



2022-2023 LBPSB Financial Statements

November 27th 2023

At its November 27th regular meeting, the Lester B. Pearson School Board's Council of Commissioners adopted the 2022-2023 financial statements.

The Lester B. Pearson School Board financial statements for the year ending June 30, 2023, indicate an accumulated surplus of \$13,303,006. This surplus includes \$10,608,697 in land, an anticipated MEQ adjustment of \$1,303,000 and over \$2 million in reserved funds for employee professional development and student teacher funds. After these amounts are subtracted from the surplus, the school board is left with a small deficit. The school board is reviewing all expenses and revenues to present a balanced budget for the 2024-2025 school year.

Analyzing the statements

The 2022-2023 school year saw the reduction in many COVID-19 protocols and the resumption of traditional activities. Consequently, there were decreases in some pandemic-related expenses and increases in expenses for activities which returned. Variances in expenses between 2021-2022 and 2022-2023 included:

- Increase in expenses for school sports and extracurricular activities returning full time;
- Increase in expenses related to field trips;
- Increase in expenses linked to professional development that necessitated travel for in-person learning;
- Increase in school bus transportation costs as the Ministry of Education negotiated new five-year contracts with the carriers and included financing for electric buses.

Quebec government required adjustments to 2022-2023 financial statements and restatement of 2021-2022 financial statements.

Effective July 1, 2022, all school boards in Quebec were required to adopt a new asset retirement obligation accounting standard – under Public Sector Accounting Board (PSAB) standard section PS 3280 “Asset retirement obligations”. This section established standards on how to account for and report the liability of retirement obligations.

An asset retirement obligation (ARO) is a legal obligation associated with the retirement of tangible capital assets, including work required when a physical asset is removed from service and sale or abandonment. The most common environmental ARO under the scope of PS 3280 include removal of asbestos, underground fuel storage tanks, septic tanks, and wells. These items must be removed under various circumstances in strict compliance with their respective regulations.

Upon recognition of the liability for an ARO associated with tangible capital assets currently in use, school boards increased the carrying amount of the related asset by the same amount of the ARO liability and amortize the liability for the remaining service life of the asset. AROs (Asset Retirement Obligation) for assets that are no longer in productive use must be expensed upon recognition of the liability.

This new application had an impact on the following components of the statement of operations, the statement of accumulated operating surplus, the statement of financial position and the statement of changes in net debt for the fiscal years ended June 30, 2023, and as well as for 2022.

The government has committed to grant fund the value of the asset retirement obligations that originated before April 1, 2022, as well as the sums required to provide for revisions of these obligations and accretion expenses and indexing linked to these obligations, this grant was accounted for in accordance with the section PS 3410 "Government transfers". By committing to fund the asset retirement obligations, the school board is not penalized for the implementing the new standards.

Lester B. Pearson School Board Administration