

Consolidated Financial Statements of

**JAMES BAY LOWLANDS  
SECONDARY SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2023

## MANAGEMENT REPORT

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

The accompanying consolidated financial statements of the James Bay Lowlands Secondary School Board (the "Board") are the responsibility of the Board's management. The consolidated financial statements have been prepared in compliance with Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

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

The Board's Trustees meet 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 financial statements.

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

  
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Director of Education

March 18, 2024



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the James Bay Lowlands Secondary School Board

### ***Opinion***

We have audited the accompanying consolidated financial statements of James Bay Lowlands Secondary School Board (the "Board"), which comprise:

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

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

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

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

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

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

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



***Emphasis of Matter – Basis of Preparation***

We draw attention to Note 1 to the financial statements which describes the basis of preparation used in these financial statements.

Our opinion is not modified in respect of this matter.

***Other Matter – Comparative Information***

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

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

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

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

Those charged with governance are responsible for overseeing the School Board's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



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We also:

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

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

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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

March 18, 2024


# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2023, with comparative information for 2022

	2023	2022
		(restated - note 2)
<b>Financial assets</b>		
Cash	\$ 4,201,163	\$ 5,319,025
Guaranteed investment certificates	-	68,053
Accounts receivable (note 3)	753,140	754,600
Total financial assets	4,954,303	6,141,678
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 4)	1,401,463	1,098,774
Deferred revenue (note 5)	48,696	89,655
Asset retirement obligation (note 10)	219,546	192,500
Employee future benefits (note 6)	62,942	63,265
Total financial liabilities	1,732,647	1,444,194
Net financial assets	3,221,656	4,697,484
<b>Non-financial assets</b>		
Prepaid expenses	47,417	64,289
Tangible capital assets (note 7)	5,596,158	4,278,306
Total non-financial assets	5,643,575	4,342,595
Contractual obligations (note 14)		
Commitments and contingent liabilities (note 16)		
Accumulated surplus (note 8)	\$ 8,865,231	\$ 9,040,079

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


Supervisory Officer


Chair of the Board

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

## Consolidated Statement of Operations and Accumulated Surplus

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

	2023 Budget	2023 Actual	2022 Actual <small>(restated - note 2)</small>
<b>Revenue:</b>			
Government of Ontario grants:			
- Grants for Student Needs	\$ 7,111,077	\$ 7,020,914	\$ 6,859,726
- Other	1,815	198,416	771,271
Municipal	-	2,602	2,723
Other fees and revenue	510,297	270,274	619,189
School generated funds	55,152	58,226	68,756
<b>Total revenue</b>	<b>7,678,341</b>	<b>7,550,432</b>	<b>8,321,665</b>
<b>Expenses (note 9):</b>			
Instruction	4,237,467	4,145,232	3,980,158
Administration	614,724	647,746	795,983
Transportation	1,052,350	1,100,459	1,038,231
School operations and maintenance	1,364,878	1,386,199	1,209,646
Teacherages	340,543	388,518	307,412
School generated funds	55,951	57,126	72,231
<b>Total expenses</b>	<b>7,665,913</b>	<b>7,725,280</b>	<b>7,403,661</b>
<b>Annual surplus (deficit)</b>	<b>12,428</b>	<b>(174,848)</b>	<b>918,004</b>
Accumulated surplus, beginning of year	9,040,079	9,040,079	8,294,311
Adjustment for asset retirement obligation	-	-	(172,236)
<b>Accumulated surplus, end of year</b>	<b>\$ 9,052,507</b>	<b>\$ 8,865,231</b>	<b>\$ 9,040,079</b>

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

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

## Consolidated Statement of Change in Net Financial Assets

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

	2023	2023	2022
	Budget	Actual	Actual
			(restated - note 2)
Annual surplus (deficit)	\$ 12,428	\$ (174,848)	\$ 918,004
Tangible capital assets:			
Acquisition of tangible capital assets	-	(1,736,475)	(175,981)
Amortization of tangible capital assets	-	417,528	357,492
Amortization of tangible capital assets - ARO	-	28,140	-
Revaluation of tangible capital assets - ARO	-	(27,046)	-
	-	(1,317,853)	181,511
Prepaid expenses:			
Acquisition of prepaid expenses	-	(47,417)	(64,290)
Use of prepaid expenses	-	64,290	67,664
	-	16,873	3,374
Increase (decrease) in net financial assets	12,428	(1,475,828)	1,102,889
Net financial assets, beginning of year	4,697,484	4,697,484	3,787,095
Adjustment for asset retirement obligation	-	-	(192,500)
<b>Net financial assets, end of year</b>	<b>\$ 4,709,912</b>	<b>\$ 3,221,656</b>	<b>\$ 4,697,484</b>

