



# AGENDA – AUDIT COMMITTEE

**Monday, November 6, 2023 – 5:30 PM**  
**Limestone Education Centre**  
**220 Portsmouth Avenue, Kingston, ON**

**Virtual Link:** <https://bit.ly/LDSBAuditMtgNov6-23>

## PUBLIC MEETING

**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 AGENDA

### 3. DECLARATION OF CONFLICT OF INTEREST

### 4. FOR INFORMATION

- 4.1**      Audit Committee Annual Report to the Board of Trustees & MOE, Superintendent Young (Pages 4-6)
- 4.2**      Fraud Procedure, Superintendent Young (verbal update)
- 4.3**      2023-2024 Regional Internal Audit Plan update, Genevieve Segu/Pasquale L’orfano (Pages 7-8)

Limestone District School Board

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

**4.4**      Audit Findings Report – Lori Huber (Report appended Pages 9-39)

## **5. ACTION ITEMS**

**5.1**      Admin Report on the Draft Consolidated Financial Statements for the year ended August 31, 2023, Manager Carson (Report appended Pages 40-43)

**5.2**      Draft Consolidated Financial Statements for the year ended August 31, 2023, Manager Carson (Pages 44-85)

**MOTIONS:**

1) That the Audit Committee recommend to the Board the approval of the audited consolidated financial statements for the year ended August 31, 2023.

2) That the audited consolidated financial statements for the year ended August 31, 2023, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 15, 2023, Board meeting.

## **6. OTHER BUSINESS**

## **7. FUTURE MEETING DATE**

Monday, May 6, 2024

## **PRIVATE SESSION**

*\*In accordance with the Education Act, Section 207(2) a meeting of a committee of a board including a committee of the whole board, may be closed to the public when the subject under consideration involves,*

- a) The security of the property of the board;*
- b) The disclosure of intimate, personal or financial information in respect of a meeting of the board or committee, an employee or prospective employee of the board or a pupil or his or her parent or guardian;*
- c) The acquisition or disposal of a school site;*
- d) Decisions in respect of negotiations with employee of the board; or*
- e) Litigation affecting the board.*

## **8. RESOLVE INTO AUDIT COMMITTEE PRIVATE SESSION**

Limestone District School Board

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

## **9. PRIVATE DISCUSSION BETWEEN AUDITORS AND AUDIT COMMITTEE**

The committee will excuse staff in order to provide for a private conversation with both the external and internal auditors.

**Annual Report to the Board of Trustees for the  
Fiscal Year Ended August 31, 2022**

This report summarizes the actions of the Limestone District School Board (DSB) Audit Committee for the year ended August 31, 2023.

**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:

|                     |                                                                                       |
|---------------------|---------------------------------------------------------------------------------------|
| Laurie French       | Trustee representative and Chair of the Committee                                     |
| Garrett Elliott     | Trustee representative                                                                |
| Suzanne Ruttan      | Trustee representative, elected new Chair of the Committee on May 1, 2023             |
| Tiffany Lloyd       | Trustee representative, appointed as of May 1, 2023, to replace Trustee Laurie French |
| 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 2022-2023. The Limestone DSB has had an Audit Committee in place since May 2004.

The members in attendance at each meeting in 2022-2023 were as follows:

| Member's Name                  | Sept 19, 2022 | Nov 7, 2022 | May 1, 2023 |
|--------------------------------|---------------|-------------|-------------|
| Laurie French, Committee Chair | X             | X           | n/a         |
| Garrett Elliott                | X             | X           | X           |
| Suzanne Ruttan                 | X             | X           | X           |
| Christine Innocente            | X             | X           | X           |
| Roger Richard                  | X             | X           | X           |
| Tiffany Lloyd                  | n/a           | n/a         | 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.

**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 19, 2022 meeting - Provided the Committee with an update on the Limestone District School Board Interim/Year End audit activities for the 2021-2022 fiscal year.
- November 7, 2022 meeting - Provided the Committee with an audit opinion on the Limestone District School Board consolidated financial statements for the year ended August 31, 2022 and the audit findings report.
- May 1, 2023 meeting – Provided the Committee with the draft audit plan for the Limestone District School Board for the 2022-2023 fiscal year.

### Internal Auditors

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

- September 19, 2022 meeting - Provided the Committee with a 2021-2022 annual report on internal audit activities; a regional internal audit charter; quality assurance recommendations; follow-up procedures report; and an outstanding recommendations report.
- November 7, 2022 meeting – Provided the Committee with a regional internal audit update.
- May 1, 2023 meeting - Provided the Committee with a 2022-2023 regional internal audit update; 2022-2023 follow-up procedures report; critical positions analysis final report; safe and caring schools engagement final report; and a safe schools survey results memo.

### 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 2021-2022 consolidated financial statements;
- reviewed Audit Findings Report for 2021-2022 consolidated financial statements;
- reviewed and approved Audit Plan for 2022-2023 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,

Suzanne Ruttan  
Chair of Limestone DSB Audit Committee  
Date: November 6, 2023

**Annual Report to the Board of Trustees and Forwarded  
To the Ministry of Education  
For the year ended August 31, 2022**

**District School Board Name:** Limestone District School Board

**Fiscal Year:** 2022-2023

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

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

- September 19, 2022 meeting - Provided the Committee with an update on the Limestone District School Board Interim/Year End audit activities for the 2021-2022 fiscal year.
- November 7, 2022 meeting - Provided the Committee with an audit opinion on the Limestone District School Board consolidated financial statements for the year ended August 31, 2022 and the audit findings report.
- May 1, 2023 meeting – Provided the Committee with the draft audit plan for the Limestone District School Board for the 2022-2023 fiscal year.

On behalf of the Audit Committee,

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Suzanne Ruttan  
Chair of Limestone DSB Audit Committee

Date: November 6, 2023

|                      |                                                                                        |
|----------------------|----------------------------------------------------------------------------------------|
| <b>Subject:</b>      | 2023-24 Regional Internal Audit Plan                                                   |
| <b>Presented by:</b> | Geneviève Segu, Regional Internal Audit Manager<br>Pasquale L'orfano, Internal Auditor |
| <b>Meeting Date:</b> | November 6 <sup>th</sup> , 2023                                                        |

### Purpose

To provide the Audit Committee with an update from the Regional Internal Audit Manager (RIAM) on the progress of the 2023-24 RIAT work.

