

Consolidated Financial Statements

**Avon Maitland District School Board**

August 31, 2015

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

The accompanying consolidated financial statements of the Avon Maitland District School Board are the responsibility of the Board 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 to the consolidated financial statements.

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

Board Management maintains a system of internal 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 meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



Ted Doherty  
Director of Education  
and Secretary of the Board



Cheri Carter  
Associate Superintendent of Financial  
Services and Treasurer

Date: November 10, 2015



**KPMG LLP**  
140 Fullarton Street Suite 1400  
London, ON N6A 5P2  
Canada

Telephone (519) 672-4880  
Fax (519) 672-5684  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of Avon Maitland District School Board

We have audited the accompanying consolidated financial statements of Avon Maitland District School Board, which comprise the consolidated statement of financial position as at August 31, 2015, the consolidated statement of operations and accumulated surplus, changes in cash flows and change in net debt for the year then ended and notes, comprising 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 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.

### *Auditors' 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 consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements of Avon Maitland District School Board as at and for the year ended August 31, 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to note 1 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.



Chartered Professional Accountants, Licensed Public Accountants

November 10, 2015

London, Canada

**Avon Maitland District School Board  
Consolidated Statement of Financial Position**

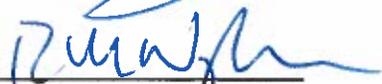
As at August 31, 2015, with comparative information for 2014

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 18)	10,642,122	15,972,827
Accounts receivable	8,797,583	7,759,013
Accounts receivable, Province of Ontario	212,957	244,610
Accounts receivable, Province of Ontario – Capital debt grant (note 3)	54,108,496	53,049,578
Investments (note 18)	23,506	47,671
<b>Total financial assets</b>	<b>73,784,664</b>	<b>77,073,699</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	11,387,063	9,735,830
Long-term financing (note 6)	44,583,201	46,046,961
Deferred revenue (note 7)	5,043,302	8,030,293
Retirement and other employee future benefits payable (note 8)	18,687,290	20,100,300
Deferred capital contributions (note 9)	138,657,157	126,406,988
<b>Total financial liabilities</b>	<b>218,358,013</b>	<b>210,320,372</b>
<b>Net debt</b>	<b>(144,573,349)</b>	<b>(133,246,673)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	603,685	445,782
Tangible capital assets (note 11)	146,659,285	134,101,830
<b>Total non-financial assets</b>	<b>147,262,970</b>	<b>134,547,612</b>
Commitments and contingencies (note 14)		
Subsequent event (note 15)		
<b>Accumulated surplus (note 12)</b>	<b>2,689,621</b>	<b>1,300,939</b>

See accompanying notes to consolidated financial statements

On behalf of the Board:

  
\_\_\_\_\_  
Director of Education

  
\_\_\_\_\_  
Chair of the School Board

**Avon Maitland District School Board**  
**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended August 31, 2015, with comparative information for 2014

	<b>2015</b>		<b>2014</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b>REVENUES</b>			
Provincial grants - student focused funding	184,243,550	182,394,662	171,862,964
Provincial grants - other	5,991,313	5,771,978	13,207,418
Federal grants and fees (Service Canada)	282,021	104,867	104,601
Other revenues - school boards	675,986	664,627	667,946
Other fees and revenues	2,102,200	2,966,743	1,975,668
Investment income	150,000	153,223	132,963
School generated funds ( <i>note 18</i> )	6,450,000	6,077,824	6,404,933
<b>Total revenues</b>	<b>199,895,070</b>	<b>198,133,924</b>	<b>194,356,493</b>
<b>EXPENSES</b> ( <i>note 10</i> )			
Instruction	150,583,660	149,116,076	145,644,059
Administration	4,968,322	5,085,200	4,747,516
Transportation	11,533,722	11,488,510	11,483,375
Pupil accommodation	24,849,004	24,622,439	23,793,837
Other	283,619	298,417	367,795
School generated funds activities ( <i>note 18</i> )	6,450,000	6,134,600	6,320,340
<b>Total expenses</b>	<b>198,668,327</b>	<b>196,745,242</b>	<b>192,356,922</b>
<b>Annual surplus</b>	<b>1,226,743</b>	<b>1,388,682</b>	<b>1,999,571</b>
Accumulated surplus (deficit), opening	1,300,939	1,300,939	(698,632)
<b>Accumulated surplus, closing</b> <b>(note 12)</b>	<b>2,527,682</b>	<b>2,689,621</b>	<b>1,300,939</b>

