

Consolidated Financial Statements

Lakehead District School Board

August 31, 2022

Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Lakehead District School Board have been prepared in compliance with legislation, and in accordance with the Financial Administration Act. A summary of the significant accounting policies are 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 control 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 Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The 2022 consolidated financial statements for the Lakehead District School Board have been audited by BDO Canada 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 presentation of the information included in the Board's consolidated financial statements.


Director of Education


Superintendent of Business

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**Lakehead District School Board
Consolidated Statement of Financial Position**

Statement 1

As at August 31	2022	2021
	\$	\$
	<i>[Thousands of Dollars]</i>	
FINANCIAL ASSETS		
Cash and cash equivalents	836	9,114
Investments <i>[note 2]</i>	188	187
Accounts receivable	10,379	8,174
Accounts receivable – Government of Ontario <i>[note 3]</i>	48,482	43,125
TOTAL FINANCIAL ASSETS	59,885	60,600
LIABILITIES		
Accounts payable and accrued liabilities	14,706	11,757
Other liabilities	313	317
Long-term debt <i>[note 7]</i>	28,365	29,959
Deferred revenue <i>[note 4]</i>	7,181	7,068
Retirement and other employee future benefits liabilities <i>[note 6]</i>	5,619	16,115
Deferred capital contributions <i>[note 5]</i>	172,324	164,915
TOTAL FINANCIAL LIABILITIES	228,508	230,131
NET DEBT	(168,623)	(169,531)
NON-FINANCIAL ASSETS		
Prepaid expenses	205	202
Inventories of supplies	475	—
Tangible capital assets – net <i>[note 12]</i>	174,971	167,924
TOTAL NON-FINANCIAL ASSETS	175,651	168,126
ACCUMULATED SURPLUS (DEFICIT) <i>[note 13]</i>	7,028	(1,405)

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

On behalf of the board:

Director of Education

Chair of the Board

Lakehead District School Board **Statement 2**
Consolidated Statement of Operations and Accumulated
Surplus (Deficit)

Year ended August 31	2022	2022	2021
	Budget	Actual	Actual
	Note 1		
	(Unaudited)		
	\$	\$	\$
	<i>[Thousands of Dollars]</i>		
REVENUES			
Grants for student needs <i>[note 10]</i>	115,513	120,362	117,382
Provincial grants – other	3,738	11,184	9,859
School generated funds	2,003	1,366	616
Federal grants and fees	2,616	2,622	2,750
Investment income	60	49	79
Other revenues – school boards	1,061	181	228
Other fees and revenues	507	7,357	941
Amortization of deferred capital contributions	10,271	10,670	10,546
TOTAL REVENUES	135,769	153,791	142,401
EXPENSES			
Instruction	96,269	101,263	99,460
Administration	5,068	4,782	4,694
Transportation	6,958	7,326	6,444
Pupil accommodation	25,754	26,978	26,594
School generated funds	2,003	1,329	652
Other	99	3,680	2,266
TOTAL EXPENSES [NOTE 11]	136,151	145,358	140,110
Annual surplus (deficit)	(382)	8,433	2,291
Accumulated deficit, beginning of year	(1,405)	(1,405)	(3,696)
Accumulated surplus (deficit), end of year	(1,787)	7,028	(1,405)

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

Lakehead District School Board Consolidated Statement of Cash Flows

Statement 3

Year ended August 31	2022	2021
	\$	\$
	<i>[Thousands of Dollars]</i>	
OPERATIONS		
Annual surplus	8,433	2,291
Non-cash charges		
Amortization of tangible capital assets	11,015	10,889
Loss on sale of tangible capital assets	38	—
Amortization of deferred capital contributions	(10,670)	(10,546)
(Decrease) increase in retirement and other employee future benefits liabilities	(10,496)	389
Net change in non-cash working capital balances		
(Increase) decrease in accounts receivable	(2,205)	5,858
Decrease (increase) in accounts receivable—Delayed Grant Payment	1,141	(3,750)
(Increase) decrease in accounts receivable – Government of Ontario	(6,498)	6,264
Increase (decrease) in accounts payable and accrued liabilities	2,949	(10,183)
Decrease in other liabilities	(4)	(108)
Decrease in deferred revenue	113	(1,630)
Increase in prepaid expenses	(3)	(175)
Increase in inventory of supplies	(475)	—
Cash applied to operating transactions	(6,662)	(701)
INVESTING TRANSACTIONS		
Increase in investments	(1)	—
Cash applied to investing transactions	(1)	—
CAPITAL TRANSACTION		
Proceeds on sale of tangible capital assets	505	—
Acquisition of tangible capital assets	(18,605)	(12,679)
Cash applied to capital transactions	(18,100)	(12,679)
FINANCING TRANSACTIONS		
Principal payments on long-term debt	(1,594)	(1,516)
Grants received – deferred capital contributions	18,079	13,114
Cash provided by financing transactions	16,485	11,598
CHANGE IN CASH AND CASH EQUIVALENTS	(8,278)	(1,782)
Opening cash and cash equivalents	9,114	10,896
Closing cash and cash equivalents	836	9,114