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

### Content

#### 23 – 24 Regional Internal Audit Plan Update

The Audit Committee approved the 2023-24 Audit Plan at the September 11, 2023 meeting. The following presents an update on the engagements:

| Status      | Audit & Scope                                                                                                                                                                                                                                                                                                                                                    | Schedule                                                                |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Cyclical    | <b>2023-24 Strategic Risk Assessment</b><br><br>In accordance with the Institute of Internal Auditors Standards, RIAT is mandated to perform a cyclical risk assessment with the goal to align their future work with the results. In doing so, Management also gains a deeper understanding and a formalization of their risks at the regional and local level. | Winter 2024                                                             |
| In Progress | <b>2023-24 Special Education Benchmarking</b><br><br>Management and AC at each board often ask how they perform compared to others in the province. The purpose of this project is to share comparative metrics with participating Boards to highlight                                                                                                           | Fall: Met with Management to discuss objective and scope of engagement. |

|                                                                                                                                  |           |                                                                                                                                                                           |                          |  |
|----------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--|
|                                                                                                                                  |           | potential differences and outliers that could be used to investigate and report on.                                                                                       |                          |  |
|                                                                                                                                  | Cyclical  | <b>Follow-up Procedures</b><br><br>This is a recurring item on RIAT's annual plan.<br><br>RIAT continues to follow-up on the remaining recommendations, as they come due. | Not needed at this time. |  |
|                                                                                                                                  | As Needed | <b>Management Request Engagement</b><br><br>To cover any important items that may be required to during the school year.                                                  | If Requested             |  |
| <b>Recommendation</b>                                                                                                            |           |                                                                                                                                                                           |                          |  |
| That the Limestone District School Board Audit Committee receives for information the November 6 <sup>th</sup> 2023 RIAT update. |           |                                                                                                                                                                           |                          |  |



# Limestone District School Board

**Audit Findings Report  
for the year ended August 31, 2023**

*KPMG LLP*

Licensed Public Accountants

Prepared for presentation at the Audit Committee meeting on November 6, 2023

[kpmg.ca/audit](https://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.

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| 20 | Appendices          |    |                      |    |                                         |    |                         |

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements as at and for the period ended August 31, 2023. This report builds on the Audit Plan we presented to the Audit Committee. This report is intended solely for the information and use of Management, the Audit 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 of the audit

We have completed the audit of the financial statements ("financial statements"), with the exception of certain remaining outstanding procedures, which are highlighted on slide 6 of this report.

## Significant changes to our audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report. However, we did update our specific risk assessments related to financial statements accounts for asset retirement obligations. Our risk assessment of this risk related to the implementation of the new accounting statements was assessed as significant.

## Audit risks and results

In the Audit Plan, we did not identify any significant financial reporting risks other than the presumed risk of management override of controls. The additional financial reporting risk that required additional audit procedures related to PS 3280, Asset Retirement Obligations, as noted above. Significant findings related to significant risks and other findings are discussed on slides 7 - 10.

## Uncorrected audit misstatements

Professional standards require that we request of management and the Audit Committee that all identified audit misstatements be corrected. We have not identified any adjustments which remain uncorrected.

## Corrected audit misstatements

The management representation letter includes all misstatements identified as a result of the audit, communicated to management, and subsequently corrected in the audited financial statements. There have been no corrected audit misstatements identified.

## Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

## Audit risks and results – going concern assessment

We performed an assessment to support the appropriateness of the going concern assumption. We have no findings to report.

## Significant unusual transactions

We did not identify any significant unusual transactions to bring to your attention.

## Accounting policies and practices

In 2023, the Board adopted a number of new accounting standards. The Board's financial statements were impacted by the adoption of PS 3280, Asset Retirement Obligations, which has been applied on a modified retroactive basis and resulted in a restatement of the prior year's comparative information in the Board's August 31, 2023 financial statements.

## Other financial reporting matters

We have concluded that the financial statement presentation complies with the Board's financial reporting framework.

We have not identified any other financial reporting matters for communication to the Audit Committee.





# Status of the audit

As of November 2, 2023, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our subsequent events procedures to the date of the approval of the financial statements;
- Completing our discussions with the Audit Committee;
- Obtaining evidence of the Board of Trustee's approval of the financial statements; and
- Receipt of the signed management representation letter.

We will update the Audit 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.

Our auditor's report, a draft of which is provided in Appendix 1a: Draft Auditor's Report, will be dated upon the completion of any remaining procedures.

## KPMG Clara for Clients (KCfc)



### Real-time collaboration and transparency

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

On your audit we used KCfc to coordinate requests from Board staff.

[Learn more](#)

# Significant changes to our audit plan

We have not made any significant changes to our audit plan which was communicated to you in the audit planning report other than the addition of a significant risk related to the implementation of PS 3280, Asset Retirement Obligations, 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, which represented approximately 2.8% of prior year total expenses. Current year actual total expenses increased to \$303,342,802, therefore, materiality represented 2.6% of current year expenses. This falls within the acceptable range of our required benchmark of between 0.5% - 3.0%. No changes to materiality were required.



## Fraud risk



We performed our required audit procedures in professional standards over fraud risk as communicated to the Audit 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 bank reconciliations throughout the year to ensure they were completed on a timely basis with a secondary review.



## Significant risks



The risk of error related to the implementation of PS 3280, Asset Retirement Obligations, was assessed as significant. Our audit procedures were completed based on this risk assessment.



## Newly effective auditing standards



In the Audit Plan, we highlighted that CAS 315, *Identifying and Assessing the Risks of Material Misstatements*, was effective for the fiscal 2023 audit. We performed the required procedures to comply with this new auditing standard and have no findings to report.



# Significant risks and results



## Fraud risk from revenue recognition

### Significant risk and our response

Under Canadian Auditing Standards (CAS) there is a presumed fraud risk for revenue recognition. We have rebutted the risk relating to fraud from revenue recognition as revenue transactions do not involve elements of significant judgement. We continued to perform procedures over revenue to ensure completeness, existence and accuracy.