See accompanying notes to consolidated financial statements

## Avon Maitland District School Board Consolidated Statement of Cash Flow

For the year ended August 31, 2015, with comparative information for 2014

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	1,388,682	1,999,571
Changes in non-cash items		
Amortization of tangible capital assets	7,979,551	7,448,753
Write-down of tangible capital assets	-	681
Revenue from deferred capital contributions	(7,844,030)	(7,338,651)
Changes in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	(1,006,917)	65,107
Decrease in assets held for sale	-	1,073,200
Increase in accounts payable and accrued liabilities	1,651,233	(1,457,157)
Increase (decrease) in deferred revenue – operating, net	58,112	(666,045)
Decrease in retirement and other employee future benefit payable	(1,413,010)	(1,348,700)
Decrease (increase) in prepaid expenses	(157,903)	15,484
<b>Net increase (decrease) in cash from operations</b>	<b>655,718</b>	<b>(207,757)</b>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	-	4,705
Cash used to acquire tangible capital assets	(20,537,006)	(13,998,584)
<b>Net decrease in cash from capital</b>	<b>(20,537,006)</b>	<b>(13,993,879)</b>
<b>INVESTING TRANSACTIONS</b>		
Cash provided by (used in) investing transactions	24,165	(221)
<b>Net increase (decrease) in cash from capital</b>	<b>24,165</b>	<b>(221)</b>
<b>FINANCING TRANSACTIONS</b>		
Long-term financing issued	-	9,278,305
Long-term financing repayments	(1,463,760)	(1,216,523)
Decrease (Increase) in accounts receivable – capital	(1,058,918)	3,003,315
Additions to deferred capital contributions, net of transfers to deferred revenue	20,094,199	13,083,525
Decrease in deferred revenue – capital, net	(3,045,103)	(335,297)
<b>Cash provided by financing transactions</b>	<b>14,526,418</b>	<b>23,813,325</b>
<b>Change in Cash</b>	<b>(5,330,705)</b>	<b>9,611,468</b>
Cash opening	15,972,827	6,361,359
<b>Cash closing</b>	<b>10,642,122</b>	<b>15,972,827</b>

*See accompanying notes to consolidated financial statements*

**Avon Maitland District School Board  
Consolidated Statement of Change in Net Debt**

For the year ended August 31, 2015, with comparative information for 2014

	<b>2015</b>	<b>2014</b>
	\$	\$
Annual surplus	1,388,682	1,999,571
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>		
Acquisition of tangible capital assets	(20,537,006)	(13,998,584)
Amortization of tangible capital assets	7,979,551	7,448,753
Proceeds on sale of tangible capital assets	-	4,705
Write-down on tangible capital assets	-	681
<b>Total tangible capital assets activity</b>	<b>(12,557,455)</b>	<b>(6,544,445)</b>
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>		
Acquisition of prepaid expenses	(603,685)	(445,782)
Use of prepaid expenses	445,782	461,266
<b>Total other non-financial asset activity</b>	<b>(157,903)</b>	<b>15,484</b>
<b>Increase in net debt</b>	<b>(11,326,676)</b>	<b>(4,529,390)</b>
Net debt, opening	(133,246,673)	(128,717,283)
<b>Net debt, closing</b>	<b>(144,573,349)</b>	<b>(133,246,673)</b>

*See accompanying notes to consolidated financial statements*

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the Avon Maitland District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

#### (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 (Province). A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

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

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

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

# **Avon Maitland District School Board**

## **Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

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### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(a) Basis of Accounting (continued)**

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

#### **(b) Reporting entity**

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are deemed to be controlled by the Board are reflected in the consolidated financial statements as are the pro-rata assets, liabilities, revenues and expenses of the Huron Perth Student Transportation Services ("HPSTS") transportation consortium.

