Peterborough Victoria Northumberland and Clarington Catholic District School Board

Consolidated Financial Statements

For the year ended August 31, 2015

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Management's Responsibility for the Financial Statements

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

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

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

The Audit Committee 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 the approval of the consolidated financial statements.

The consolidated financial statements 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 consolidated financial statements.

Director of Education / Secretary Treasurer

Superintendent of Business and Finance

November 24, 2015

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Independent Auditor's Report

To the Board of Trustees of the
Peterborough Victoria Northumberland and Clarington
Catholic District School Board

We have audited the accompanying consolidated financial statements of Peterborough Victoria Northumberland and Clarington Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2015, the consolidated statements of operations, changes in net debt and cash flow for the year then ended along with a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of Peterborough Victoria Northumberland and Clarington Catholic District School Board for the year ended August 31, 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Peterborough, Ontario
November 24, 2015

Peterborough Victoria Northumberland and Clarington Catholic District School Board

Consolidated Statement of Financial Position

August 31	2014/2015	2013/2014
Financial Assets		
Cash	$ 24,902,383	$ 20,600,428
Accounts receivable		
Local government	2,814,742	2,889,286
Other	2,226,398	2,180,474
Government of Ontario - Approved Capital (Note 3)	60,315,768	66,151,638
	90,259,291	91,821,826
Financial Liabilities		
Accounts payable and accrued liabilities	8,482,426	8,318,355
Net long-term debt (Note 7)	59,578,489	62,376,053
Deferred revenue (Note 4)	5,463,307	4,617,560
Deferred capital contributions (Note 5)	181,360,437	184,734,590
Employee future benefits liability (Note 6)	20,689,258	20,422,892
	275,573,917	280,469,450
Net Debt	(185,314,626)	(188,647,624)
Non-Financial Assets		
Prepaid expenses	1,215,736	292,882
Tangible capital assets (Note 12)	200,325,133	203,445,641
	201,540,869	203,738,523
Accumulated Surplus (Note 13)	$ 16,226,243	$ 15,090,899

Signed on Behalf of The Board

Barbara McCalom

Director of Education / Secretary Treasurer

Chair of School Board

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

Peterborough Victoria Northumberland and Clarington Catholic District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2014/2015	**Actual 2014/2015**	Actual 2013/2014
Revenues			
Provincial legislative grants	$ 157,823,639	**$ 160,804,165**	$ 148,282,804
Provincial grants - other	1,464,688	**1,838,023**	9,232,606
Federal grants and fees	245,614	**278,644**	241,269
Investment income	210,000	**280,770**	245,612
Other fees and revenues	901,186	**1,733,038**	1,345,125
School generated funds	3,600,000	**4,065,672**	3,870,168
Amortization of deferred capital contributions	8,301,802	**8,377,033**	8,133,102
	172,546,929	**177,377,345**	171,350,686
Expenses			
Instruction	128,677,383	**131,568,262**	128,055,709
Administration	4,952,639	**5,067,523**	4,827,915
Transportation	9,890,347	**9,955,642**	9,823,497
Pupil accommodation	24,772,667	**25,547,546**	25,060,542
Other	-	**-**	4,000
School generated funds	3,600,000	**4,103,028**	3,895,552
	171,893,036	**176,242,001**	171,667,215
Annual surplus (deficit)	653,893	**1,135,344**	(316,529)
Accumulated surplus, beginning of year	14,754,053	**15,090,899**	15,407,428
Accumulated surplus, end of year	$ 15,407,946	**$ 16,226,243**	$ 15,090,899

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

Peterborough Victoria Northumberland and Clarington Catholic District School Board

