

Consolidated Financial Statements

**Avon Maitland District School Board**

August 31, 2017

## 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 Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's 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.



Lisa Walsh  
Director of Education  
and Secretary of the Board



Cheri Carter  
Associate Superintendent of Financial  
Services and Treasurer

Date: November 14, 2017



KPMG LLP  
140 Fullarton Street Suite 1400  
London ON N6A 5P2  
Canada  
Tel 519 672-4800  
Fax 519 672-5684

## 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, 2017, the consolidated statements of operations and accumulated surplus, cash flow 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, 2017 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

November 14, 2017

London, Canada

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

As at August 31, 2017, with comparative information for 2016

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 16)	9,219,683	12,048,503
Accounts receivable	8,640,272	7,980,768
Accounts receivable, Province of Ontario	224,006	179,214
Accounts receivable, Province of Ontario – Capital debt grant (note 2)	54,129,222	51,380,417
Investments (note 16)	655	535
Assets held for sale (note 3)	-	570,000
<b>Total financial assets</b>	<b>72,213,838</b>	<b>72,159,437</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	12,286,679	9,405,584
Long-term financing (note 5)	45,532,596	47,206,022
Deferred revenue (note 6)	5,460,164	4,906,998
Retirement and other employee future benefits payable (note 7)	15,164,119	16,979,652
Deferred capital contributions (note 8)	148,352,340	142,055,465
<b>Total financial liabilities</b>	<b>226,795,898</b>	<b>220,553,721</b>
<b>Net debt</b>	<b>(154,582,060)</b>	<b>(148,394,284)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	951,148	881,418
Tangible capital assets (note 10)	156,739,044	150,504,632
<b>Total non-financial assets</b>	<b>157,690,192</b>	<b>151,386,050</b>
Commitments and contingencies (note 13)		
<b>Accumulated surplus (note 11)</b>	<b>3,108,132</b>	<b>2,991,766</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, 2017, with comparative information for 2016

	<b>2017</b>		<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b>REVENUES</b>			
Provincial grants - student focused funding	186,089,216	185,481,773	185,822,765
Provincial grants - other	5,929,158	6,088,264	5,984,195
Federal grants and fees (Service Canada)	244,715	241,936	210,005
Other revenues - school boards	218,221	196,715	343,861
Other fees and revenues	3,110,990	2,819,929	3,366,218
Investment income	150,000	113,161	87,148
School generated funds (note 16)	6,166,000	5,643,251	5,429,564
<b>Total revenues</b>	<b>201,908,300</b>	<b>200,585,029</b>	<b>201,243,756</b>
<b>EXPENSES (note 9)</b>			
Instruction	151,968,686	151,332,302	151,367,928
Administration	5,439,940	5,568,951	5,335,818
Transportation	11,633,548	11,653,235	11,449,129
Pupil accommodation	26,135,685	25,800,196	26,643,988
Other	348,775	367,171	684,613
School generated funds activities (note 16)	6,166,000	5,746,808	5,460,135
<b>Total expenses</b>	<b>201,692,634</b>	<b>200,468,663</b>	<b>200,941,611</b>
<b>Annual surplus</b>	<b>215,666</b>	<b>116,366</b>	<b>302,145</b>
Accumulated surplus, opening	2,991,766	2,991,766	2,689,621
<b>Accumulated surplus, closing (note 11)</b>	<b>3,207,432</b>	<b>3,108,132</b>	<b>2,991,766</b>