#### **(c) Trust funds**

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

Temporary investments are carried on the Consolidated Statement of Financial Position at the lower of cost or market value while long-term investments are recorded at cost, and assessed regularly for permanent impairment.

#### **(f) Deferred revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) 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 that were historically used to fund capital assets

#### (h) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental and life insurance, retirement gratuity, compensated absences and workers' compensation benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care 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 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.

For self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' 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 contribution 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 incurred.

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Retirement and other employee future benefits (continued)

- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

#### (i) Tangible capital assets

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

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

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

Asset	Estimated useful life in years
Buildings	40 years
Portable structures	20 years
Land improvements with finite lives	15 years
Leasehold improvements	Term of lease
Furniture	10 years
First time equipping	10 years
Equipment	5 – 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 – 10 years

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated 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.

# **Avon Maitland District School Board**

## **Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

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### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(i) Tangible capital assets (continued)**

Works of art, cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### **(j) Government transfers**

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

#### **(k) Investment income**

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

#### **(l) Budget figures**

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

#### **(m) Use of estimates**

The preparation of consolidated financial statements, in conformity with the basis of accounting described in note 1(a), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant items subject to such estimates and assumptions include retirement and other employee future benefits payable, and accrued liabilities. Actual results could differ from these estimates.

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Property tax revenue

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the taxation revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property taxation revenue received by the Board from the municipalities is recorded as part of Provincial Legislative Grants and not property taxation revenue.

### 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 - PROVINCE OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Avon Maitland 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 Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$54,108,496 (2014 - \$53,049,578) as at August 31, 2015 with respect to capital grants.

### 4. ASSETS HELD FOR SALE

During the year, there were no school properties sold, and no additional properties were reclassified as assets held for sale. Net proceeds of nil (2014 - \$1,016,926) were received on the sale of these properties, which had a carrying value of nil (2014 - \$1,073,200), resulting in a loss on disposal of nil (2014 - \$56,274).

	2015 \$	2014 \$
Balance, beginning of year	-	1,073,200
Transfer to assets held for sale in year	-	-
Less: Net book value of assets sold in year	-	(1,073,200)
<b>Balance, end of year</b>	<b>-</b>	<b>-</b>

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 5. BANK INDEBTEDNESS

The Board has a \$20,000,000 unsecured operating line of credit available bearing interest of the prime rate minus 0.65 %, of which Nil (2014 - Nil) was drawn at August 31, 2015.

### 6. LONG-TERM FINANCING

Long-term financing reported on the Consolidated Statement of Financial Position are comprised of the following:

	2015 \$	2014 \$
Capital loan for Good Places to Learn Stage 1, interest rate of 4.56% with a 25 year term, maturing November 15, 2031	12,215,222	12,702,915
Capital loan for Good Places to Learn Stage 2, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	5,975,611	6,182,233
Capital loan for Good Places to Learn Stage 3, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	3,213,163	3,313,437
Capital loan for Good Places to Learn Stage 4, interest rate of 5.23% with a 25 year term, maturing April 13, 2035	3,482,685	3,580,291
Capital loan for Primary Class Size, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	1,303,543	1,348,616
Capital loan for Primary Class Size, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	235,298	242,641
Capital loan for Good Places to Learn Stage 4 and Prohibitive to Repair Projects interest rate of 4.83% with a 25 year term, maturing March 11, 2036	2,504,849	2,573,448
Capital loan for Prohibitive to Repair Projects – Little Falls interest rate of 3.97% with a 25 year term, maturing November 15, 2036	6,598,590	6,790,070
Capital loan for Capital Priorities Projects – Maitland River interest rate of 4.003% with a 25 year term, maturing March 11, 2039	9,054,240	9,278,305
<b>Total capital loans</b>	<b>44,583,201</b>	<b>46,011,956</b>
Capital lease with interest rate of 4.95% maturing in accordance with schedule below	-	35,005
<b>Total capital leases</b>	<b>-</b>	<b>35,005</b>
<b>Total long-term financing</b>	<b>44,583,201</b>	<b>46,046,961</b>