### Results

- We have not identified any indicators that management possesses the attitude, character or ethical values that would result in knowing and intentional dishonesty.
- No significant findings were noted as a result of our audit work. We have confirmed our assessment of the significant risk of fraud related to revenue recognition that affect the Board from a financial reporting perspective and as a result we did not modify our planned audit approach to rebut this presumed risk of fraud.





# Significant risks and results (continued)



## Fraud risk from management override of controls

RISK OF  
FRAUD



### Significant risk and our response

Under Canadian Auditing Standards (CAS) there are presumed fraud risks for management override of controls. Our audit methodology incorporates the required procedures in professional standards to address the risk.

Our tailored audit procedures included:

- Utilizing KPMG application software to evaluate the completeness of the journal entry populations through a roll-forward of 100% of the accounts
- Utilizing computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing
- Inquiry with individuals involved in the financial reporting process and testing the design and implementation of controls over the journal entry process
- Performing a review of estimates to assess potential bias and;
- Evaluating the business rationale of significant unusual transactions, if any.

### Results

As a result of the aforementioned audit procedures, we did not identify any instances of management override of controls.





# Significant risks and results (continued)



## Asset Retirement Obligations

### Significant risk and our response

In 2023, the Board adopted Public Accounting Standard PS 3280, Asset Retirement Obligations (“ARO”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Board. Asset retirement obligations are a significant estimate in the Board’s financial statements which is derived from information provided by an external, third party consultant along with a cost model provided by the Ministry of Education.

Management performed an assessment of the impact of the new accounting standard on the Board’s financial statements, including potential liabilities related to asbestos abatement, future removal of equipment and contaminated storage tanks, drilled wells, septic tanks, etc. To generate their assessment, Management worked with external experts to determine asbestos quantities present and perform a calculation of asbestos abatement costs. As at August 31, 2023, a \$55.7 million asset retirement obligation has been recognized on the Board’s statement of financial position.

We performed the following audit procedures to assess the reasonability of Management’s estimate:

- We obtained an understanding of the activities performed by Management to identify the Board’s legal obligations associated with the retirement of capital assets, and ensured that all of the recognition criteria were met to recognize an ARO in the financial statements. We obtained asbestos inventory reports for various schools and tied quantities of affected material per the reports to the summary for asbestos inventory and to the amounts recorded in the ARO calculation.
- We obtained Management’s most up-to-date calculation of the asset retirement obligation and verified that the estimated ARO costs were reasonable by agreeing each of the costs to the reports provided by the third party consultant which also embedded into their calculations, the Ministry of Education (“MOE”) measurement model.
- As a significant risk, we have assessed the design and implementation of certain of the Board’s controls over the ARO liability.
- The Board has chosen not to discount or use the present value technique for measurement of the ARO liability, as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. We do understand the Board position for not discounting the obligation as there is uncertainty as to the timing of remediation.
- Appropriate disclosures have been made in the financial statements for the adoption of the new accounting policy in note 2.



# Significant risks and results (continued)



## Asset Retirement Obligations

### Significant risk and our response

- As instructed by the Ministry of Education in 2023, the Board applied a cost escalation to the ARO obligation in fiscal 2023 in the amount of \$6.8 million based on an inflation factor of 14.05% to bring costs up to September 1, 2022 rates. KPMG found this to be appropriate as it does more accurately reflect cost in 2023 and represents a change in estimate to be recorded prospectively.
- Additionally, the entire cost escalation was included in tangible capital assets, which is appropriate. In future years, the Board will calculate amortization on this adjustment in accordance with the accounting policy over the remaining service lives of the related assets.
- No cost escalation has been included in the ARO liability for any cost escalations in 2023.
- Finally, the Board has appropriately reduced the ARO balances in the year by remediation that has occurred.
- Looking ahead, in subsequent periods, continued effective communication between facilities management and finance will be important to ensure that the asset retirement obligations recorded in the Board's financial statements remain complete and accurate.

### Results

We noted no issues in the performance of the above procedures. We concur with Management's presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the Board's financial statements for the year ended August 31, 2023.





# Other matters



## Employee future benefits

### Other area of focus and our response

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, 2023. A full valuation of the EFB plans was performed as at August 31, 2023 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, 2023.
- Our audit included an assessment of the reasonableness of the rate selected (4.40%) compared to other Canadian benefit plans.

### Findings

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





# Other matters (continued)



## Outstanding negotiations

### Other area of focus and our response

As instructed by the Ministry of Education in 2023, the Board recorded employee related accruals of \$1.5 million with the offset to “Other” expenses on the Statement of Operations.

This accrual relates to a provisional rate increase for identified employee groups which are currently under negotiation. In response to our focus on the accounting for salaries and benefits including accruals we undertook the following procedures as part of the audit:

- We ensured the approach to accruing the liabilities arising from the above mentioned were consistent and appropriate with other school boards.
- We recalculated the accrual relating to various union groups, based on the payroll registers of each employee group to ensure the population was complete.
- We considered the reasonableness of the estimated rate used in the calculation.
- This is an estimate based on the best information available and will be settled at a future date. We concur with management’s accrual, looking to CPA Handbook guidance PS 3300, Contingent Liabilities: a liability should be recorded when it is likely a future event will confirm that a liability has been incurred, and the amount can be reasonably estimated, as well as PS2400, Subsequent Events: the financial statements should be adjusted when events occurring between the date of the financial statements and the date of their completion provide evidence of a condition that existed at the date of the financial statements.

### Findings

As a result of the aforementioned audit procedures, we did not identify any material audit misstatements. However, we do note a reclassification of this account between salaries and benefits and other expenses on the Statement of Operations although this presentation was directed by the Ministry of Education. Irrespective of classification, this is an estimate and to the extent there is additional information available in the future, adjustments to this accrual will be made at that time, on a prospective basis in accordance with the CPA Handbook.