Consolidated Statement of Cash Flows

For the year ended August 31	2014/2015	2013/2014
Operations		
Annual surplus (deficit)	**$ 1,135,344**	$ (316,529)
Sources and (Uses)		
Change in non-cash items:		
Amortization of tangible capital assets	**8,532,064**	8,258,416
Amortization of deferred capital contributions	**(8,377,033)**	(8,133,102)
Gain on sale of tangible capital assets	**(1,042)**	(9,564)
	1,289,333	(200,779)
Change in:		
Accounts receivable	**28,623**	(673,018)
Accounts payable and accrued liabilities	**164,071**	(1,615,771)
Deferred revenues - operating	**(363,804)**	(690,587)
Employee future benefits liability	**266,366**	(248,478)
Prepaid expenses	**(922,854)**	14,711
Cash provided by (applied to) operating transactions	**461,735**	(3,413,922)
Capital Transactions		
Proceeds on sale of tangible capital assets	**1,042**	9,564
Cash used to acquire tangible capital assets	**(5,411,556)**	(11,229,082)
	(5,410,514)	(11,219,518)
Financing Transactions		
Long-term debt issued	**-**	2,000,000
Debt repayments	**(2,797,564)**	(2,585,998)
Government of Ontario - approved capital	**5,835,867**	3,052,646
Additions to deferred capital contributions	**5,002,880**	10,640,779
Decrease in deferred revenues - capital	**1,209,551**	1,643,526
	9,250,734	14,750,953
Increase (decrease) in cash and equivalents during the year	**4,301,955**	117,513
Cash and equivalents, beginning of year	**20,600,428**	20,482,915
Cash and equivalents, end of year	**$ 24,902,383**	$ 20,600,428

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

Peterborough Victoria Northumberland and Clarington Catholic District School Board

Consolidated Statement of Change in Net Debt

For the year ended August 31	Actual 2014/2015	Actual 2013/2014
Annual Surplus (Deficit)	**$ 1,135,344**	$ (316,529)
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	**(5,411,556)**	(11,229,082)
Amortization of tangible capital assets	**8,532,064**	8,258,416
Gain/loss on sale tangible capital assets	**(1,042)**	(9,564)
Proceeds on sale of tangible capital assets	**1,042**	9,564
	3,120,508	(2,970,666)
Other Non-Financial Asset Activity		
Acquisition of prepaid expenses	**(1,215,736)**	(292,882)
Use of prepaid expenses	**292,882**	307,593
	(922,854)	14,711
Change in net debt	**3,332,998**	(3,272,484)
Net Debt at beginning of year	**(188,647,624)**	(185,375,140)
Net Debt at end of year	**$ (185,314,626)**	$ (188,647,624)

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

1. Significant Accounting Policies

The consolidated financial statements 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 statement of operations 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 require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

1. Significant Accounting Policies - continued

(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 School Board and which are controlled by the School Board. The following entities are reflected in the statements:

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 School Board.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(c) Trust Funds

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

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(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 expenses are incurred or services performed.

1. Significant Accounting Policies - continued

(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 contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

(g) Retirement and Other Employee Future Benefits

The School Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. The School 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 & 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 and years of service as at August 31, 2012 and management’s best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

1. Significant Accounting Policies - continued

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability 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 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) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

1. Significant Accounting Policies - continued

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First–time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is put into service.

Land permanently removed from service and held for resale is recorded at the 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 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.

(i) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

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.

1. Significant Accounting Policies - continued

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(l) 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. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates, as additional information becomes available in the future.

(m) Property Tax Revenue

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 municipalities is recorded as part of Provincial legislative grants.

2. Change in Accounting Policy

The Board has implemented Public Sector Accounting Board ("PSAB") section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Board's financial statements.

3. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009/2010. Peterborough Victoria Northumberland and Clarington Catholic District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The School Board receives this grant in cash over the remaining term of the existing capital debt instruments. The School Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The School Board has an account receivable from the Province of Ontario of $60,315,768 as at August 31, 2015 (2014 - $66,151,638) with respect to capital grants.