See accompanying notes to consolidated financial statements

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

For the year ended August 31, 2017, with comparative information for 2016

	2017 \$	2016 \$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	116,366	302,145
Changes in non-cash items		
Amortization of tangible capital assets	8,999,644	8,515,541
Write-down of tangible capital assets	-	1,439,342
Transfer of tangible capital assets to assets held for sale	-	570,000
Revenue from deferred capital contributions	(8,866,760)	(9,244,185)
Changes in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	(704,296)	850,558
Decrease (increase) in assets held for sale	570,000	(570,000)
Increase (decrease) in accounts payable and accrued liabilities	2,881,095	(1,981,479)
Increase (decrease) in deferred revenue – operating, net	943,509	(54,835)
Decrease in retirement and other employee future benefit payable	(1,815,533)	(1,707,638)
Increase in prepaid expenses	(69,730)	(277,733)
<b>Net increase (decrease) in cash from operations</b>	<b>2,054,295</b>	<b>(2,158,284)</b>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(15,234,056)	(14,370,230)
<b>Net decrease in cash from capital</b>	<b>(15,234,056)</b>	<b>(14,370,230)</b>
<b>INVESTING TRANSACTIONS</b>		
Cash provided by (applying to) investing transactions	(120)	22,971
<b>Net increase (decrease) in cash from investing</b>	<b>(120)</b>	<b>22,971</b>
<b>FINANCING TRANSACTIONS</b>		
Long-term financing issued	-	4,117,335
Long-term financing repayments	(1,673,426)	(1,494,514)
Decrease (Increase) in accounts receivable – capital	(2,748,805)	2,728,079
Additions to deferred capital contributions, net of transfers to deferred revenue	15,163,635	12,642,493
Decrease in deferred revenue – capital, net	(390,343)	(81,469)
<b>Cash provided by financing transactions</b>	<b>10,351,061</b>	<b>17,911,924</b>
<b>Change in Cash</b>	<b>(2,828,820)</b>	<b>1,406,381</b>
Cash opening	12,048,503	10,642,122
<b>Cash closing</b>	<b>9,219,683</b>	<b>12,048,503</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, 2017, with comparative information for 2016

	<b>2017</b>	<b>2016</b>
	\$	\$
Annual surplus	116,366	302,145
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>		
Acquisition of tangible capital assets	(15,234,056)	(14,370,230)
Amortization of tangible capital assets	8,999,644	8,515,541
Transfer to assets held for sale	-	570,000
Write-down on tangible capital assets	-	1,439,342
<b>Total tangible capital assets activity</b>	<b>(6,234,412)</b>	<b>(3,845,347)</b>
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>		
Acquisition of prepaid expenses	(951,148)	(881,418)
Use of prepaid expenses	881,418	603,685
<b>Total other non-financial asset activity</b>	<b>(69,730)</b>	<b>(277,733)</b>
<b>Increase in net debt</b>	<b>(6,187,776)</b>	<b>(3,820,935)</b>
Net debt, opening	(148,394,284)	(144,573,349)
<b>Net debt, closing</b>	<b>(154,582,060)</b>	<b>(148,394,284)</b>

*See accompanying notes to consolidated financial statements*



# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2017

---

### 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, 2017

---

### **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, 2017

---

### 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.

As part of ratified labour collective agreements for unionized employees that bargain centrally, and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts ("ELHTs") were established in 2016-17: ETFO and OSSTF. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining employee groups, school board trustees associations and the Government of Ontario. Starting April 1, 2017, the Board is no longer responsible to provide certain benefits to Elementary and Secondary teachers, and support staff that fall within the OSSTF bargaining unit. Beginning in the 2016-17 school year, school boards whose employee groups transitioned their health, dental and life benefits to the ELHT are required to remit a negotiated amount per full-time equivalency on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for retired individuals and the following employee groups: Principals and Vice-Principals, Non-Union Management and Support and Custodians and Maintenance staff. The Board continues to have a liability for payment of benefits under these plans.

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2017

---

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- (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.

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<b>Asset</b>	<b>Estimated useful life</b>
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.

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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

#### (k) Investment income

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

# **Avon Maitland District School Board**

## **Notes to Consolidated Financial Statements**

For the year ended August 31, 2017

---

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

#### **(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 the recorded value of tangible capital assets, retirement and other employee future benefits payable, and accrued liabilities. Actual results could differ from these estimates.

#### **(n) Property tax revenue**

Under Canadian 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. 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 \$54,129,222 (2016 - \$51,380,417) as at August 31, 2017 with respect to capital grants.

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

For the year ended August 31, 2017

---

### 3. ASSETS HELD FOR SALE

As of August 31, 2017, assets held for sale consisted of Nil (2016 – \$407,755) related to buildings, Nil (2016 – \$2,997) related to land improvements and Nil (2016 – \$159,248) related to land.

During the year, two school properties were sold, and there were no properties reclassified as assets held for sale.