# Response to newly effective auditing standard



## CAS 315 (Revised) Identifying and Assessing the Risks of Material Misstatement

### Key changes to the audit approach in the current year

A risk of material misstatement exists when there is a reasonable possibility of a misstatement occurring and being material if it were to occur

- New requirement to take into account how, and the degree to which, 'inherent risk factors' affect the susceptibility of relevant assertions to misstatement
- New concept of significant classes of transactions, account balances and disclosures and relevant assertions to help us to identify and assess the risks of material misstatement
- New requirement to separately assess inherent risk and control risk for each risk of material misstatement
- Revised definition of significant risk for those risks which are close to the upper end of the spectrum of inherent risk
- Overall, a more robust risk identification and assessment process, including evaluating whether the audit evidence obtained from risk assessment procedures provides an appropriate basis to identify and assess the risks of material misstatement
- Overall, a more robust risk identification and assessment process, including performing a 'stand back' at the end of the risk assessment process
- Modernized to recognize the evolving environment, including in relation to IT
- Enhanced requirements relating to exercising professional skepticism
- Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of a control

### Results of procedures performed

#### We designed and performed risk assessment procedures to obtain an understanding of the:

- the Board and its environment;
- applicable financial reporting framework; and
- the Board's internal control environment.

#### The audit evidence obtained from this understanding provided a basis for:

- identifying and assessing the risks of material misstatement, whether due to fraud or error; and
- the design of audit procedures that are responsive to the assessed risks of material misstatement.

**No significant, or other, issues were identified in responding to the newly effective auditing standard.**





# Audit misstatements

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

Materiality is established to identify risks of material misstatements, to develop an appropriate audit response to such risks, and to evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. 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 Audit 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.

## Corrected adjustments

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 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 significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

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



# Significant accounting policies and practices



## Initial selections of significant accounting policies and practices

PSAS 3280 Asset Retirement Obligation Standards was effective for fiscal years beginning on or after April 1, 2022. The adoption of this standard was reflected in the Board's August 31, 2023 financial statements.

Note disclosure has been included in the financial statements for the transition to the new accounting standard. Please see note 2 for additional information relating to the transitional adjustments.



## Description of new or revised significant accounting policies and practices

The new accounting standard, PS 3280, addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Board and the remediation of other fuel contamination from underground tanks on property owned by the Board. The standard was adopted on the modified retrospective basis at the date of adoption such that the assumptions used to estimate the Board's asset retirement obligations were applied as of the date of adoption of the standard.

In determining the amount of the obligation, the Board did not use a present value measurement technique as it was determined that the timing of the future cash flows related to the costs associated with the asset retirement obligation was not determinable and that the discounting of the future cash flows was not material to the financial statements.



## Significant qualitative aspects of the accounting policies and practices

The adoption of the Asset Retirement Obligations Standard required management to calculate the value of the obligation as of the date of transition. For application of the Standard, the Board used internal knowledge of the obligations, which was supplemented with professional third party consultants and the cost model provided by the Ministry of Education.



## Future implementation

Accounting pronouncements issued but not yet effective have not been disclosed in the notes to the financial statements. The implications of these new standards are not expected to be significant in the near-term. Please refer to Appendix 2 of this report.



# Other financial reporting matters

We also highlight the following:



## Financial statement presentation - form, arrangement, and content



- The impact of the other new accounting standards beyond ARO for 2023, as outlined in note 2 to the financial statements, were considered and deemed to be not significant.
- PS 3450, Financial Instruments required the new Statement of Remeasurement Gains and Losses in the financial statements. However, the Board did not have any Financial Instruments in scope to apply this new standard.
- The presentation and disclosure included in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements. Ministry updates to the illustrative financial statements have also been reflected in the Board's financial statements for 2023.



## Concerns regarding application of new accounting pronouncements



- The Board's estimate of its asset retirement obligations under PS 3280 has been audited in accordance with Canadian Auditing Standards.
- The financial statements include note disclosure relating to the application of the new accounting standard for asset retirement obligations.
- An emphasis of matter and an other matter paragraph have been added to our draft auditor's report to alert users of the financial statements to the material change in comparative information as a result of the change in accounting policy for PS 3280, Asset Retirement Obligations along with the results of this audit work.



## Significant qualitative aspects of financial statement presentation and disclosure



- No additional matters relating to the Board's financial statement presentation and disclosure have been identified.



# 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.

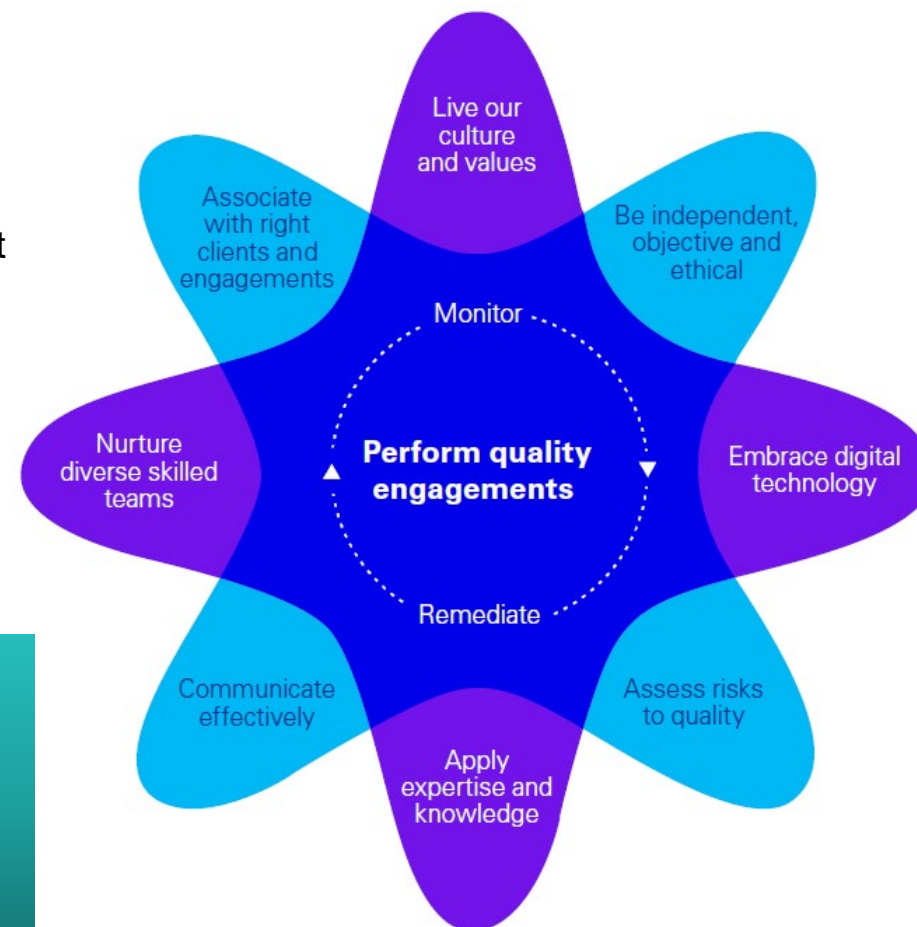
**Perform quality engagement** sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

