

Consolidated Financial Statements

Lakehead District School Board

August 31, 2023

## Management Report


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

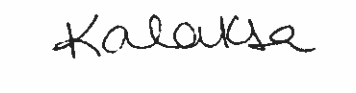
The accompanying consolidated financial statements of the Lakehead District School Board have been prepared in compliance with legislation, and in accordance with the Financial Administration Act. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. 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 Audit Committee 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 2023 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

2023

2022

(Restated)

(Note 2)

\$ \$

*[Thousands of Dollars]*

**FINANCIAL ASSETS**

Cash and cash equivalents	5,616	1,024
Accounts receivable	8,578	10,379
Accounts receivable – Government of Ontario <i>[note 3]</i>	44,262	48,482
<b>TOTAL FINANCIAL ASSETS</b>	<b>58,456</b>	<b>59,885</b>

**LIABILITIES**

Accounts payable and accrued liabilities	15,175	14,706
Other liabilities	237	313
Long-term debt <i>[note 10]</i>	26,690	28,365
Deferred revenue <i>[note 4]</i>	5,919	7,181
Retirement and other employee future benefits liabilities <i>[note 9]</i>	5,802	5,619
Deferred capital contributions <i>[note 5]</i>	180,779	172,324
Asset retirement obligation <i>[note 6]</i>	18,410	16,198
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>253,012</b>	<b>244,706</b>

**NET DEBT** (194,556) (184,821)

**NON-FINANCIAL ASSETS**

Prepaid expenses	153	205
Inventories of supplies	580	475
Tangible capital assets – net <i>[note 15]</i>	190,485	180,557
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>191,218</b>	<b>181,237</b>

**ACCUMULATED DEFICIT *[note 16]*** (3,338) (3,584)

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 Deficit

Year ended August 31	2023	2023	2022
	Budget	Actual	Actual
	<i>Note 1</i>		
	(Restated)		(Restated)
			(Note 2)
	\$	\$	\$
<b>[Thousands of Dollars]</b>			
<b>REVENUES</b>			
Grants for student needs <i>[note 13]</i>	122,054	127,632	120,362
Provincial grants – other	1,847	10,910	11,184
School generated funds	2,003	2,438	1,366
Federal grants and fees	2,627	2,222	2,622
Investment income	60	179	49
Other revenues – school boards	1,217	279	181
Other fees and revenues	1,241	2,074	7,357
Amortization of deferred capital contributions	11,985	11,255	10,670
<b>TOTAL REVENUES</b>	<b>143,034</b>	<b>156,989</b>	<b>153,791</b>
<b>EXPENSES</b>			
Instruction	99,791	106,562	101,263
Administration	5,046	5,129	4,782
Transportation	7,286	7,730	7,326
Pupil accommodation	27,952	28,654	27,353
School generated funds	2,002	2,314	1,329
Other	931	6,354	3,680
<b>TOTAL EXPENSES [NOTE 14]</b>	<b>143,008</b>	<b>156,743</b>	<b>145,733</b>
<b>Annual surplus</b>	<b>26</b>	<b>246</b>	<b>8,058</b>
Accumulated deficit, beginning of year	(3,584)	(3,584)	(1,405)
Accumulated deficit PSAS adjustments <i>[note 2]</i>	—	—	(10,237)
<b>Adjusted accumulated deficit at beginning of year</b>	<b>—</b>	<b>(3,584)</b>	<b>(11,642)</b>
<b>Accumulated deficit, end of year</b>	<b>(3,558)</b>	<b>(3,338)</b>	<b>(3,584)</b>

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

2023

2022

(Restated)

(Note 2)

\$ \$

*[Thousands of Dollars]*

**OPERATIONS**

Annual surplus

246 8,058

**Non-cash charges**

Amortization of tangible capital assets (TCA)

11,600 11,015

Amortization of TCA – asset retirement obligations (ARO)

458 375

Loss on sale of TCA

— 38

Amortization of deferred capital contributions

(11,255) (10,670)

Increase (decrease) in retirement and other employee  
future benefits liabilities

183 (10,496)

**Net change in non-cash working capital balances**

Decrease (increase) in accounts receivable

1,801 (2,205)

Decrease in accounts receivable–Delayed Grant Payment

552 1,141

Decrease (increase) in accounts receivable – Government of Ontario

3,668 (6,498)

Increase in accounts payable and accrued liabilities

469 2,949

Decrease in other liabilities

(76) (4)

Decrease in deferred revenue

(1,262) 113

Decrease (increase) in prepaid expenses

52 (3)

