33,991,841
Staff development	821,568	837,448	924,212
Supplies and services	21,051,396	18,399,115	20,183,766
Interest on long-term debt	2,353,820	2,353,820	2,501,938
Rental expenses	95,900	55,252	73,950
Fees and contract services	26,697,122	27,270,330	25,537,979
Other	921,497	791,812	3,206,806
Transfer to other boards	—	5,708	3,069
	\$ 286,939,642	\$ 327,827,780	\$ 280,944,312
Amortization, write-downs and loss on disposal of tangible capital assets and tangible capital assets - asset retirement obligations	19,088,048	18,385,372	17,250,361
School activities	5,000,000	6,344,018	5,148,129
Total expenses	\$ 311,027,690	\$ 352,557,170	\$ 303,342,802

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

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 \$19,080,554 (2023 - \$18,094,237) and administration costs of \$693,900 (2023 - \$666,372).

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

	2024	2023
Financial assets	\$ 2,350,773	\$ 255,537
Financial liabilities	(2,272,032)	(194,572)
Net financial assets	78,741	60,965
Non-financial assets	23,138	37,939
Accumulated surplus	\$ 101,879	\$ 98,904
	2024	2023
Revenue	\$ 52,578,170	\$ 50,114,314
Expenses	52,575,195	50,020,580
Annual surplus	\$ 2,975	\$ 93,734

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

21. Related entities (continued):

Ontario Financing Authority:

- (a) The Board entered into a loan agreement effective November 3, 2006 with the Ontario Financing Authority in the amount of \$5,967,000 (\$2,532,381 is outstanding as at August 31, 2024) 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 (\$5,985,998 is outstanding as at August 31, 2024) 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 (\$6,583,387 is outstanding as at August 31, 2024) 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 (\$2,137,699 is outstanding as at August 31, 2024) 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 (\$2,276,721 is outstanding as at August 31, 2024) 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 (\$4,038,649 is outstanding as at August 31, 2024) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative. The loan has a fixed interest rate of 3.564% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$197,698. The loan will be fully repaid by March 2037.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

21. Related entities (continued):

Ontario Financing Authority:

- (g) The Board entered into a seventh loan agreement effective June 2013 with the Ontario Financing Authority in the amount of \$28,505,666 (\$19,343,256 is outstanding as at August 31, 2024) 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 (\$134,712 is outstanding as at August 31, 2024) 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 (\$15,505,497 is outstanding as at August 31, 2024) 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

22. Accumulated surplus:

Accumulated surplus consists of the following:

	2024	2023
Available for compliance:		
Unappropriated	\$ 19,727,938	\$ 21,656,154
Internally appropriated:		
Committed Capital Projects	5,969,712	6,217,648
School Budget Balances	2,107,949	3,166,926
Retirement Benefits	222,321	1,333,922
Workers Safety Insurance Board	3,006,174	2,528,379
	31,034,094	34,903,029
Unavailable for compliance:		
Employee future benefits	(850,994)	(2,440,390)
Accrued interest	(670,855)	(714,287)
School generated funds	4,399,932	3,951,029
Asset Retirement Obligation	(29,972,586)	(28,301,000)
Revenue recognized for land	7,953,742	7,953,742
	(19,140,761)	(19,550,906)
Accumulated surplus	\$ 11,893,333	\$ 15,352,123

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

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Government and Consumer Services ("MGCS"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$133,591 (2023 - \$3,935,470) with expenses based on use of \$40,139 (2023 - \$133,591) for a net impact of \$Nil (2023 - \$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 for as of September 1, 2026 for the year ending August 31, 2027), standards must be implemented at the same time.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

24. Future accounting standard adoption (continued):

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 for 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

24. Future accounting standard adoption (continued):

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
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets Liabilities
- Isolated financing transaction in the Cash Flow Statement

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2024

25. Monetary resolution to Bill124, the Protecting a Sustainable Public Sector for Future Generations Act:

A monetary resolution to Bill 124 was reached between the Crown and the following education sector unions: *Ontario English Catholic Teachers' Association (OECTA)* and *Canadian Union of Public Employees (CUPE)*. This agreement provides a 0.75% increase for salaries and wages on September 1, 2019, a 0.75% increase for salaries and wages on September 1, 2020, and a 2.75% increase in salaries and wages on September 1, 2021, in addition to the original 1% increase applied on September 1 in each year during the 2019-22 collective agreements. The same increases also apply to non-unionized employee groups (excluding Principals and Vice-Principals and school board executives).

The Crown has funded the monetary resolution for these employee groups to the applicable school boards through the appropriate changes to the Grants for Student Needs benchmarks and additional Priorities and Partnerships Funding (PPF).

Due to this resolution, there is an impact on salary and wages expenses of \$40,927,299 in the 2023-2024 fiscal year. The portion related to 2019-2020 to 2022-2023 is \$27,518,489, with the remainder of \$13,408,810 related to 2023-2024.