---

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	570,000	-
Transfer to Assets Held for Sale in year	-	570,000
Less: Proceeds on assets sold in year	(558,420)	-
Less: Loss on disposal of assets sold in year	(11,580)	-
<b>Balance, end of year</b>	<b>-</b>	<b>570,000</b>

---

### 4. 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 (2016 – Nil) was drawn at August 31, 2017.

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

For the year ended August 31, 2017

### 5. LONG-TERM FINANCING

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

	2017 \$	2016 \$
Capital loan for Good Places to Learn Stage 1, interest rate of 4.56% with a 25 year term, maturing November 15, 2031	11,171,320	11,705,036
Capital loan for Good Places to Learn Stage 2, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	5,531,114	5,758,741
Capital loan for Good Places to Learn Stage 3, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	2,996,930	3,107,748
Capital loan for Good Places to Learn Stage 4, interest rate of 5.23% with a 25 year term, maturing April 13, 2035	3,271,677	3,379,905
Capital loan for Primary Class Size, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	1,206,579	1,256,234
Capital loan for Primary Class Size, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	219,463	227,578
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	2,357,424	2,432,897
Capital loan for Prohibitive to Repair Projects – Little Falls interest rate of 3.97% with a 25 year term, maturing November 15, 2036	6,192,291	6,399,433
Capital loan for Capital Priorities Projects – Maitland River interest rate of 4.003% with a 25 year term, maturing March 11, 2039	8,578,565	8,821,115
Capital loan for New Pupil Places Project – Listowel District Secondary School interest rate of 3.242% with a 25 year term maturing March 15, 2041	4,007,233	4,117,335
<b>Total long-term financing</b>	<b>45,532,596</b>	<b>47,206,022</b>



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

For the year ended August 31, 2017

### 5. LONG-TERM FINANCING (Continued)

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

	Principal \$	Interest \$	Total \$
2018	1,749,029	1,975,396	3,724,425
2019	1,828,093	1,896,771	3,724,864
2020	1,910,780	1,814,645	3,725,425
2021	1,997,256	1,728,548	3,725,804
2022	2,087,699	1,638,610	3,726,309
Thereafter	35,959,739	11,618,410	47,578,149
	45,532,596	20,672,380	66,204,976

During the year ended August 31, 2017, the Board made payments of \$3,736,333 (2016 - \$3,515,574), of which \$1,673,426 (2016 - \$1,494,514) is principal, in respect to these capital loans.

The Board has a \$3,000,000 leasing facility available of which Nil (2016 - Nil) was drawn, against which specific assets were pledged as collateral.

### 6. 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, 2017 is comprised of:

	Balance at August 31, 2016 \$	Externally restricted funds received \$	Revenue recognized in year \$	Transfers to deferred capital contributions \$	Balance at August 31, 2017 \$
<b>Operating deferred revenue:</b>					
Ministry of Education	215,741	1,946,136	(1,999,749)	-	162,128
Other Provincial Ministries	212,240	4,094,097	(3,745,237)	-	561,100
International Education					
Amounts	1,598,792	2,410,970	(1,765,612)	-	2,244,150
Other	108,770	772,496	(769,592)	-	111,674
<b>Total operating deferred revenue</b>	2,135,543	9,223,699	(8,280,190)	-	3,079,052
<b>Capital deferred revenue:</b>					
Assets held for sale	410,752	(410,752)	-	-	-
Childcare retrofit grant	673,040	-	-	(13,735)	659,305
Proceeds on disposition of facilities	606,623	558,420	-	-	1,165,043
School renewal	871,951	3,524,094	(256,983)	(3,739,992)	399,070
School fundraising	209,089	389,718	-	(441,113)	157,694
<b>Total capital deferred revenue</b>	2,771,455	4,061,480	(256,983)	(4,194,840)	2,381,112
<b>Total deferred revenue</b>	4,906,998	13,285,179	(8,537,173)	(4,194,840)	5,460,164

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

For the year ended August 31, 2017

### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE

Retirement and other employee future benefit liabilities as of August 31, 2017 consist of the following:

	2017			2016	
	Retirement gratuities \$	Post retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Accrued employee future benefit obligations	14,294,254	841,421	1,444,109	16,579,784	19,108,154
Unamortized actuarial losses	(1,415,665)	-	-	(1,415,665)	(2,128,502)
Employee future benefits liability as of August 31	12,878,589	841,421	1,444,109	15,164,119	16,979,652

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

	2017			2016	
	Retirement gratuities \$	Post retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current year benefit cost	-	-	369,276	369,276	820,311
Interest on accrued benefit obligation	317,358	20,402	27,282	365,042	465,971
Recognized actuarial losses (gains)	240,910	(9,707)	4,935	236,138	873,238
Plan amendment gain	-	-	-	-	(316,530)
Current year expense	558,268	10,695	401,493	970,456	1,842,990
Total payments made during the year	2,064,112	329,026	392,851	2,785,989	3,550,628

#### (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.

# Avon Maitland District School Board

## Notes to Consolidated Financial Statements

For the year ended August 31, 2017

---

### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE (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 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, 2017, the Board contributed \$2,416,363 (2016 - \$2,339,614) 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 may be 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, 2017

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE (Continued)**

**(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, 2017 is \$1,347,821 (2016 - \$1,341,150). 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 \$101,223 (2016 – \$134,459). The total amount of the liability as of August 31, 2017 is \$96,288 (2016 - \$94,317).