Increase in inventory of supplies

(105) (475)

Settlement of asset retirement liability through abatement

(64) —

**Cash provided by (applied to) operating transactions**

6,267 (6,662)

**CAPITAL TRANSACTION**

Proceeds on sale of TCA

— 505

Acquisition of TCA and addition of TCA - ARO

(19,710) (18,605)

**Cash applied to capital transactions**

(19,710) (18,100)

**FINANCING TRANSACTIONS**

Principal payments on long-term debt

(1,675) (1,594)

Grants received – deferred capital contributions

19,710 18,079

**Cash provided by financing transactions**

18,035 16,485

**CHANGE IN CASH AND CASH EQUIVALENTS**

4,592 (8,277)

Opening cash and cash equivalents

1,024 9,301

**Closing cash and cash equivalents**

5,616 1,024

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	2023	2023	2022
	Budget	Actual	Actual
	<i>Note 1</i>		(Restated)
			(Note 2)
	\$	\$	\$

*[Thousands of Dollars]*

<b>Annual surplus</b>	<b>26</b>	<b>246</b>	<b>8,058</b>
Acquisition of TCA and TCA - ARO	(11,403)	(19,710)	(18,605)
Amortization of TCA and TCA - ARO	12,789	12,058	11,390
Loss on disposal of TCA	—	0	38
Proceeds on sale of TCA	—	0	505
Changes in Estimate of TCA - ARO		(2,276)	—
Acquisition of supplies inventories	—	(157)	(475)
Acquisition use of prepaid expenses	—	52	(3)
Consumption of supplies inventories		52	—
	<b>1,386</b>	<b>(9,981)</b>	<b>(7,150)</b>
<b>(Increase) decrease in net debt</b>	<b>1,412</b>	<b>(9,785)</b>	<b>908</b>
Net debt, beginning of year	(184,821)	(184,821)	(169,531)
PSAS Adjustment to net debt <i>[note 2]</i>	—	—	(16,198)
<b>Restated net debt at beginning of year</b>	<b>(184,821)</b>	<b>(184,821)</b>	<b>(185,729)</b>
<b>Net debt, end of year</b>	<b>(183,409)</b>	<b>(194,556)</b>	<b>(184,821)</b>

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

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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### 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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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated 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.

The reporting entity is comprised of:

- Lakehead District School Board
- 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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### **[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 purposes;
- Other restricted contributions received or receivable for capital purposes; 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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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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.

### **[h] Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of re-measurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measure at amortized cost.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### **[i] 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.

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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### **[j] Government Transfers**

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, 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.

### **[k] 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.

### **[l] 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.

### **[m] Use of Estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. 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.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$18,410. 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 and the allocation of costs between required and discretionary activities.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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### [n] 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. 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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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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. 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. 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). 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. 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 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 changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

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. 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.

# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

As a result of applying this accounting standard, an asset retirement obligation of \$18,410 (2022 – \$16,198) 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. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization and amortization expense for the period September 1, 2022, to August 31, 2023, as a proxy for September 1, 2021, to August 31, 2022, information. The adoption of PS 3280 ARO was applied to the comparative period as follows:

2022

	As Previously reported	Adjustments	As restated
	\$	\$	\$
<b>Statement of Financial Position</b>			
TCA including ARO	174,971	5,586	180,557
Asset retirement obligation liability	—	16,198	16,198
Accumulated surplus (deficit)	7,028	(10,612)	(3,584)
<b>Statement of Change in Net Debt</b>			
Annual surplus	8,433	(375)	8,058
Amortization of TCA and TCA-ARO	11,015	375	11,390
Net debt, beginning of year	(169,531)	(16,198)	(185,729)
Net debt, end of year	(168,623)	(16,198)	(184,821)
<b>Statement of Operations</b>			
Pupil Accommodations	26,978	375	27,353
Annual surplus	8,433	(375)	8,058
Accumulated deficit, beginning of year	(1,405)	(10,237)	(11,642)
Accumulated surplus (deficit), end of year	7,028	(10,612)	(3,584)

### 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, 2023, the board has a receivable from the Province of Ontario of \$39,694 [2022 - \$43,362] 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, 2023 is \$4,568 [2022 - \$5,120].



# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[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, 2022 \$	Externally restricted revenue and investment income \$	Revenue recognized in period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2023 \$
Gain on disposal of tangible capital assets	1,005	—	—	16	989
Special Education - SEA	—	19,271	19,271	—	—
Student Achievement	—	473	436	—	37
Indigenous Education	146	2,234	2,287	—	93
Student Mental Health	—	471	373	—	98
School renewal	3,836	2,412	—	3,848	2,400
Other grants	1,719	1,722	1,719	—	1,722
MPBSD in kind	475	157	52	—	580
	<b>7,181</b>	<b>26,740</b>	<b>24,138</b>	<b>3,864</b>	<b>5,919</b>

### 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.

	2023 \$	2022 \$
Opening balance	172,324	164,915
Additions to deferred capital contributions	19,710	18,079
Amortization	(11,255)	(10,670)
	<b>180,779</b>	<b>172,324</b>

**Lakehead District School Board**  
**Notes to the Consolidated Financial Statements**

August 31, 2023

*[Thousands of Dollars]*

**6. 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.

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

<b>As at August 31</b>	<b>2023</b>	<b>2022</b>
<b>Liabilities for ARO at Beginning of Year</b>	<b>16,198</b>	—
Opening Adjustments for PSAB Adjustment	—	16,198
Increase in Liabilities Reflecting Changes in the Estimate of Liabilities <sup>1</sup>	<b>2,276</b>	—
Liabilities Settled During the Year	<b>(64)</b>	—
<b>Liabilities for ARO at End of Year</b>	<b>18,410</b>	<b>16,198</b>

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

**7. 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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### 8. FINANCIAL INSTRUMENTS

#### Risks arising from financial instruments and risk management

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

#### Credit risk

The Board's principal financial assets are cash and cash equivalents and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the board's maximum credit exposure as at the Statement of Financial Position date.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk to the extent that its operating line of credit bears interest at a floating rate, which fluctuates as the bank's prime lending rate increases or decreases.

The Board structures its finances to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations. This would include the fixed rate debt with Ontario Financing Authority (Note 10).

#### Liquidity Risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Board will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The Board is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, other liabilities, and long-term debt.

The Board's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, other liabilities and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

### 9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

#### Retirement and Other Employee Future Benefits Liabilities

	2023			2022
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
	\$	\$	\$	\$
Accrued employee future benefits obligations	3,296	2,604	5,900	5,868
Unamortized actuarial losses	(98)	0	(98)	(249)
<b>Employee future benefits liabilities</b>	<b>3,198</b>	<b>2,604</b>	<b>5,802</b>	<b>5,619</b>

#### Retirement and Other Employee Future Benefits Expenses

	2023			2022
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
	\$	\$	\$	\$
Current year benefit cost	—	985	985	580
Interest on accrued benefit obligation	131	72	203	111
Recognition of unamortized actuarial losses on plan amendments	189	(44)	145	153
<b>Employee future benefits expenses*</b>	<b>320</b>	<b>1,013</b>	<b>1,333</b>	<b>844</b>
Benefit payments	(482)	(668)	(1,150)	(11,340)
<b>Change in employee future benefits</b>	<b>(162)</b>	<b>345</b>	<b>183</b>	<b>(10,496)</b>

\* Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 7.6 years.

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

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on actuarial valuations for accounting purposes as at August 31, 2023. Actuarial valuations were performed by SBCI as at August 31, 2023 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:

	2023	2022
	%	%
Inflation	2	2
Wage and salary escalation	0	0
Discount on accrued benefit obligations	4.4	3.9

### 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million (2021 - \$117,665 million) indicating an actuarial deficit of \$6,678 million (2021 - \$3,131 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, 2023, the Board contributed \$2,225 [2022 - \$2,059] 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.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### 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 [2022 - \$1,000] in a reserve fund to assist with financing future claims and the insurance deductible on catastrophic claims.

[ii] Long-Term Disability Salary Compensation

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

[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 \$(17) [2022 - \$(9)].

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, 2023 (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, 2023.

# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

### 10. LONG-TERM DEBT

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

	2023 \$	2022 \$
<b>Ontario Financing Authority</b>		
Fixed rate term loan payable in blended semi-annual instalments of \$193 at 4.56%, maturing November, 2031.	2,694	2,949
Fixed rate term loan payable in blended semi-annual instalments of \$16 at 4.90%, maturing March, 2033.	249	268
Fixed rate term loan payable in blended semi-annual instalments of \$38 at 5.06%, maturing March, 2034.	633	677
Fixed rate term loan payable in blended semi-annual instalments of \$1,211 at 5.23%, maturing April, 2035.	21,262	22,521
Fixed rate term loan payable in blended semi-annual instalments of \$42 at 4.83%, maturing March, 2036.	787	830
Fixed rate term loan payable in blended semi-annual instalments of \$38 at 3.97%, maturing November, 2036.	782	825
Fixed rate term loan payable in blended semi-annual instalments of \$11 at 2.99%, maturing March, 2040.	283	295
	<b>26,690</b>	<b>28,365</b>