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



# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

## Consolidated Statement of Cash Flows

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

	2023	2022
Cash flows provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (174,848)	\$ 918,004
Item not involving cash:		
Amortization of tangible capital assets	417,529	357,492
Amortization of tangible capital assets - ARO	28,140	-
	270,821	1,275,496
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	1,460	(388,920)
Increase in accounts payable and accrued liabilities	302,689	238,513
Decrease in deferred revenue	(40,959)	(12,649)
Decrease in employee future benefits	(323)	(40,454)
Decrease in prepaid expenses	16,872	3,374
Net change in cash from operating activities	550,560	1,075,360
Capital activities:		
Cash used to acquire tangible capital assets	(1,736,475)	(175,981)
Investing activities:		
Sale (purchase) of investments	68,053	(68,053)
Increase (decrease) in cash	(1,117,862)	831,326
Cash, beginning of year	5,319,025	4,487,699
Cash, end of year	\$ 4,201,163	\$ 5,319,025

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

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

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The James Bay Lowlands Secondary School Board is a public school board providing school services in Moosonee Ontario and operates one secondary school.

## 1. Significant accounting policies:

The consolidated financial statements (the "financial statements") of the James Bay Secondary School Board (the "Board") are prepared by management in accordance with Public Sector Accounting Standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of preparation:

The financial statements have been prepared in accordance with the Financial Administration Act (the "Act") supplemented by Ontario Ministry of Education memorandum 2004:B2.

The Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant ministry of the Government 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 Act, requiring contributions received or receivable for the acquisition or development of depreciable tangible capital assets be recorded as deferred capital contributions. Subsequent to Ontario Regulation 395/11, the Board has received instructions from the Ontario Ministry of Education to not recognize deferred capital contributions.

As a result, the Board has adopted Public Sector Accounting Standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (b) Reporting entity:

The 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 are owned and controlled by the Board, including:

- i) School generated funds which include the assets, liabilities, revenues, expenses and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the financial statements.

### (c) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

#### Fair value

The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

#### Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

#### Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Amortized cost
Guaranteed investment certificates	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

### (d) Accounts receivable and payable:

Accounts receivable and payable are accounted for on the accrual basis, which recognizes transactions as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal liability to pay.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement and may only be used for certain programs or in the delivery of specific services and transactions. Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

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

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

As part of the 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 between 2016 and 2018 for all employee groups. Additionally, retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT in 2017-18. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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. After retirees transition, the Board continues to be responsible for its share of cost of benefits based on the cost sharing arrangement prior to the transition to the ELHT.

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

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

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

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

- (i) 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 life insurance and health care benefits for those on disability leave, 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.

### (g) Non-financial assets:

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

#### (i) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical costs include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board capitalizes interest paid on debt used to finance the construction of tangible capital assets.

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

Asset	Useful Life - Years
School buildings	40 years
Other buildings	20 years
Leasehold improvements	10 years
Land improvements	10 years
Furniture and equipment	5 – 10 years
Computers, hardware and software	3 years
Vehicles	5 years

Amortization is taken at 50% of the above rates in the year of acquisition.

Construction in progress assets are not amortized until the asset is available for productive use.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (g) Non-financial assets (continued):

- (ii) Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

### (h) Government transfers:

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

### (i) Municipal taxation:

Under 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, property tax revenue received from the municipality is recorded as municipal taxation revenue when it is eligible for receipt.

### (j) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board.

The budget approved by the Board is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2022-2023 is reflected on the statement of operations. The budget was approved on July 8, 2022.

### (k) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities and estimated costs and timing of asset retirement obligations.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$219,546. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used, indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

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*.

- a) 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.

- b) 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.

- c) 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.

- d) 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. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

- d) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives (continued):

### Fair value hierarchy

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

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

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

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

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

- e) 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 a prior period restatement upon adoption of this standard.

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, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). 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. 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.



# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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

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

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific.