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

Lakehead District School Board **Statement 4**
Consolidated Statement of Change in Net Debt

Year ended August 31	2022	2022	2021
	Budget	Actual	Actual
	Note 1		
	(Unaudited)		
	\$	\$	\$
	<i>[Thousands of Dollars]</i>		
Annual surplus (deficit)	(3,382)	8,433	2,291
Acquisition of tangible capital assets	(11,407)	(18,605)	(12,679)
Amortization of tangible capital assets	10,617	11,015	10,889
Loss on disposal of tangible capital assets	—	38	—
Proceeds on sale of tangible capital assets	—	505	—
Acquisition of supplies inventories	—	(475)	—
Acquisition use of prepaid expenses	—	(3)	(175)
	(790)	(7,525)	(1,965)
Decrease (increase) in net debt	(4,172)	908	326
Net debt, beginning of year	(169,531)	(169,531)	(169,857)
Net debt, end of year	(173,703)	(168,623)	(169,531)

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

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Lakehead District School Board are prepared by management in accordance with the basis of accounting described below.

[a] Basis of Accounting

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

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Consolidated Statement of Operations and Accumulated Surplus (Deficit) over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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[Thousands of Dollars]

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus (Deficit) and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

[b] Reporting Entity

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

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

Consolidated entities

School Generated Funds

Interdepartmental and interorganizational transactions and balances between these organizations are eliminated.

[c] Trust Funds

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

[d] Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits.

[e] 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 expenditures are incurred, or services performed.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

[f] 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. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

[g] Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals' associations, Employee Life and Health Trusts (ELHTs) were established for all employee groups in 2016-18. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to ETFO (June 1, 2017), OSSTF (June 1, 2017), OSSTF-EW (June 1, 2017), CUPE (March 1, 2018), principal/vice principal (April 1, 2018), principal/vice principal retirees (April 1, 2018), OCEW (June 1, 2018), non-unionized employees (June 1, 2018), and non-unionized retirees (June 1, 2018). Upon transition of the employee groups' health, dental and life benefits to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Benefits for employee groups that have transitioned to the ELHT are similar to a defined contributions plan and the Board is no longer responsible for the continuation of group benefits for employees on LTD. Since all employee groups have transitioned to the ELHT as at August 31, 2018, the liability for the continuation of group benefits for employees on LTD has been eliminated.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

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 cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days (if applicable) 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 retirement gratuities and sick days, 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 (OMERS) 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.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

[h] 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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

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

Land improvements with finite lives	15 years
Buildings and building improvements	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5 - 10 years
Leasehold improvements	over the lease term

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 lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written-down to its residual value. 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.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

[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, and 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 that are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

[j] Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development changes and special education forms part of the respective deferred revenue balances.

[k] 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 with the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the school board in the preparation of the financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

[l] Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Use of estimates include the useful lives of tangible capital assets, actuarial assumption for retirement and other employee future benefit liabilities and the allowance for doubtful accounts.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

[m] Education Property Tax Revenue

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

2. INVESTMENTS

Investments are recorded at cost. The total market value of the Board's investments at August 31, 2022 was approximately \$188 [2021 - \$187]. The Board's investments are comprised of cash.

3. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. The board received a one-time grant that recognizes capital and unfunded debt as of August 31, 2010 that is supported by the existing capital programs. The board will receive 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 account receivable.

As at August 31, 2022, the board has a receivable from the Province of Ontario of \$43,362 [2021 - \$36,864] with respect to capital and operating 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 school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2022 is \$5,120 [2021 - \$6,261].

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

4. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at year-end is comprised of:

	Balance as at August 31, 2021 \$	Externally restricted revenue and investment income \$	Revenue recognized in period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2022 \$
Gain on disposal of tangible capital assets	546	482	—	23	1,005
Special Education - SEA	—	18,347	18,347	—	—
Student Achievement	66	460	526	—	—
Indigenous Education	110	2,148	2,112	—	146
School renewal	3,156	2,324	—	1,644	3,836
Experiential Learning	13	364	377	—	—
Other grants	3,148	1,719	3,148	—	1,719
Pupil accommodation	29	—	—	29	—
MPBSD in kind	—	475	—	—	475
	7,068	26,319	24,510	1,696	7,181