**Lakehead District School Board**  
**Notes to the Consolidated Financial Statements**

August 31, 2023

*[Thousands of Dollars]*

Principal payments relating to long-term debt of \$26,690, outstanding as at August 31, 2023, are due as follows:

	Principal \$	Interest \$	Total \$
2024			
2025	1,762	1,336	3,098
2026	1,852	1,246	3,098
2027	1,947	1,151	3,098
2028	2,046	1,052	3,098
Thereafter	2,151	947	3,098
	16,932	3,312	20,244
	26,690	9,044	35,734

**11. 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, 2023, the amount drawn under the operating facility was \$nil [2022 - \$nil].

**12. DEBT CHARGES AND CAPITAL LOANS**

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

	2023 \$	2022 \$
Principal payments on long-term debt	1,675	1,594
Interest payments on long-term debt	1,421	1,503
	3,096	3,097



# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

### 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. Eighty one 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:

	2023 \$	2022 \$
Provincial Legislative Grants	104,279	97,777
Education Property Tax	23,353	22,585
Grants for Student Needs	127,632	120,362

### 14. EXPENSES BY OBJECT

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

	2023 Budget \$	2023 Actual \$	2022 Actual \$
	<i>(Restated)</i>		<i>(Restated)</i>
	<i>Note 1</i>		
<b>Expenses</b>			
Salaries and wages	90,667	95,501	92,308
Employee benefits	16,367	17,529	16,488
Staff development	248	230	202
Supplies and services	11,576	14,255	11,336
Interest	1,441	1,526	1,553
Fees and contracted services	8,659	8,908	8,514
Other	1,261	533	1,963
Transfer to Other Boards	—	6,203	1,941
Amortization of TCA and TCA-ARO	12,798	12,058	11,390
Loss on sale of tangible capital assets	—	—	38
	143,008	156,743	145,733

# Lakehead District School Board Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

## 15. TANGIBLE CAPITAL ASSETS - NET

	Cost										Net Book Value	
	Balance Sept. 1 2022 \$	Adjustment for PS3280 <sup>1</sup> \$	Opening Balance Adjusted \$	Additions and Transfers \$	Disposals \$	Transfers to Assets Held for Sale \$	Revaluation of TCA-ARO \$	Balance at August 31, 2023 \$	Aug. 31, 2023 \$	Aug. 31, 2022 \$		
Land	1,000	—	1,000	—	—	—	—	1,000	1,000	—		
Land improvements	19,467	—	19,467	4,973	—	—	—	24,440	17,597	13,985		
Buildings	270,479	16,198	286,677	13,886	—	—	2,276	302,839	169,303	162,767		
Furniture and equipment	7,228	—	7,228	777	54	—	—	7,951	2,506	2,784		
Vehicles	360	—	360	74	—	—	—	434	79	21		
Leasehold improvements	197	—	197	—	197	—	—	—	—	—		
Construction in progress	—	—	—	—	—	—	—	—	—	—		
<b>Total</b>	<b>298,731</b>	<b>16,198</b>	<b>314,929</b>	<b>19,710</b>	<b>251</b>	<b>—</b>	<b>2,276</b>	<b>336,664</b>	<b>190,485</b>	<b>180,557</b>		

	Accumulated Amortization					Net Book Value	
	Balance Sept. 1, 2022 \$	Adjustment for PS3280 <sup>1</sup> \$	Opening Balance Adjusted \$	Amortization \$	Disposals, Write-offs, Revaluation of TCA- AROs, \$	Transfer to Assets Held for Sale \$	Balance at Aug 31, 2023 \$
Land	—	—	—	—	—	—	—
Land improvements	5,482	—	5,482	1,361	—	—	6,843
Buildings	113,673	10,237	123,910	9,626	—	—	133,536
Furniture and equipment	4,444	—	4,444	1,055	54	—	5,445
Vehicles	339	—	339	16	—	—	355
Leasehold improvements	197	—	197	—	197	—	—
Construction in progress	—	—	—	—	—	—	—
<b>Total</b>	<b>124,135</b>	<b>10,237</b>	<b>134,372</b>	<b>12,058</b>	<b>251</b>	<b>—</b>	<b>146,179</b>