 [KPMG 2022 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 controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.





# Audit quality: Indicators (AQIs)

The objective of these measures is to provide the Audit 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.
- Throughout the year, we have remained independent of the Board.

## Client preparedness

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

## Audit Committee

- Audit 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

# Appendices

1

**Other Required  
Communications**

2

**Public Sector  
Accounting Update**

3

**Audit and  
Assurance Insights**

4

**Technology**



# Appendix 1: Other required communications



## 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: 2022 Interim Inspection Results](#)
- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2020 Annual Audit Quality Assessments](#)



## Auditors' Report

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



## Matters pertaining to independence and confidentiality

We are independent of the Board, and we have a robust and consistent system of quality control.

Confidentiality of our clients' information is an on-going professional and business requirement of both KPMG and our overall profession. In addition to our internal confirmation of independence of team members, we request confirmation and acknowledgement of our policies regarding confidentiality of Board's information.



## Representations of management

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



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

(Hereinafter referred to as the “financial statements”).

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

### **Basis for Opinion**

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

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

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

### **Emphasis of Matter – Financial Reporting Framework**

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

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

Our opinion is not modified in respect of this matter.

### **Emphasis of Matter – Basis of Presentation**

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

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

Our opinion is not modified in respect of this matter.

### **Other Matter – Comparative Information**

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



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

## ***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.



# Appendix 1b: Management representation letter

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

November 8, 2023

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the 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, 2023.

## **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 also 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 11, 2022 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.
- 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:**

- 12) 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).



# Appendix 1b: Management representation letter (continued)

- 13) 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:

- 14) The Entity has satisfactory title to all owned assets.
- 15) 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.
- 16) We have no knowledge of any plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

## CONTRACTUAL AGREEMENTS:

- 17) 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:

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

## EMPLOYEE FUTURE BENEFITS:

- 19) 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:

- 20) 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:

- 21) 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:

- 22) 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:

- 23) 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.
- 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.
- 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 Services

By: Ms. Paula Carson, Manager of Financial Services

cc: Audit Committee

## Attachment I – Definitions

### MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, 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 the size or nature of a misstatement, or a combination of both.

### 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: Public Sector Accounting Update

| Matter                                     | Summary and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue</b>                             | <ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> </ul>                                                                                                                                                                                                                   |
| <b>Employee Future Benefit Obligations</b> | <ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, Compensated Absences and Termination Benefits. In July 2020, PSAB approved a revised project plan.</li> <li>– PSAB intends to use principles from International Public Sector Accounting Standard 39 Employee Benefits as a starting point to develop the Canadian standard.</li> <li>– Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.</li> </ul> |



# Appendix 2: Public Sector Accounting Update (continued)

| Matter                                           | Summary and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Concepts Underlying Financial Performance</b> | <ul style="list-style-type: none"> <li>PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> </ul> </li> </ul> |
| <b>Purchased Intangibles</b>                     | <ul style="list-style-type: none"> <li>In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.</li> <li>PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.</li> <li>The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



# Appendix 3: Audit and Assurance Insights

Our latest thinking on the issues that matter most to Audit Committees, Boards of Trustees and management.

## KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

## Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

## Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

## Accelerate 2023

The key issues driving the audit committee agenda in 2023.

## Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

## KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

## IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



# Appendix 4: Technology – Continuous improvement powered by transformation

## Our investment: \$5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

## Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

## Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





# Appendix 4: Technology - KPMG Clara - Bringing the audit to one place



## Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



## Secure

A secure client portal provides centralized, efficient coordination with your audit team.