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**6. LONG-TERM FINANCING (CONTINUED)**

Capital loan payments due over the term of the loan ending August 31 are as follows:

	<b>Principal</b> \$	<b>Interest</b> \$	<b>Total</b> \$
2016	1,494,514	1,987,440	3,481,954
2017	1,563,324	1,919,003	3,482,327
2018	1,635,328	1,847,391	3,482,719
2019	1,710,677	1,772,453	3,483,130
2020	1,789,526	1,694,135	3,483,661
Thereafter	36,389,832	13,596,283	49,986,115
	<b>44,583,201</b>	<b>22,816,705</b>	<b>67,399,906</b>

During the year ended August 31, 2015, the Board made payments of \$3,493,631 (2014 - \$2,965,500), of which \$1,428,755 (2014 - \$1,150,554) is principal, in respect to these capital loans.

The Board has a \$3,000,000 leasing facility available of which Nil (2014 - \$35,005) was drawn, against which specific assets were pledged as collateral.

During the year ended August 31, 2015 the Board made payments of \$35,005 (2014 - \$69,112) in respect to these capital leases.

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 7. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreements are included in deferred revenues 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 at August 31, 2014 \$	Externally restricted funds received \$	Revenue recognized in year \$	Transfers to deferred capital contributions \$	Balance at August 31, 2015 \$
<b>Operating deferred revenue:</b>					
Ministry of Education	420,254	2,240,304	(2,358,304)	-	302,254
Other Provincial Ministries	212,195	19,137	(137,397)	-	93,935
International Education Amounts	1,343,882	1,672,589	(1,343,882)	-	1,672,589
Other	155,934	377,669	(412,003)	-	121,600
<b>Total operating deferred revenue</b>	<b>2,132,265</b>	<b>4,309,699</b>	<b>(4,251,586)</b>	<b>-</b>	<b>2,190,378</b>
<b>Capital deferred revenue:</b>					
Childcare retrofit grant	804,209	10,900	-	(142,069)	673,040
Proceeds on disposition of facilities	2,577,620	-	-	(1,420,997)	1,156,623
School condition improvement	729,008	2,311,528	-	(2,521,314)	519,222
School renewal	1,730,144	3,170,501	(218,001)	(4,235,313)	447,331
School fundraising	57,047	215,238	-	(215,577)	56,708
<b>Total capital deferred revenue</b>	<b>5,898,028</b>	<b>5,708,167</b>	<b>(218,001)</b>	<b>(8,535,270)</b>	<b>2,852,924</b>
<b>Total deferred revenue</b>	<b>8,030,293</b>	<b>10,017,866</b>	<b>(4,469,587)</b>	<b>(8,535,270)</b>	<b>5,043,302</b>

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITY**

Retirement and other employee future benefit liabilities as of August 31, 2015 consist of the following:

	2015			2014	
	Retirement gratuities \$	Post retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Accrued employee future benefit obligations	18,348,157	593,770	938,531	19,880,458	20,551,796
Unamortized actuarial gains (losses)	(1,193,168)	-	-	(1,193,168)	(451,496)
Employee future benefits liability as of August 31	17,154,989	593,770	938,531	18,687,290	20,100,300

Retirement and other employee future benefit expenses included in total expenditures consist of the following:

	2015			2014	
	Retirement gratuities \$	Post retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current year benefit cost	-	-	293,065	293,065	170,449
Interest on accrued benefit obligation	512,083	18,627	23,763	554,473	666,136
Amortized loss (gain)	42,527	9,775	(23,876)	28,426	(31,319)
Current year expense	554,610	28,402	292,952	875,964	805,266
Total payments made during the year	1,831,924	176,420	280,630	2,288,974	2,153,966

## **Avon Maitland District School Board Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

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### **8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITY (Cont'd)**

#### **(a) Retirement benefits**

The Board provides retirement benefits to employees as follows:

(i) Ontario Teacher's Pension Plan

Qualified teachers are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employee contribution rates were up to 14.6% of earnings for the period. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2015, the Board contributed \$2,261,066 (2014 - \$2,175,743) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities

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

(iv) Post-retirement life insurance and health care benefits

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date do not qualify for Board subsidized premiums or contributions.