<sup>1</sup> See Note 2 Change in Accounting Policy

## Lakehead District School Board Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

### 16. ACCUMULATED DEFICIT

Accumulated deficit consists of the following:

	2023	2022
	\$	\$
<b>Deficit</b>		
Operating surplus available for compliance	1,287	1,238
Amounts restricted for future use	6,623	6,946
Unfunded amounts to be recovered	(1,709)	(2,478)
Interest accrual	(352)	(372)
School Generated Funds	818	694
Revenues recognized for land	1,000	1,000
ARO to be covered in the future	(11,005)	(10,612)
<b>Total deficit</b>	<b>(3,338)</b>	<b>(3,854)</b>

### 17. INTERNALLY RESTRICTED SURPLUSES

Restricted amounts are made up of the following:

	2023	2022
	\$	\$
Retirement gratuity	1,238	1,225
Old Fort William	81	80
Demutualization	1,017	1,002
WSIB	1,000	1,000
Financial stabilization	2,546	2,613
Committed capital	741	1,026
	<b>6,623</b>	<b>6,946</b>

### 18. TRUST FUNDS

Trust funds administered by the Board amounting to \$885 [2022 - \$877] 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 Deficit.

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

*[Thousands of Dollars]*

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### 19. 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 of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

Premiums paid to OSBIE for the policy year ending December 31, 2022 amounted to \$162 (2021 - \$156).

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.

# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

### 20. 2022-23 BUDGET RECONCILIATION

The 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 adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable.

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

	2022-23 Budget	Change	2022-23 Budget- Restated
<b>Revenues</b>	143,034	—	143,034
<b>Expenses</b>	142,550		
Amortization of TCA-ARO		458	143,008
<b>Annual Surplus (Deficit)</b>	484	(458)	26
Accumulated surplus (deficit) at beginning of year	7,028	(375)	6,653
Accumulated deficit PSAS Adjustments	—	(10,237)	(10,237)
Adjusted Accumulated surplus (deficit) at beginning of year	7,028	(10,612)	(3,584)
<b>Accumulated surplus (deficit) at end of year</b>	<b>7,512</b>	<b>(11,070)</b>	<b>(3,558)</b>

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# Lakehead District School Board

## Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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### 21. 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 of administrative costs for 2023 is 53% [2022 – 51.2%].

	2023	2022
	\$	\$
Administrative costs	409	430
Student Transportation	7,321	6,896
<b>Total Expenditure</b>	<b>7,730</b>	<b>7,326</b>

### 22. 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. The flow-through of \$99 (2022 \$99) in grants in respect of the above agreement for the year ended August 31, 2023, is recorded in these consolidated financial statements.

### 23. CONTINGENCIES

In the ordinary course of business, there are outstanding claims against the Board for which the amount of settlement, if any, is not determinable at this time. These contingencies will be recognized in the financial statements as liabilities and expenses, net of insurance proceeds where applicable, when it is determined that the claims are likely and are reasonably estimable.

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## Lakehead District School Board

### Notes to the Consolidated Financial Statements

August 31, 2023

[Thousands of Dollars]

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#### 24. COMPARATIVE FIGURES

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

#### 25. 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 \$157 (2022 - \$1,602) with expenses based on use of \$52 (2022- \$1,602) for a net impact of \$105 (2022- \$nil).

#### 26. RELATED PARTY DISCLOSURES

The Board has a financing relationship with the Ontario Financing Authority (OFA) for long-term debt. Those debt instruments are disclosed in Note 10.

#### 27. SUBSEQUENT EVENT: *Monetary Resolution to Bill 124, The Protecting a Sustainable Public Sector for Future Generations Act*

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and four education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers, the Elementary Teachers' Federation of Ontario (ETFO-EW) and the Canadian Union of Public Employees Ontario School Board Council of Unions (CUPE-OSBCU). This agreement provides for a 0.75% increase in salaries and wages for the 2019-20 school year, a 0.75% increase in salaries and wages for the 2020-21 school year for the four unions. For OSSTF and ETFO-EW, the agreement provides a minimum of 1.5% to a maximum of 3.25% increase in salaries and wages for the 2021-22 school year, which will be awarded through an arbitration process expected to be completed in the 2023-24 school year. The increase in salaries and wages for the 2021-22 school year for CUPE-OSBCU will be as determined for OSSTF.

This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks. Management is assessing the impact of the agreements on the Board.

No other agreements have been reached with other education workers.

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**Lakehead District School Board**  
**Notes to the Consolidated Financial Statements**

August 31, 2023

*[Thousands of Dollars]*

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**28. 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 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.