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 August 31, 2015 is comprised of:

	Balance as at August 31 2014	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	**Balance as at August 31 2015**
Capital					
School Renewal	$ 1,012,900	$ 1,816,898	$ 254,216	$ 1,200,653	**$ 1,374,929**
School Condition Improvement	1,996,749	1,957,907	-	832,376	**3,122,280**
Minor Tangible Capital Assets	-	3,946,176	2,789,848	1,156,328	**-**
Proceeds of Disposition	476,611	-	-	-	**476,611**
Education Development Charges	151	138,876	138,876	-	**151**
Retrofit for Child Care	274,147	7,200	-	97,496	**183,851**
Temporary Accommodation	-	15,242	-	15,242	**-**
Interest on Capital	-	3,554,938	3,554,938	-	**-**
Other	187,713	134,949	-	322,662	**-**
	3,948,271	11,572,186	6,737,878	3,624,757	**5,157,822**
Operating					
Special Education	469,802	22,186,443	22,490,725	-	**165,520**
Full Day Kindergarten	139,111	(139,111)	-	-	**-**
Other	60,376	2,485,750	2,406,161	-	**139,965**
	669,289	24,533,082	24,896,886	-	**305,485**
Total Deferred Revenue	$ 4,617,560	$ 36,105,268	$ 31,634,764	$ 3,624,757	**$ 5,463,307**

5. Deferred Capital Contributions

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

	2014/2015	2013/2014
Balance, beginning of year	**$ 184,734,590**	$182,226,913
Additions to deferred capital contributions	**5,002,880**	10,640,779
Revenue recognized in the period	**(8,377,033)**	(8,133,102)
Balance, end of year	**$ 181,360,437**	$184,734,590

6. Retirement and Other Employee Future Benefits

Liability

	Retirement Gratuities	Retirement Benefits	Other Employee Future Benefits	**2014/2015 Total**	2013/2014 Total
Accrued employee benefit obligations at August 31	$ 15,711,476	$ 1,910,873	$ 4,472,329	**$22,094,678**	$ 21,409,128
Unamortized actuarial gains (losses) at August 31	(1,405,420)	-	-	**(1,405,420)**	(986,236)
Employee future benefits liability at August 31	$ 14,306,056	$ 1,910,873	$ 4,472,329	**$20,689,258**	$ 20,422,892

Change in Liability

	Retirement Gratuities	Retirement Benefits	Other Employee Future Benefits	**2014/2015 Total**	2013/2014 Total
Current year benefit cost	$ -	$ -	$ 423,410	**$ 423,410**	$ 958,856
Interest on accrued benefit obligation	429,258	55,741	130,335	**615,334**	679,336
Amortization of actuarial (gains)/losses	2,808	215,636	1,025,307	**1,243,751**	134,684
Benefit payments[1]	(953,038)	(437,089)	(626,002)	**(2,016,129)**	(2,021,354)
Net change	$ (520,972)	$ (165,712)	$ 953,050	**$266,366**	$ (248,478)

[1] Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

6. Retirement and Other Employee Future Benefits - continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on actuarial valuations for accounting purposes as at August 31, 2015. The economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	2014/2015	2013/2014
Inflation	1.5%	3.00%
Wage and salary escalation	n/a	n/a
Insurance and health care cost escalation	4.5 - 8.5%	4.5 - 7.9%
Discount on accrued benefit obligations	2.45%	3.00%

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 School Board's consolidated financial statements.

6. Retirement and Other Employee Future Benefits - continued

(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 is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of $76,924 million in respect of benefits accrued for service with actuarial assets at that date of $69,846 million indicating an actuarial deficit of $7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. During the year ended August 31, 2015, the Board contributed $2,201,670 (2014 - $2,155,243) to the plan.

(iii) Retirement Gratuities

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Board's consolidated financial statements. As of August 31, 2015 the Board has restricted a portion of its accumulated surplus for retirement gratuities amounting to $2,490,800 (2014 - $2,802,150).

(iv) Retirement Life Insurance and Health Care Benefits

The School Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the School Board experience and retirees' premiums are subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for School Board subsidized premiums or contributions.

6. Retirement and Other Employee Future Benefits - continued

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The School 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 School 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 School Board's consolidated financial statements. As at August 31, 2015 the liability included in employee future benefits for this obligation is $587,547 and the Board has restricted a portion of its accumulated surplus for WSIB obligations amounting to $746,379 (2014 - $746,379).

(ii) Long-term Disability Life Insurance and Health Care Benefits

The School Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The School Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The School Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick Leave Top-Up Benefits

As a result of changes made in 2012-2013 to the short term sick leave and disability plan, a maximum of eleven unused sick 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 financial statements are $72,799 (2014 – $81,171).