## **Avon Maitland District School Board Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

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### **8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITY (Cont'd)**

#### **(b) Other employee future benefits**

##### **(i) Workplace Safety and Insurance Board obligations**

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The related benefit costs and liabilities are included in the Board's consolidated financial statements. School Boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. The total amount of the unfunded liability as of August 31, 2015 is \$862,176 (2014 - \$829,154). This amount has been actuarially determined.

##### **(ii) Sick leave top-up benefits**

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefits cost expensed in the financial statements are \$52,479 (2014 - \$129,654). The total amount of the liability as of August 31, 2015 is \$76,355 (2014 - \$97,055).

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.

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITY (Cont'd)

#### (c) Valuation assumptions

The accrued benefit obligations for retirement benefits, post-retirement life insurance, health care benefits, Workplace Safety and Insurance Board and compensated absences obligations are based on actuarial valuations for accounting purposes as at August 31, 2015. These actuarial valuations were based on assumptions about future events. The economic assumptions, where applicable, used in these valuations are the Board's best estimates of expected rates of:

	2015 %	2014 %
Inflation	1.5	2.00
Wage and salary escalation, retirement gratuities and post-retirement benefits	Nil	Nil
Wage and salary escalation, other employee future benefits	2.00	Nil
Insurance and health care cost escalation, reduced by ¼ % per subsequent year until ultimate rate increase of 4%	8.25	8.50
Dental health care cost escalation, reduced by ¼ % per subsequent year until ultimate rate increase of 3%	4.25	4.50
Discount on accrued benefit obligations	2.45	2.85

### 9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions 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.

	2015 \$	2014 \$
Balance, beginning of year	126,406,988	120,662,114
Additions to deferred capital contributions	20,094,199	13,088,230
Revenue recognized in the period for deferred capital contributions amortization	(7,844,030)	(7,338,651)
Revenue recognized in the period for tangible capital asset disposal	-	(4,705)
<b>Balance, end of year</b>	<b>138,657,157</b>	<b>126,406,988</b>

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**10. EXPENSES BY OBJECT**

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

	2015		2014
	Budget	Actual	Actual
	\$	\$	\$
Operating Expense			
Salary and wages	132,273,090	130,782,101	128,720,526
Employee benefits, operating	18,434,103	17,484,688	17,423,308
Staff development	1,013,752	963,678	849,510
Supplies and services	14,315,991	14,947,702	14,024,611
Interest	2,065,559	2,049,848	1,904,819
Rental expenditures	460,704	427,383	422,317
Fees and contract services	15,190,760	15,464,156	14,777,400
Other	580,598	511,535	464,657
Amortization of tangible capital assets	7,883,770	7,979,551	7,449,434
School funded activities	6,450,000	6,134,600	6,320,340
	198,668,327	196,745,242	192,356,922

**11. TANGIBLE CAPITAL ASSETS**

The net book value of tangible capital assets, as of August 31 is as follows:

	2015	2014
	\$	\$
Buildings (40 Years)	122,399,647	118,327,792
Buildings (20 Years)	119,772	126,640
Construction in progress	8,629,900	1,555,770
Portable structures	720,714	765,632
Land	4,799,781	4,535,566
Pre-acquisition, land	-	-
Land improvements	3,642,839	3,539,292
Furniture	716,905	680,814
First time equipping	854,483	666,755
Equipment	829,450	783,102
Computer hardware	3,539,119	2,573,323
Computer software	271,633	385,609
Vehicles	124,144	97,097
Leased assets – computer hardware	-	38,741
Leasehold improvements	10,898	25,697
	146,659,285	134,101,830