5. DEFERRED CAPITAL CONTRIBUTIONS

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2022 \$	2021 \$
Opening balance	164,915	162,347
Additions to deferred capital contributions	18,079	13,114
Amortization	(10,670)	(10,546)
	172,324	164,915

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefits Liabilities

	2022			2021
	Retirement Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefits obligations	3,609	2,259	5,868	16,950
Unamortized actuarial losses	(249)	—	(249)	(835)
Employee future benefits liabilities	3,360	2,259	5,619	16,115

Retirement and Other Employee Future Benefits Expenses

	2022			2021
	Retirement Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	—	580	580	2,663
Interest on accrued benefit obligation	77	34	111	235
Recognition of unamortized actuarial losses on plan amendments	156	(3)	153	217
Employee future benefits expenses*	233	611	844	3,115
Benefit payments	(626)	(10,714)	(11,340)	(2,726)
Change in employee future benefits	(393)	(10,103)	(10,496)	389

* Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 8.1 years.

* Excluding pension contributions to the OMERS, a multi-employer pension plan, described below.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on actuarial valuations for accounting purposes as at August 31, 2022. Actuarial valuations were performed by SBCI as at August 31, 2022 for all benefits. These actuarial valuations were based on assumptions about future events. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the board's best estimates of expected rates of:

	2022	2021
	%	%
Inflation	2	1.5
Wage and salary escalation	0	0
Discount on accrued benefit obligations	3.9	1.8

Retirement Benefits

[i] 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. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

[ii] Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million (2020 - \$113,055 million) in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million (2020 - \$109,844 million) indicating an actuarial deficit of \$3,131 million (2020 - \$3,211 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario organizations and their employees. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the Board contributed \$2,059 [2021 - \$2,024] to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

[iii] Retirement Gratuities

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

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

Other Employee Future Benefits

[i] Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The Board has accumulated \$1,000 [2021 - \$750] in a reserve fund to assist with financing future claims and the insurance deductible on catastrophic claims.

[ii] Long-Term Disability Salary Compensation

On November 4, 2021, the Board fully discharged the employee future benefits obligation for the Long-Term Disability Salary Compensation plan. The Board paid a single premium of \$10,135,051 to Canada Life on November 4, 2021 to assume the obligation for salary compensation benefits required to be paid to employees who became disabled prior to November 1, 2021 for the period an employee is unable to work or until their normal retirement date. All employees with a date of disability on or after November 1, 2021 will be covered under an insured arrangement. The health and welfare trust established to administer the Long-Term Disability Compensation plan has been dissolved with accumulated assets transferred to Canada Life as partial payment toward the required \$10,135,051 premium. The settlement of this obligation has been reflected in the employee future benefits liabilities as at August 31, 2022.

[iii] Sick Leave Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$(9) [2021 - \$56].

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2022 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

Lakehead District School Board

Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

7. LONG-TERM DEBT

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

	2022 \$	2021 \$
Ontario Financing Authority		
Fixed rate term loan payable in blended semi-annual instalments of \$193 at 4.56%, maturing November, 2031.	2,949	3,192
Fixed rate term loan payable in blended semi-annual instalments of \$16 at 4.90%, maturing March, 2033.	268	287
Fixed rate term loan payable in blended semi-annual instalments of \$38 at 5.06%, maturing March, 2034.	677	717
Fixed rate term loan payable in blended semi-annual instalments of \$1,211 at 5.23%, maturing April, 2035.	22,521	23,717
Fixed rate term loan payable in blended semi-annual instalments of \$42 at 4.83%, maturing March, 2036.	830	872
Fixed rate term loan payable in blended semi-annual instalments of \$38 at 3.97%, maturing November, 2036.	825	866
Fixed rate term loan payable in blended semi-annual instalments of \$11 at 2.99%, maturing March, 2040.	295	308
	28,365	29,959

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Notes to the Consolidated Financial Statements

August 31, 2022

[Thousands of Dollars]

Principal payments relating to long-term debt of \$28,366, outstanding as at August 31, 2022, are due as follows:

	Principal \$	Interest \$	Total \$
2023	1,675	1,409	3,084
2024	1,762	1,323	3,085
2025	1,852	1,234	3,086
2026	1,947	1,140	3,087
2027	2,047	1,041	3,088
Thereafter	19,082	4,218	23,300
	28,365	10,365	38,730

8. TEMPORARY BORROWING

The board has lines of credit available to a maximum of \$33.5 million to address operating requirements and/or bridge capital expenditures.

Interest on the operating facilities equal the bank's prime lending rate less 1%. All loans are unsecured and due on demand.

As at August 31, 2022, the amount drawn under the operating facility was \$nil [2021 - \$nil].