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, 2015 and is based on the average daily salary and banked sick days of employees as at August 31, 2015

7. Net Long-Term Debt

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

	2014/2015	2013/2014
Debenture payable - Bylaw #117 - for permanent improvements, 7.342% per annum, repayable $292,226 per month principal and interest, due July 2026, redeemable in whole but not in part of the principal amount outstanding, at the option of the School Board on any date prior to July 2026	**$26,281,210**	$ 27,797,391
Bank term installment loans, for permanent improvements, 5.15 - 5.25% per annum, repayable $87,683 per month principal and interest, due March 2016 - January 2017	**8,964,618**	9,537,331
Ontario Finance Authority term installment loans, for permanent improvements, 3.564% - 5.232% per annum, repayable $885,762 semi-annually principal and interest, due November 2031 - March 2039	**24,332,661**	25,041,331
	$59,578,489	$ 62,376,053

Payments relating to net long-term debt outstanding as at August 31, 2015 are due as follows:

	Principal	Interest	Total
2015/2016	$ 4,493,447	$ 3,315,968	$ 7,809,415
2016/2017	9,368,262	2,868,149	12,236,411
2018/2019	2,693,151	2,585,093	5,278,244
2019/2020	2,871,423	2,406,821	5,278,244
2020/2021	3,062,125	2,216,118	5,278,243
Thereafter	37,090,081	11,901,607	48,991,688
	$ 59,578,489	$ 25,293,756	$ 84,872,245

8. Debt Charges and Capital Loan Interest

	2014/2015	2013/2014
Principal payments on long-term liabilities	**$ 2,797,562**	$ 2,585,998
Interest payments on long-term liabilities	**3,516,871**	3,639,480
	$ 6,314,433	$ 6,225,478

9. Temporary Borrowings

The School Board has an authorized line of credit of $10,000,000 which bears interest at prime. As at August 31, 2015 the School Board had not drawn on this credit facility.

10. 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 $24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the School Board's actual claims experience. Periodically, the School 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, 2016.

11. Expenses by Object

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

	Budget 2014/2015	**Actual 2014/2015**	Actual 2013/2014
Expenses			
Salaries and wages	$ 115,001,375	**$ 116,749,948**	$ 114,312,379
Employee benefits	18,792,376	**19,949,886**	18,740,805
Staff development	691,119	**588,172**	591,135
Supplies and services	12,958,187	**13,826,144**	13,115,280
Interest	3,516,869	**3,516,871**	3,639,480
Rental	68,450	**94,206**	82,099
Fees and contract services	12,274,564	**12,831,174**	12,787,294
Other	133,094	**153,107**	140,327
Amortization of tangible capital assets	8,457,002	**8,532,493**	8,258,416
	$ 171,893,036	**$ 176,242,001**	$ 171,667,215