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

### 11. TANGIBLE CAPITAL ASSETS (Cont'd)

Gross book value	Balance at Aug 31/14 \$	Additions to Aug 31/15 \$	Disposals/ write-downs to Aug 31/15 \$	Transfer to assets held for Sale Aug 31/15 \$	Balance at Aug 31/15 \$
Buildings (40 Years)	179,556,401	9,961,472	-	-	189,517,873
Buildings (20 Years)	137,306	-	-	-	137,306
Construction in progress	1,555,770	7,074,130	-	-	8,629,900
Portable structures	899,226	-	-	-	899,226
Land	4,535,566	264,215	-	-	4,799,781
Pre-acquisition, land	-	-	-	-	-
Land improvements	5,480,808	595,306	-	-	6,076,114
Furniture	1,061,932	146,274	(66,474)	-	1,141,732
First time equipping	845,788	286,337	(5,733)	-	1,126,392
Equipment	1,328,394	188,349	(102,838)	-	1,413,905
Computer hardware	4,055,492	1,910,412	(279,385)	-	5,686,519
Computer software	826,745	51,579	(127,421)	-	750,903
Vehicles	391,090	58,932	-	-	450,022
Leased assets – computer hardware	387,414	-	(387,414)	-	-
Leasehold improvements	42,866	-	-	-	42,866
	201,104,798	20,537,006	(969,265)	-	220,672,539

Accumulated amortization	Balance at Aug 31/14 \$	Additions to Aug 31/15 \$	Disposals/ write-downs to Aug 31/15 \$	Transfer to assets held for sale Aug 31/15 \$	Balance at Aug 31/15 \$
Buildings (40 Years)	(61,228,609)	(5,889,617)	-	-	(67,118,226)
Buildings (20 Years)	(10,666)	(6,868)	-	-	(17,534)
Construction in progress	-	-	-	-	-
Portable structures	(133,594)	(44,918)	-	-	(178,512)
Land	-	-	-	-	-
Pre-acquisition, land	-	-	-	-	-
Land improvements	(1,941,516)	(491,759)	-	-	(2,433,275)
Furniture	(381,118)	(110,183)	66,474	-	(424,827)
First time equipping	(179,033)	(98,609)	5,733	-	(271,909)
Equipment	(545,292)	(142,000)	102,837	-	(584,455)
Computer hardware	(1,482,169)	(944,617)	279,386	-	(2,147,400)
Computer software	(441,136)	(165,555)	127,421	-	(479,270)
Vehicles	(293,993)	(31,885)	-	-	(325,878)
Leased assets – computer hardware	(348,673)	(38,741)	387,414	-	-
Leasehold improvements	(17,169)	(14,799)	-	-	(31,968)
	(67,002,968)	(7,979,551)	969,265	-	(74,013,254)

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**11. TANGIBLE CAPITAL ASSETS (Cont'd)**

**a) Assets under construction**

Assets under construction having a value of \$8,629,900 (2014 - \$1,555,770) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

**b) Write-down of Tangible Capital Assets**

The write-down of tangible capital assets during the year was Nil (2014 - \$681).

**12. ACCUMULATED SURPLUS**

The accumulated surplus consists of the following:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus:</b>		
Operating accumulated surplus	6,641,222	4,324,063
Amounts restricted for future use by board motion	2,854,524	6,124,997
School generated funds	2,056,528	2,113,304
Net investment in tangible capital assets	8,002,128	7,694,842
<b>Total surplus amounts</b>	<b>19,554,402</b>	<b>20,257,206</b>
<b>Unfunded amounts:</b>		
Employee benefits	(16,276,347)	(18,352,122)
Not permanently financed amounts	(588,434)	(604,145)
<b>Total unfunded amounts</b>	<b>(16,864,781)</b>	<b>(18,956,267)</b>
<b>Total surplus</b>	<b>2,689,621</b>	<b>1,300,939</b>

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**13. TRUST FUNDS**

The General Student Awards Trust Fund represents accumulated donations received by the Board from individual, corporate and institutional sources. These funds are used to provide various scholarships, bursaries and awards to students in Avon Maitland area schools and to assist with other educational projects not funded by the Board. Activity of the General Student Awards Trust Fund is summarized in the following table:

<b>General Student Awards Trust Fund</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Balance, opening</b>	2,206,666	2,150,017
Add		
Trust funds received in year	82,084	190,970
Investment income	39,063	38,721
	2,327,813	2,379,708
Deduct awards	(159,143)	(173,042)
<b>Balance, closing</b>	<b>2,168,670</b>	<b>2,206,666</b>

Trust fund investments, which consist of guaranteed investment certificates, and cash deposits are recorded at cost which equals fair value. The guaranteed investment certificates mature on or before August 31, 2017 and yield between 1.42% and 1.9%. The cash deposits were earning 0.95% at August 31, 2015.