As a result of applying this accounting standard, as of August 31, 2023, an asset retirement obligation of \$219,546 (2022 – \$192,500) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
<b>Statement of Financial Position</b>			
Tangible Capital Assets including ARO	\$ 4,258,042	\$ 20,264	\$ 4,278,306
Asset retirement obligation liability	–	192,500	192,500
Accumulated Surplus (deficit)	9,212,315	(172,236)	9,040,079
<b>Statement of Change in Financial Assets</b>			
Adjustment for asset retirement obligation	–	(192,500)	(192,500)
Net financial assets	4,889,984	(192,500)	4,697,484
<b>Statement of Operations</b>			
Adjustment for asset retirement obligation	–	(172,236)	(172,236)
Accumulated surplus	9,212,315	(172,236)	9,040,079

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

### 3. Accounts receivable:

	2023	2022
Government of Canada	\$ 615,721	\$ 240,132
Province of Ontario	30,036	371,395
Other	107,383	143,073
	<b>\$ 753,140</b>	<b>\$ 754,600</b>

### 4. Accounts payable and accrued liabilities:

	2023	2022
Province of Ontario	\$ 435,348	\$ 603,528
Trade accounts payable and accruals	690,106	160,888
Payroll and benefits	276,009	334,358
	<b>\$ 1,401,463</b>	<b>\$ 1,098,774</b>

### 5. Deferred revenue:

	Balance at August 31, 2022	Additions	Revenue recognized in the period	Balance at August 31, 2023
<b>Ministry of Education:</b>				
Students at risk (student success)	\$ 7,422	\$ -	\$ (7,422)	\$ -
Special education (SEPPA)	44,484	631,877	(639,615)	36,746
Pupil accommodation	-	43,252	(43,252)	-
Other grants for specific purposes	19,884	255,965	(275,849)	-
Other	17,865	-	(5,915)	11,950
<b>Total deferred revenue</b>	<b>\$ 89,655</b>	<b>\$ 931,094</b>	<b>\$ (972,053)</b>	<b>\$ 48,696</b>

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 5. Deferred revenue (continued):

	Balance at August 31, 2021	Contributions received	Revenue recognized in the period	Balance at August 31, 2022
<b>Ministry of Education:</b>				
Students at risk (student success)	\$ 34,751	\$ 196,844	\$ (224,173)	\$ 7,422
Special education (SEPPA)	15,970	561,463	(532,949)	44,484
Pupil accommodation	–	43,252	(43,252)	–
Other grants for specific purposes	34,040	338,341	(352,497)	19,884
Other	17,543	53,234	(52,912)	17,865
<b>Total deferred revenue</b>	<b>\$ 102,304</b>	<b>\$ 1,193,134</b>	<b>\$ (1,205,783)</b>	<b>\$ 89,655</b>

## 6. Employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, worker's compensated absences, worker's compensation and long-term disability benefits.

### (a) Retirement benefits:

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

Teachers and related employee groups are eligible to be members of the 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 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 Board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the Board contributed \$103,128 (2022 - \$112,033). 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 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 financial statements. The amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service as of August 31, 2012.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 6. Employee future benefits (continued):

### (b) Other Employee Future Benefits:

#### (i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2023 were \$11,036 (2022 - \$9,570) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. Plan changes made in 2012 now requires school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision.

#### (ii) Long-term disability, dental and health care benefits:

ELHTs were established for all employee groups. There are no employee groups remaining for which the Board is responsible for providing health, dental and life insurance benefits. As a result, no liability for this benefit exists as at August 31, 2023.

#### (iii) Short-term leave and disability:

Under the short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A provision has been established representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

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. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2023	2022
Inflation	2.00%	2.00%
Wage and salary escalation	N/A	N/A
Discount on accrued benefit obligations	4.40%	3.90%

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 6. Employee future benefits (continued):

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

	2023	2022
Accrued benefit liability, beginning of year	\$ 63,265	\$ 103,719
Expenses recognized for the year:		
Current service cost	4,824	6,073
Amortized of actuarial gains and losses	1,992	1,421
Interest cost (gain)	(7,040)	1,839
	63,041	113,052
Benefits payments made	(99)	(49,787)
<b>Accrued benefit liability, end of year</b>	<b>\$ 62,942</b>	<b>\$ 63,265</b>
Accrued future benefit obligation, end of year	\$ 56,660	\$ 56,482
Net unamortized actuarial gain	6,282	6,783
<b>Accrued benefit liability, end of year</b>	<b>\$ 62,942</b>	<b>\$ 63,265</b>

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

**7. Tangible capital assets:**

Cost	Balance at August 31, 2022 <small>(restated - note 2)</small>	Additions	ARO Revaluation	Disposals and Transfers	Balance at August 31, 2023
Land	\$ 46,500	\$ -	\$ -	\$ -	\$ 46,500
Land improvements	-	356,633	-	-	356,633
School buildings	10,705,705	379,250	5,581	-	11,090,536
Other buildings	709,549	79,326	21,465	(9,417)	800,923
Leasehold improvements	431,934	-	-	-	431,934
Furniture and equipment	541,366	237,781	-	-	779,147
Computer hardware and software	303,794	-	-	-	303,794
Vehicles	129,779	-	-	-	129,779
Construction in progress	-	683,485	-	-	683,485
<b>Total</b>	<b>\$ 12,868,627</b>	<b>\$ 1,736,475</b>	<b>\$ 27,046</b>	<b>\$ (9,417)</b>	<b>\$ 14,622,731</b>