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, 2017 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

**(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, 2017. 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:

	2017 %	2016 %
Inflation	1.5	1.5
Wage and salary escalation, retirement gratuities and post-retirement benefits	Nil	Nil
Wage and salary escalation, other employee future benefits	2.00	2.00
Insurance and health care cost escalation, reduced by ¼ % per subsequent year until ultimate rate increase of 4%	7.75	8.00
Dental health care cost escalation, reduced by ¼ % per subsequent year until ultimate rate increase of 3%	3.75	4.00
Discount on accrued benefit obligations	2.55	2.05

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

For the year ended August 31, 2017

**8. 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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	142,055,465	138,657,157
Additions to deferred capital contributions	15,163,635	13,053,245
Revenue recognized in the period for deferred capital contributions amortization	(8,866,760)	(9,244,185)
Transfer to deferred revenue	-	(410,752)
<b>Balance, end of year</b>	<b>148,352,340</b>	<b>142,055,465</b>

**9. EXPENSES BY OBJECT**

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

	<b>2017</b>		<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating Expense			
Salary and wages	132,635,074	132,131,931	131,576,874
Employee benefits, operating	19,655,932	19,735,748	19,005,544
Staff development	861,190	1,050,405	992,267
Supplies and services	13,911,233	14,152,995	15,153,293
Interest	2,062,907	2,043,316	2,041,119
Rental expenditures	347,079	340,663	346,798
Fees and contract services	16,292,729	15,842,071	15,638,391
Other	432,808	413,502	772,307
Amortization of tangible capital assets	9,327,682	8,999,644	9,954,883
Loss on disposal	-	11,580	-
School funded activities	6,166,000	5,746,808	5,460,135
	<b>201,692,634</b>	<b>200,468,663</b>	<b>200,941,611</b>

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

For the year ended August 31, 2017

**10. TANGIBLE CAPITAL ASSETS**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Buildings (40 Years)	139,587,376	134,249,944
Buildings (20 Years)	106,036	112,904
Construction in progress	-	-
Portable structures	630,878	675,796
Land	5,456,119	5,385,698
Land improvements	4,989,770	3,808,311
Furniture	736,582	725,496
First time equipping	1,122,689	1,200,492
Equipment	855,268	874,964
Computer hardware	2,987,257	3,147,370
Computer software	153,033	202,102
Vehicles	113,197	115,687
Leasehold improvements	839	5,868
	<b>156,739,044</b>	<b>150,504,632</b>

<b>Gross book value</b>	<b>Balance at Aug 31/16 \$</b>	<b>Additions to Aug 31/17 \$</b>	<b>Disposals/ write-downs to Aug 31/17 \$</b>	<b>Transfer to assets held for Sale Aug 31/17 \$</b>	<b>Balance at Aug 31/17 \$</b>
Buildings (40 Years)	206,164,766	12,096,518	-	-	218,261,284
Buildings (20 Years)	137,306	-	-	-	137,306
Construction in progress	-	-	-	-	-
Portable structures	899,226	-	-	-	899,226
Land	5,385,698	70,421	-	-	5,456,119
Land improvements	6,623,337	1,640,972	-	-	8,264,309
Furniture	1,196,913	147,721	(73,116)	-	1,271,518
First time equipping	1,602,211	86,425	(6,296)	-	1,682,340
Equipment	1,501,626	141,310	(104,906)	-	1,538,030
Computer hardware	5,641,838	969,003	(665,670)	-	5,945,171
Computer software	606,634	48,379	(326,113)	-	328,900
Vehicles	359,291	33,307	(25,332)	-	367,266
Leasehold improvements	42,866	-	-	-	42,866
	<b>230,161,712</b>	<b>15,234,056</b>	<b>(1,201,433)</b>	<b>-</b>	<b>244,194,335</b>