The Teacher Funded Leave Plan is a self-funded program for participating teachers. A portion of the teacher's salary is held in trust, to be paid in the year of leave. The teachers are credited with interest income from the trust funds annually, prior to the year-end. The balance of the Teacher Funded Leave Plan at August 31, 2015 was \$1,250,033 (2014 - \$1,293,301).

## Avon Maitland District School Board Notes to Consolidated Financial Statements

For the year ended August 31, 2015

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### 14. COMMITMENTS AND CONTINGENCIES

The Board is a member of the Ontario School Board Insurance Exchange ("OSBIE") for a period, which ends December 31, 2015. OSBIE is a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Members are assessed premiums on an annual basis and should premiums collected not be sufficient to cover actual losses incurred, an additional assessment may be levied. The occurrence of future losses and their impact on future premiums is not determinable.

The Board is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Board believes it has valid defenses. In Administration's judgment, no material exposure exists on the eventual settlement of such litigation, and accordingly, no provision has been made in the accompanying consolidated financial statements.

The Board has commitments with respect to operating leases for buildings, capital purchases and other amounts. The total is payable with respect to these commitments during the next three years as follows:

	Capital projects	Operating leases	Total \$
2016	6,358,043	214,955	6,572,998
2017	-	175,589	175,589
2018	-	153,259	153,259
	6,358,043	543,803	6,901,846

### 15. SUBSEQUENT EVENT

Subsequent to August 31, 2015 the Ontario Secondary School Teachers Federation (OSSTF) ratified an agreement at the central level which includes 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 2014-15 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 OSSTF.

The voluntary retirement gratuity early payout provision provides OSSTF members the option of receiving a discounted frozen 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 2015-16 year financial statements. At this time, the change in the liability cannot be estimated since members of OSSTF have until June 30, 2016 to declare their participation in the voluntary retirement gratuity early payout option.

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**16. TRANSPORTATION CONSORTIA**

Transportation services for the Board are provided in partnership with the Huron-Perth Catholic District School Board, by the Consortia Huron Perth Student Transportation Services (“HPSTS”). Under the formal agreement, decisions related to the financial and operating activities of the Consortia are shared, with no partner exercising unilateral control. Direct costs incurred by the Board are paid directly while the shared costs for the administration of HPSTS are pro-rated based on student rider-ship as outlined in the agreement.

The Board’s total transportation revenues for the period ending August 31, 2015 was \$11,512,916 (2014 - \$11,487,813), the Board’s non-administration expenses totaled \$11,159,094 (2014 - \$11,129,700) and the Board’s receivable at August 31, 2015 was \$130,671 (2014 - \$73,750).

	2015		2014	
	Total \$	Board portion \$	Total \$	Board portion \$
Administration expenses	446,646	329,416	476,281	353,675

**17. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING**

On June 1, 2003, the Board received \$2,908,000 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board’s debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

**Avon Maitland District School Board  
Notes to Consolidated Financial Statements**

For the year ended August 31, 2015

**18. SCHOOL GENERATED FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
School fundraising		
Elementary	3,593,935	3,616,252
Secondary	2,483,888	2,788,681
<b>Total revenues</b>	<b>6,077,823</b>	<b>6,404,933</b>
<b>EXPENSES</b>		
School funded activities		
Elementary	3,563,460	3,558,109
Secondary	2,571,139	2,762,231
<b>Total expenses</b>	<b>6,134,599</b>	<b>6,320,340</b>
<b>Net revenue</b>	<b>(56,776)</b>	<b>84,593</b>
School activities fund, opening	2,113,304	2,028,711
<b>School activities fund, closing</b>	<b>2,056,528</b>	<b>2,113,304</b>

This amount is included in cash and investments on the Consolidated Statement of Financial Position.