Accumulated Amortization	Balance at August 31, 2022 <small>(restated - note 2)</small>	Disposals and Transfers	ARO Amortization	Amortization	Balance at August 31, 2023
School buildings	\$ 6,701,471	\$ -	\$ 1,764	\$ 252,386	\$ 6,955,621
Other buildings	693,419	(9,417)	26,376	47,924	758,302
Leasehold improvements	411,210	-	-	5,924	417,134
Furniture and equipment	489,598	-	-	43,322	532,920
Computer hardware and software	254,743	-	-	30,164	284,907
Vehicles	39,880	-	-	19,977	59,857
Land improvements	-	-	-	17,832	17,832
<b>Total</b>	<b>\$ 8,590,321</b>	<b>\$ (9,417)</b>	<b>\$ 28,140</b>	<b>\$ 417,529</b>	<b>\$ 9,026,573</b>

	Net book value, August 31, 2022	Net book value, August 31, 2023
Land	\$ 46,500	\$ 46,500
Land improvements	-	338,801
School buildings	4,004,234	4,134,915
Other buildings	16,130	42,621
Leasehold improvements	20,724	14,800
Furniture and equipment	51,768	246,227
Computer hardware and software	49,051	18,887
Construction in progress	-	683,485
Vehicles	89,899	69,922
<b>Total</b>	<b>\$ 4,278,306</b>	<b>\$ 5,596,158</b>

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 8. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022
Unappropriated operating accumulated surplus	\$ 3,728,614	\$ 4,994,222
Invested in tangible capital assets	5,375,519	4,258,042
Employee future benefits	(62,942)	(63,265)
School generated funds	24,416	23,316
Asset retirement obligation	(200,376)	(172,236)
<b>Total accumulated surplus</b>	<b>\$ 8,865,231</b>	<b>\$ 9,040,079</b>

## 9. Expenses by object:

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

	2023 Budget	2023 Actual	2022 Actual
Salary and wages	\$ 3,416,577	\$ 3,323,283	\$ 3,297,561
Employee benefits	1,143,385	977,865	994,551
Staff development	84,220	54,304	51,514
Supplies and services	948,155	1,110,677	1,054,704
Rental	146,970	179,750	172,286
Fees and contract services	1,321,850	1,408,710	1,281,619
Other	316,502	224,752	193,934
Amortization of tangible capital assets	288,254	445,939	357,492
	<b>\$ 7,665,913</b>	<b>\$ 7,725,280</b>	<b>\$ 7,403,661</b>

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 10. Asset retirement obligations:

The Board has recorded an asset retirement obligation 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.

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

	2023	2022
Liabilities for Asset Retirement Obligations at beginning of year	\$ 192,500	\$ -
Liabilities incurred during the year	-	192,500
Increase in liabilities reflecting changes in the estimate of liabilities <sup>1</sup> (note 12)	27,046	-
	<u>\$ 219,546</u>	<u>\$ 192,500</u>

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

## 11. 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.

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

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 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. The current five-year term expires December 31, 2026.

Premiums paid to OSBIE for the policy year ending December 31, 2023 amount to \$70,749.



# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 13. Line of credit:

The School Board has available to it a \$750,000 revolving line of credit by way of business operating account overdraft with a chartered bank, payable on demand, bearing interest at the prime rate plus 1% per annum. Security is provided in the form of a borrowing resolution. The Board did not utilize this credit facility during the year.

## 14. Contractual obligations:

The Board leases premises from the Town of Moosonee under a lease agreement that expires December 31, 2025. Rent is subject to monthly payments as scheduled in the terms of the expires lease agreement. In addition, applicable taxes are to be charged to the Board. The current years rent charge is \$146,970 (2022 - \$144,088).

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

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$5,915 with expenses based on use of \$5,915.

## 16. Commitments and contingent liabilities:

### (a) Leases and service agreements:

The Board has entered into various service agreements. Minimum payments (including taxes excluding tax rebates) are approximately as follows:

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2024	\$	4,789
2025		4,789
2026		4,789
2027		4,789

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### (b) Contingencies:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss if any, from these contingencies will be accounted for in the year in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

# JAMES BAY LOWLANDS SECONDARY SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 17. 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 31, 2024):

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

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

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

## 18. Comparative information:

Certain 2022 comparative information has been reclassified, where applicable to conform to the presentation used in the current year. The changes do not affect the prior year restated accumulated surplus.