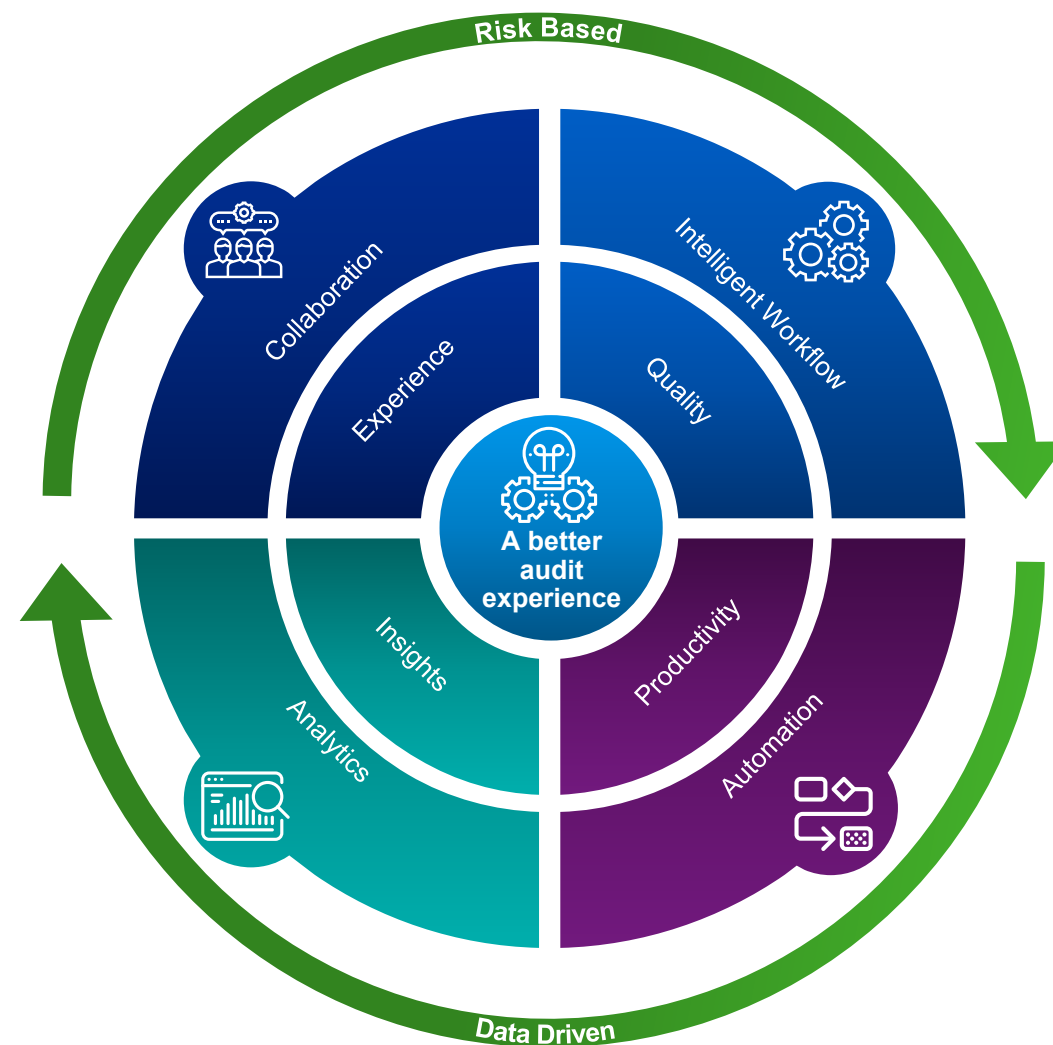
## Intelligent workflow

An intelligent workflow guides audit teams through the audit.



## Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.





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KPMG member firms around the world have 227,000 professionals, in 145 countries.





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## **ADMINISTRATIVE REPORT: DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023**

### **AUDIT COMMITTEE MEETING**

November 6, 2023

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#### **Purpose**

To report on the completion of the audited consolidated financial statements for 2022-2023 and to make recommendations.

#### **Background**

These consolidated financial statements reflect the financial results for the Board for the year-ended August 31, 2023, 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 2022-2023 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 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 Status

At year-end August 31, 2023, the accumulated surplus is \$15.4 million as per note 23 (below) from the 2022-2023 consolidated financial statements. There is a total of \$34.9 million of accumulated surplus - available for compliance and a deficit of \$19.6 million of accumulated surplus - unavailable for compliance resulting in a net accumulated surplus of \$15.4 million.

As noted, the 2022 accumulated surplus amounts have been restated. The restated balance includes a deficit adjustment of \$27.9 million for the Asset Retirement Obligation (ARO). This adjustment affects the unavailable for compliance balance and the total accumulated surplus balance. At this time last year, we reported the unavailable for compliance balance to be a surplus of \$6.7 million. After the ARO adjustment of \$27.9 million, the unavailable for compliance balance is now a deficit of \$21.1 million. The accumulated surplus total balance was previously reported at \$43.4 million, but after the ARO adjustment, you can see the total balance is now \$15.4 million.

Accumulated surplus consists of the following:

|                                | 2023          | 2022<br>(Restated –<br>Note 2) |
|--------------------------------|---------------|--------------------------------|
| Available for compliance:      |               |                                |
| Unappropriated                 | \$ 21,656,154 | \$ 24,093,391                  |
| Internally appropriated:       |               |                                |
| Committed Capital Projects     | 6,217,648     | 5,433,808                      |
| School Budget Balances         | 3,166,926     | 2,480,391                      |
| Retirement Benefits            | 1,338,922     | 2,445,521                      |
| Workers Safety Insurance Board | 2,528,379     | 2,196,789                      |
|                                | 34,903,028    | 36,649,900                     |
| Unavailable for compliance:    |               |                                |
| Employee Future Benefits       | (2,440,390)   | (3,883,583)                    |
| Accrued Interest               | (714,287)     | (753,035)                      |
| School Generated Funds         | 3,951,029     | 3,429,330                      |
| Asset Retirement Obligation    | (28,301,000)  | (27,862,663)                   |
| Revenue Recognized for Land    | 7,953,742     | 7,953,742                      |
|                                | (19,550,906)  | (21,116,209)                   |
| Accumulated surplus            | \$ 15,352,123 | \$ 15,533,691                  |

At year-end August 31, 2023, the accumulated surplus – total available for compliance of \$34.9 million includes \$21.7 million of unappropriated funds. It also includes amounts designated as internally appropriated: committed capital of \$6.2 million, \$3.2 million for school budget balances carried over to the following year, an amount of \$1.3 million for retirement benefits as required to address collective agreements and settlements, and finally an amount of \$2.5 million for Workers' Safety Insurance Board.

The accumulated surplus, unavailable for compliance at year-end August 31, 2023, is a deficit of \$19.6 million. The most significant components are a \$28.3 million deficit for Asset Retirement Obligation, a \$2.4 million deficit for employee future benefits, \$4 million surplus for School generated funds and a \$8 million surplus for revenue recognized for land.

At year-end August 31, 2023, the Consolidated Statement of Operations and Accumulated Surplus shows a deficit of \$182,000, as compared to the re-stated budgeted deficit of \$4.1 million. The re-stated budget deficit includes a \$1.4 million adjustment for Asset Retirement Obligation (ARO) Amortization. The favorable \$3.9 million variance includes an additional \$3.8 million for enrolment higher than projected for both 2021-22 (\$1.3 million) and 2022-23 (\$2.5 million). Transportation revenue was \$600,000 higher than projected. In addition, we received \$1.6 million in additional PPF revenue higher than projected. This included \$1.5 million funding for the ETFO Remedy payment. The matching expense for the ETFO Remedy Payment was included in our expenditures.

Expenditures over budget included additional expenditures of \$1.7 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 \$910,000 due to the delivery timing.