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

For the year ended August 31, 2017

**10. TANGIBLE CAPITAL ASSETS (Continued)**

Accumulated amortization	Balance at Aug 31/16 \$	Additions to Aug 31/17 \$	Disposals/write-downs to Aug 31/17 \$	Transfer to assets held for sale Aug 31/17 \$	Balance at Aug 31/17 \$
Buildings (40 Years)	(71,914,822)	(6,759,086)	-	-	(78,673,908)
Buildings (20 Years)	(24,402)	(6,868)	-	-	(31,270)
Construction in progress	-	-	-	-	-
Portable structures	(223,430)	(44,918)	-	-	(268,348)
Land	-	-	-	-	-
Land improvements	(2,815,026)	(459,513)	-	-	(3,274,539)
Furniture	(471,417)	(136,635)	73,116	-	(534,936)
First time equipping	(401,719)	(164,228)	6,296	-	(559,651)
Equipment	(626,662)	(161,006)	104,906	-	(682,762)
Computer hardware	(2,494,468)	(1,129,116)	665,670	-	(2,957,914)
Computer software	(404,532)	(97,448)	326,113	-	(175,867)
Vehicles	(243,604)	(35,797)	25,332	-	(254,069)
Leasehold improvements	(36,998)	(5,029)	-	-	(42,027)
	(79,657,080)	(8,999,644)	1,201,433	-	(87,455,291)

**a) Assets under construction**

Assets under construction having a value of Nil (2016 - Nil) 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 (2016 - \$1,439,342).

**11. ACCUMULATED SURPLUS**

The accumulated surplus consists of the following:

	2017 \$	2016 \$
<b>Surplus:</b>		
Operating accumulated surplus	2,638,622	4,268,247
Amounts restricted for future use by board motion	2,590,522	2,573,426
School generated funds	1,922,399	2,025,957
Net investment in tangible capital assets	8,386,704	8,608,415
<b>Total surplus amounts</b>	<b>15,538,247</b>	<b>17,476,045</b>
<b>Unfunded amounts:</b>		
Employee benefits	(11,841,213)	(13,875,786)
Not permanently financed amounts	(588,902)	(608,493)
<b>Total unfunded amounts</b>	<b>(12,430,115)</b>	<b>(14,484,279)</b>
<b>Total surplus</b>	<b>3,108,132</b>	<b>2,991,766</b>

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

For the year ended August 31, 2017

---

**12. 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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Balance, opening</b>	2,124,331	2,168,670
Add		
Trust funds received in year	128,753	80,874
Investment income	37,052	31,415
	2,290,136	2,280,959
Deduct awards	(138,963)	(156,628)
<b>Balance, closing</b>	<b>2,151,173</b>	<b>2,124,331</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 September 2, 2019 and yield between 0.975% and 2.0%. The cash deposits were earning 1.2% at August 31, 2017.

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, 2017 was \$1,197,523 (2016 - \$1,269,512).



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

For the year ended August 31, 2017

---

### 13. COMMITMENTS AND CONTINGENCIES

The Board is a member of the Ontario School Board Insurance Exchange ("OSBIE") for a period, which ends December 31, 2017. 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 payable with respect to these commitments during the upcoming year is \$1,732,511 for capital projects and \$196,532 for operating leases.

### 14. TRANSPORTATION CONSORTIA

Transportation services for the Board are provided in partnership with the Huron-Perth Catholic District School, 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, 2017 was \$11,628,095 (2016 - \$11,488,441), the Board's non-administration expenses totaled \$11,247,131 (2016 - \$11,042,926) and the Board's receivable at August 31, 2017 was \$61,002 (2016 - \$131,622).

	2017		2016	
	Total \$	Board portion \$	Total \$	Board portion \$
Administration expenses	540,069	406,104	559,364	406,203

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

For the year ended August 31, 2017

**15. 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.

**16. SCHOOL GENERATED FUNDS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
School fundraising		
Elementary	3,345,606	3,315,527
Secondary	2,297,645	2,114,037
<b>Total revenues</b>	<b>5,643,251</b>	<b>5,429,564</b>
<b>EXPENSES</b>		
School funded activities		
Elementary	3,374,002	3,231,773
Secondary	2,372,806	2,228,362
<b>Total expenses</b>	<b>5,746,808</b>	<b>5,460,135</b>
<b>Net revenue</b>	<b>(103,557)</b>	<b>(30,571)</b>
School activities fund, opening	2,025,957	2,056,528
<b>School activities fund, closing</b>	<b>1,922,400</b>	<b>2,025,957</b>

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