12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	**Additions/ Transfers**	**Disposals**	**Closing**	**Opening**	**Additions/ Transfers**	**Disposals**	**Closing**	**2014/2015**	2013/2014
Land	$ 16,595,380	$ -	$ -	**$ 16,595,380**	$ -	$ -	$ -	**$ -**	**$ 16,595,380**	$ 16,595,380
Land Improvements	6,136,404	619,793	-	**6,756,197**	1,683,217	436,152	-	**2,119,369**	**4,636,828**	4,453,187
Buildings	246,681,140	1,464,727	-	**248,145,867**	71,740,362	6,181,815	-	**77,922,177**	**170,223,690**	174,940,778
Portable Structures	3,716,111	15,242	-	**3,731,353**	2,552,317	186,187	-	**2,738,504**	**992,849**	1,163,794
Leasehold Improvement	80,714	-	-	**80,714**	10,089	20,178	-	**30,267**	**50,447**	70,625
Other Buildings	65,412	-	-	**65,412**	15,143	3,291	-	**18,434**	**46,978**	50,269
Construction in Progress	-	1,766,352	-	**1,766,352**	-	-	-	**-**	**1,766,352**	-
Computer Hardware	4,963,976	1,028,789	(1,103,272)	**4,889,493**	2,533,809	985,347	(1,103,272)	**2,415,884**	**2,473,609**	2,430,167
Computer Software	442,999	-	(16,187)	**426,812**	207,429	86,981	(16,187)	**278,223**	**148,589**	235,570
Equipment - 5 year	7,607	21,739	-	**29,346**	3,804	3,695	-	**7,499**	**21,847**	3,803
Equipment - 10 year	2,609,683	172,141	(43,738)	**2,738,086**	1,048,418	267,390	(43,738)	**1,272,070**	**1,466,016**	1,561,265
Equipment - 15 year	982,897	-	-	**982,897**	599,902	65,526	-	**665,428**	**317,469**	382,995
Furniture	330,312	61,030	(15,334)	**376,008**	178,386	35,316	(15,334)	**198,368**	**177,640**	151,926
New School Equipping	2,250,314	187,737	(150,261)	**2,287,790**	942,525	226,905	(150,261)	**1,019,169**	**1,268,621**	1,307,789
Vehicles	144,981	74,006	-	**218,987**	46,888	33,281	-	**80,169**	**138,818**	98,093
	$ 285,007,930	$ 5,411,556	$ (1,328,792)	**$ 289,090,694**	$ 81,562,289	$ 8,532,064	$ (1,328,792)	**$ 88,765,561**	**$ 200,325,133**	$ 203,445,641

13. Accumulated Surplus

Accumulated surplus consists of the following:

	2014/2015	2013/2014
Available for Compliance - Unappropriated		
Operating accumulated surplus	**$ 4,348,544**	$ 3,962,239
Available for Compliance - Internally Appropriated		
Retirement gratuities	**2,490,800**	2,802,150
WSIB	**746,379**	746,379
School activities	**216,250**	246,666
Committed capital projects	**2,369,318**	2,115,671
Facilities and sites	**1,638,702**	1,638,702
Facility renewal	**-**	168,633
Total Internally Appropriated	**7,461,449**	7,718,201
Unavailable for Compliance		
Invested in tangible capital assets	**16,309,962**	16,223,331
School generated funds	**1,545,931**	1,583,287
Interest to be accrued	**(247,383)**	(263,386)
Employee future benefits	**(13,192,260)**	(14,132,773)
Total Unavailable for Compliance	**4,416,250**	3,410,459
Total Accumulated Surplus	**$ 16,226,243**	$ 15,090,899

14. Trust Funds

Trust funds administered by the School Board amounting to $208,580 (2014 - $209,415) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. Student Transportation Services of Central Ontario Transportation Consortium

On March 30, 2007, the School Board entered into an agreement with Kawartha Pine Ridge District School Board and Conseil Scolaire De District Catholique Centre-Sud 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 School Boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Central Ontario are shared. No partner is in a position to exercise unilateral control.

The following provides condensed financial information:

	2014/2015		2013/2014	
	Total	**Board Portion**	Total	Board Portion
Expenses	**$27,786,223**	**$ 8,076,428**	$ 27,545,509	$ 8,627,582

16. Subsequent Events

Subsequent to August 31, 2015,the Ontario English Catholic Teachers Association (OECTA) ratified agreements at the central level which include a voluntary retirement gratuity early payout provision. This provision may have a future impact on the board’s employee future benefit liability. There is no impact to the 2014/2015 fiscal year. To be effective, the collective agreements must be ratified at both the central and local level. At the reporting date of these financial statements, local ratification has occurred for OECTA.

The voluntary retirement gratuity early payout provision provides OECTA members the option of receiving a discounted retirement gratuity benefit payment on August 31, 2016. The voluntary retirement gratuity early payout provision may result in payouts occurring earlier than anticipated and generally at a discount to August 31, 2015 financial statement carrying values. As a result, the reduction in the liability for those members who take the voluntary retirement gratuity early payout option will be accompanied by actuarial gains or losses in the board’s 2015/2016 year financial statements. At this time, the change in the liability cannot be estimated since members of OECTA have until May 31, 2016 to declare their participation in the voluntary retirement gratuity early payout option.

17. Comparative Figures

Comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.