The Ministry of Education Regulations require that school boards meet three enveloping provisions in 2022-2023 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.

The date for filing the consolidated financial statements for the year ended August 31, 2023 with the Ministry of Education is December 4, 2023. 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 15, 2023.

A copy of the draft consolidated financial statements for the year-ended August 31, 2023 are attached to the November 6, 2023 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, 2023, 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, 2023
- 2) That the audited consolidated financial statements for the year ended August 31, 2023, be filed with the Ministry of Education and posted on the Board website subject to approval at the November 15, 2023 Board meeting.

### Recommendations

That the two motions be approved after the presentation of the draft consolidated financial statements for the year ended August 31, 2023

**Prepared by:** Paula Carson, Manager of Financial Services.

**Reviewed by:** Craig Young, Superintendent of Business Services  
Krishna Burra, Director of Education

Consolidated Financial Statements of

**THE LIMESTONE DISTRICT  
SCHOOL BOARD**

Year ended August 31, 2023

DRAFT

# THE LIMESTONE DISTRICT SCHOOL BOARD

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## MANAGEMENT REPORT

Year ended August 31, 2023

### Management's Responsibility for the Consolidated Financial Statements

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

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

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

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.

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Director of Education

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Superintendent of Business Services  
and Treasurer

[DATE]

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Limestone District School Board

### ***Opinion***

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

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

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

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

### ***Basis for Opinion***

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

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

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

### ***Emphasis of Matter – Financial Reporting Framework***

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

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

Our opinion is not modified in respect of this matter.

### ***Emphasis of Matter – Basis of Presentation***

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

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

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

[DATE]

# THE LIMESTONE DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

August 31, 2023, with comparative information for 2022

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

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

On Behalf of the Board:

\_\_\_\_\_

Director of Education

\_\_\_\_\_

Chair of the Board

# THE LIMESTONE DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations and Accumulated Surplus

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

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

|                                                                            | 2023          | 2022<br>(Restated -<br>note 2) |
|----------------------------------------------------------------------------|---------------|--------------------------------|
| Operating transactions:                                                    |               |                                |
| Annual surplus (deficit)                                                   | \$ (181,568)  | \$ 3,919,512                   |
| Non-cash items including:                                                  |               |                                |
| Amortization, write downs and gain/loss on disposal                        | 15,826,237    | 14,978,802                     |
| Amortization on TCA-ARO                                                    | 1,424,124     | 1,424,124                      |
| Increase of ARO liabilities excluding settlements                          | 5,868,006     | —                              |
| Increase of TCA-ARO asset excluding amortization on TCA-ARO                | (6,853,793)   | —                              |
| Amortization of deferred capital contributions                             | (15,610,078)  | (14,717,073)                   |
| Deferred gain on disposal of tangible capital assets                       | (1,438,006)   | (8,292,500)                    |
| Change in non-cash assets and liabilities:                                 |               |                                |
| Decrease (increase) in accounts receivable (non-capital)                   | (11,145,426)  | 2,528,804                      |
| Decrease (increase) in accounts receivable delayed grant payment           | 29,595        | (2,686,252)                    |
| Decrease in accounts payable and accrued liabilities                       | (5,801,540)   | (3,075,639)                    |
| Increase in deferred revenue                                               | 617,869       | 1,413,150                      |
| Increase (decrease) in funds held in trust                                 | 61,038        | (34,012)                       |
| Decrease in employee benefit liability                                     | (255,084)     | (677,038)                      |
| Increase in prepaid expenses                                               | (696,941)     | (32,644)                       |
|                                                                            | (17,973,999)  | (9,170,278)                    |
| Cash applied to operating transactions                                     | (18,155,567)  | (5,250,766)                    |
| Capital transactions:                                                      |               |                                |
| Cash used to acquire tangible capital assets                               | (25,923,445)  | (27,404,764)                   |
| Proceeds on sale of tangible capital assets                                | 1,438,006     | 8,292,500                      |
| Cash applied to capital transactions                                       | (24,485,439)  | (19,112,264)                   |
| Investing transactions:                                                    |               |                                |
| Increase in investments                                                    | (19,011)      | (67,521)                       |
| Cash applied to investing transactions                                     | (19,011)      | (67,521)                       |
| Financing transactions:                                                    |               |                                |
| Increase (decrease) in temporary borrowing                                 | 4,064,000     | (2,313,000)                    |
| Debt repayment                                                             | (3,494,249)   | (3,356,676)                    |
| Decrease in accounts receivable - Government of Ontario (approved capital) | 2,180,024     | 10,774,984                     |
| Increase in deferred capital contributions                                 | 24,923,445    | 29,981,778                     |
| Decrease in deferred capital revenue                                       | (373,202)     | (321,105)                      |
| Cash provided by financing transactions                                    | 27,300,018    | 34,765,981                     |
| Increase (decrease) in cash                                                | (15,359,995)  | 10,335,430                     |
| Cash, beginning of year                                                    | 37,332,269    | 26,996,839                     |
| Cash, end of year                                                          | \$ 21,972,270 | \$ 37,332,269                  |

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2022

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### 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, 2023

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## 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, 2023

## 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, 2023

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## 1. Significant accounting policies (continued):

### (g) Deferred capital contributions:

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

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

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

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts ("ELHTs") were established in 2016-2017: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE-EWBT and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff) and other school board staff. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency ("FTE"). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs ("GSN"), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

---

## 1. Significant accounting policies (continued):

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

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

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

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

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

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

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

### (i) Government transfers:

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting principles (continued):

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

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

- (k) Investment income:

Investment income is reported as revenue in the period earned.

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

- (l) Education property tax revenue:

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

- (m) Budget figures:

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

- (n) Use of estimates:

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting principles (continued):

### (o) Trust funds:

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

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

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

### Establishing fair value

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

### Fair value hierarchy

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

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

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

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

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

## 3. Accounts receivable - Government of Ontario:

The Province replaced variable capital funding with a one-time debt support grant in 2010. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable.

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

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to the Board where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2023 is \$29,756,474 (2022 - \$29,786,069).