9. DEBT CHARGES AND CAPITAL LOANS

Total payments for the year for long-term debt are as follows:

	2022 \$	2021 \$
Principal payments on long-term debt	1,594	1,516
Interest payments on long-term debt	1,503	1,580
	3,097	3,096

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Notes to the Consolidated Financial Statements

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10. 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. Seventy eight percent 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:

	2022	2021
	\$	\$
Provincial Legislative Grants	97,777	94,279
Education Property Tax	22,585	23,103
Grants for Student Needs	120,362	117,382

11. EXPENSES BY OBJECT

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

	2022	2022	2021
	Budget	Actual	Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
	<i>Note 1</i>		
Expenses			
Salaries and wages	87,926	92,308	90,488
Employee benefits	16,136	16,488	16,454
Staff development	242	202	165
Supplies and services	10,982	11,336	10,197
Interest	1,523	1,553	1,638
Fees and contracted services	8,331	10,455	9,255
Other	394	1,963	1,024
Amortization of tangible capital assets	10,617	11,015	10,889
Loss on sale of tangible capital assets	—	38	—
	136,151	145,358	140,110

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12. TANGIBLE CAPITAL ASSETS - NET

	Cost				Accumulated Amortization				Net Book Value		
	Balance Sept. 1, 2021 \$	Additions and transfers \$	Disposals \$	Transfers from assets held for sale \$	Balance Sept. 1, 2021 \$	Amortization \$	Disposals, write-offs, adjustment \$	Transfer from assets for sale \$	Balance Aug. 31, 2022 \$	Aug. 31, 2022 \$	Aug. 31, 2021
Land	1,017	—	17	—	—	—	—	—	1,000	1,017	1,017
Land improvements	14,522	4,945	—	—	4,396	1,086	—	—	5,482	13,985	10,126
Buildings	260,195	12,484	2,200	—	106,064	8,908	1,674	—	113,298	157,181	154,131
Furniture and equipment	6,754	1,176	702	—	4,134	1,012	702	—	4,444	2,784	2,620
Vehicles	360	—	—	—	330	9	—	—	339	21	30
Leasehold improvements	197	—	—	—	197	—	—	—	197	—	—
Construction in progress	—	—	—	—	—	—	—	—	—	—	—
Total	283,045	18,605	2,919	—	115,121	11,015	2,376	—	123,760	174,971	167,924

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13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus (deficit)		
Operating surplus available for compliance	1,238	740
Amounts restricted for future use	6,946	6,213
Unfunded amounts to be recovered	(2,478)	(9,641)
Interest accrual	(372)	(391)
School Generated Funds	694	657
Revenues recognized for land	1,000	1,017
Total surplus (deficit)	7,028	(1,405)

14. INTERNALLY RESTRICTED SURPLUSES

Restricted amounts are made up of the following:

	2022	2021
	\$	\$
Retirement gratuity	1,225	714
Old Fort William	80	79
Demutualization	1,002	2,287
WSIB	1,000	750
Financial stabilization	2,613	1,072
Committed capital	1,026	1,311
	6,946	6,213

15. TRUST FUNDS

Trust funds administered by the Board amounting to \$877 [2021 - \$844] have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus (Deficit).

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16. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licenced under the Insurance Act. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

The premiums over a five-year period are based on the reciprocals and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro-rata share of claims experience.

Premiums paid to OSBIE for the policy year ending December 31, 2021 amounted to \$155,569 (2020 - \$131,740).

17. PARTNERSHIP IN STUDENT TRANSPORTATION SERVICES OF THUNDER BAY

The Board has entered into an agreement with the Thunder Bay Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boréales in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities member Boards are shared. No partner is in a position to exercise unilateral control.

Each Board participates in the shared costs associated with this service for the transportation of their respective students through the Student Transportation Services of Thunder Bay. The Board's consolidated financial statements reflect its pro-rata share of expenses. The Board's pro-rata share for 2022 is 51.2% [2021 – 49.1%].

18. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING

On June 1, 2003, the Board received \$1,329,731 from 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt.

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

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19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from statements previously presented to conform to the current year presentation.

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

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$1,602 with expenses based on use of \$1,602 for a net impact of \$0.

21. IMPACT OF COVID 19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had significant financial, market and social impacts, due to government imposed lockdowns and social distance requirements. The Board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. Although all 2021-22 financial impacts were managed, the full extent of the financial impact on the financial position and results of the Board for future periods is not possible to reliably estimate.

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22. FUTURE ACCOUNTING STANDARD ADOPTION

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

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments* must be implemented at the same time. The board has not adopted any new accounting standards for the year ended August 31, 2022.

- i. Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the Board as of September 1, 2022 for the year ending August 31, 2023):

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 3401 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* will no longer apply.

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.

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.

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- ii. Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board for as of September 1, 2023 for the year ending August 1, 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.