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 4. Temporary borrowing:

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

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

## 5. Employee benefits liability:

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

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

#### (i) Retirement gratuities and benefits:

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

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

#### (ii) Post-retirement benefits:

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 5. Employee benefits liability:

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

(ii) Post-retirement benefits (continued):

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 5. Employee benefits liability (continued):

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

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

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

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

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

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

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

(iv) Sick leave benefits:

Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in the year. The benefit costs expensed in the consolidated financial statements are \$117,381 (2022 - \$177,074).

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 5. Employee benefits liability (continued):

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

(iv) Sick leave benefits (continued):

Sick leave top-up benefits (continued):

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

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

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

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

| 2023                       |                                                  |                |
|----------------------------|--------------------------------------------------|----------------|
| Discount rate              |                                                  | 4.4% per annum |
| Salary escalation          |                                                  | 2.5% per annum |
| Dental benefits escalation | increase by a flat rate for 4% per annum in 2024 |                |
| Health benefits escalation | increase by a flat rate for 4% per annum in 2024 |                |
| Life benefits escalation   | increase by a flat rate for 4% per annum in 2024 |                |
| Inflation rate             |                                                  | 2% per annum   |
| 2022                       |                                                  |                |
| Discount rate              |                                                  | 3.9% per annum |
| Salary escalation          |                                                  | 2.7% per annum |
| Dental benefits escalation | increase by a flat rate for 4% per annum in 2023 |                |
| Health benefits escalation | increase by a flat rate for 4% per annum in 2023 |                |
| Life benefits escalation   | increase by a flat rate for 4% per annum in 2023 |                |
| Inflation rate             |                                                  | 2% per annum   |

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 5. Employee benefits liability (continued):

### (c) Liability for vacation credits:

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

### (d) Employee benefit liability:

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

## 6. Deferred revenue:

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 6. Deferred revenue (continued):

### (a) Special education:

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

### (b) Capital funds:

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

### (c) Other:

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

## 7. Deferred capital contributions:

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

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

## 8. Asset retirement obligations:

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 8. Asset retirement obligations (continued):

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

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

<sup>1</sup>Reflecting changes in the estimated cash flows

<sup>2</sup>Increase in the carrying amount of a liability due to the passage of time

## 9. Revaluation of asset retirement obligations liability:

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

## 10. Debt charges on capital borrowing:

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 11. Net long-term liabilities:

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

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 11. Net long-term liabilities (continued):

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 11. Net long-term liabilities (continued):

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

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

## 12. Pension plan costs:

### (a) Ontario Teacher's Pension Plan:

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

### (b) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed \$3,735,220 (2022 - \$3,466,233) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expense. No pension liability for this type of plan is included in the Board's consolidated financial statements.

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 13. Grants for student needs:

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

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

## 14. Contingent liabilities:

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 15. Commitments:

On June 1, 2003, the Board received \$6,139,800 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed ("NPF") debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of the future provincial grants payable of the Board in respect of the NPF debt. Provincial funds in the amount of \$457,419 (2022 - \$457,419) flowed through the provincial grants for student needs revenues and other expenses on the Consolidated Statement of Operations and Accumulated Surplus to reflect the principal and interest repayments for the year ended August 31, 2023.

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

## 16. Trust funds:

- (a) The Board was the trustee for \$2,516,691 (2022 - \$2,928,499) held for employees' self-funded leave plans. These amounts are not included in the Board's consolidated financial statements.
- (b) The Limestone Learning Foundation, a registered charity, holds donated funds, the benefits of which are to be used for purchases of specific educational opportunities for students solely in the Limestone District School Board. As at December 31, 2022, the Foundation held assets of \$2,461,064 (2022 - \$2,433,695). These amounts are not included in the Board's consolidated financial statements.

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 17. Tangible capital assets:

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

<sup>1</sup>See note 2 Change in accounting policy

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 17. Tangible capital assets (continued):

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

<sup>1</sup>See note 2 Change in accounting policy

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 17. Tangible capital assets (continued):

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

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

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 19. Budget data:

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

## 20. Budget reconciliation:

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

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 20. Budget reconciliation (continued):

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 21. Expenses by object:

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

|                                                                                                                                      | 2023<br>Budget<br>(note 20) | 2023<br>Actual        | 2022<br>Actual<br>(Restated -<br>note 2) |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|------------------------------------------|
| Expenses:                                                                                                                            |                             |                       |                                          |
| Salary and wages                                                                                                                     | \$ 193,028,389              | \$ 194,520,751        | \$ 186,193,986                           |
| Employee benefits                                                                                                                    | 33,218,374                  | 33,991,841            | 31,874,110                               |
| Staff development                                                                                                                    | 545,824                     | 924,212               | 404,395                                  |
| Supplies and services                                                                                                                | 20,881,113                  | 20,183,766            | 18,779,793                               |
| Interest on long-term debt                                                                                                           | 2,501,938                   | 2,501,938             | 2,641,554                                |
| Rental expenses                                                                                                                      | 85,400                      | 73,950                | 71,108                                   |
| Fees and contract services                                                                                                           | 25,806,320                  | 25,537,979            | 24,075,634                               |
| Other                                                                                                                                | 1,328,149                   | 3,206,806             | 5,317,263                                |
| Transfer to other boards                                                                                                             | —                           | 3,069                 | 77,839                                   |
|                                                                                                                                      | <b>\$ 277,395,507</b>       | <b>\$ 280,944,312</b> | <b>\$ 269,435,682</b>                    |
| Amortization, write-downs and loss on disposal of tangible capital assets and tangible capital assets - asset retirement obligations | \$ 18,158,257               | \$ 17,250,361         | \$ 16,402,927                            |
| School activities                                                                                                                    | \$ 3,600,000                | \$ 5,148,129          | \$ 2,826,869                             |
| Total expenses                                                                                                                       | <b>\$ 299,153,764</b>       | <b>\$ 303,342,802</b> | <b>\$ 288,665,476</b>                    |

## 22. Related entities:

Tri-Board Student Transportation Services:

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 22. Related entities (continued):

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 23. Accumulated surplus:

Accumulated surplus consists of the following:

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

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

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

# THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 25. Future accounting standard adoption:

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

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

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

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

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