

Consolidated financial statements of

**Superior-Greenstone District
School Board**

August 31, 2014

Superior-Greenstone District School Board

August 31, 2014

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SUPERIOR-GREENSTONE DISTRICT SCHOOL BOARD

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Management Report

Year Ended August 31, 2014

Management's Responsibility for the Consolidated Financial Statements

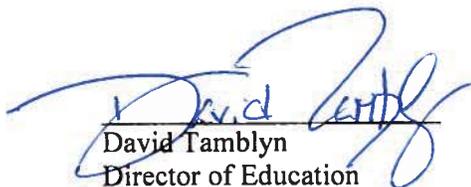
The accompanying consolidated financial statements of the Superior-Greenstone District School Board (the "Board") are the responsibility of Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and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

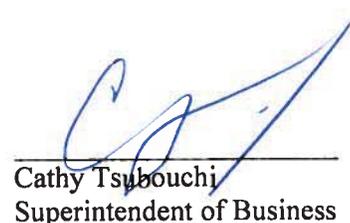
The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 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 Board of Trustees approval of the consolidated financial statements.

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


David Tamblyn
Director of Education


Cathy Tsubouchi
Superintendent of Business

February 23, 2015

Independent Auditor's Report

To the Board of Trustees of the
Superior-Greenstone District School Board

We have audited the accompanying consolidated financial statements of Superior-Greenstone District School Board, which comprise the consolidated statement of financial position as at August 31, 2014 and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and 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 1a) to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus, and cash flows from operating activities for the years ended August 31, 2014 and 2013, financial assets as at August 31, 2014 and 2013, and accumulated surplus as at September 1 and August 31 for both the 2014 and 2013 fiscal years. Our opinion on the financial statements for the year ended August 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Superior-Greenstone District School Board for the year ended August 31, 2014 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1a) to the consolidated financial statements which describe 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.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 23, 2015

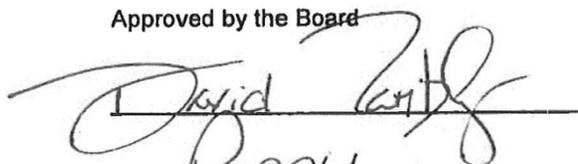
Superior-Greenstone District School Board

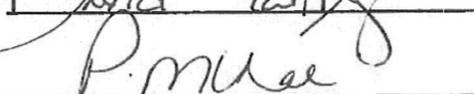
Consolidated statement of financial position as at August 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	4,461,194	4,804,809
Accounts receivable (Note 2)	3,078,736	2,120,178
Accounts receivable - Province of Ontario (Note 3)	13,204,997	13,547,501
Investments (Note 4)	119,876	118,140
Total financial assets	20,864,803	20,590,628
Liabilities		
Accounts payable and accrued liabilities	2,455,013	3,419,793
Deferred revenue (Note 5)	1,719,020	2,204,712
Obligation under capital leases (Note 7)	171,031	85,441
Deferred capital contributions (Note 6)	51,441,353	51,892,507
Net long-term debt (Note 8)	13,195,006	12,622,510
Retirement and other employee future benefits payable (Note 9)	3,632,766	4,101,185
Total liabilities	72,614,189	74,326,148
Net debt	(51,749,386)	(53,735,520)
Non-financial assets		
Tangible capital assets (Note 15)	53,511,319	54,018,311
Prepaid expenses and supplies	47,844	68,975
Total non-financial assets	53,559,163	54,087,286
Accumulated surplus (Note 16)	1,809,777	351,766

Commitments and contingent liabilities (Note 12)

Approved by the Board

 Director of Education

 Chair of the Board

The accompanying notes to the consolidated financial statements
are an integral part of this financial statement.

Superior-Greenstone District School Board

Consolidated statement of operations year ended August 31, 2014

	Budget (Note 18)	2014 Actual	2013 Actual
	\$	\$	\$
Revenue			
Provincial grants			
Student focused funding	25,552,856	25,626,753	25,959,589
Deferred capital contributions recognized (Note 6)	2,698,685	2,985,162	2,830,512
Other	1,521,973	1,844,678	1,632,349
Local taxation	2,804,052	2,695,870	3,138,009
School fundraising	330,040	350,493	326,526
Federal grants and fees	2,839,481	3,278,888	3,046,440
Investment income	40,000	63,711	51,360
Other revenues - School Boards	195,244	214,602	165,214
Other fees and revenue	509,230	862,937	891,489
Total revenue	36,491,561	37,923,094	38,041,488
Expenses (Note 10)			
Instruction	24,606,177	24,591,275	24,925,964
Administration	2,157,633	1,967,507	2,187,545
Transportation	1,551,183	1,610,505	1,519,156
School operations/pupil accommodation	7,237,658	7,944,680	7,512,159
School funded activities	429,000	351,116	354,035
Other	54,876	-	-
Total expenses	36,036,527	36,465,083	36,498,859
Annual surplus	455,034	1,458,011	1,542,629
Accumulated surplus (deficit), beginning of year	(584,587)	351,766	(1,190,863)
Accumulated surplus (deficit), end of year	(129,553)	1,809,777	351,766

The accompanying notes to the consolidated financial statements
are an integral part of this financial statement.

Superior-Greenstone District School Board

Consolidated statement of change in net debt year ended August 31, 2014

	2014	2013
	\$	\$
Annual surplus	1,458,011	1,542,629
Acquisition of tangible capital assets	(2,534,008)	(2,667,754)
Amortization of tangible capital assets	3,041,000	2,888,162
	1,965,003	1,763,037
Acquisition of prepaid expenses and supplies	(47,844)	(68,975)
Use of prepaid expenses and supplies	68,975	23,789
	1,986,134	1,717,851
Change in net debt	1,986,134	1,717,851
Net debt, beginning of year	(53,735,520)	(55,453,371)
Net debt, end of year	(51,749,386)	(53,735,520)

The accompanying notes to the consolidated financial statements
are an integral part of this financial statement.

Superior-Greenstone District School Board

Consolidated statement of cash flows year ended August 31, 2014

	2014	2013
	\$	\$
Operating activities		
Annual surplus	1,458,011	1,542,629
Items not involving cash		
Amortization	3,041,000	2,888,162
Deferred capital contributions recognized (Note 6)	(2,985,162)	(2,830,512)
	1,513,849	1,600,279
Change in non-cash assets and liabilities		
Decrease in accounts receivable	(958,558)	814,436
Decrease in accounts payable and accrued liabilities	(964,780)	(286,321)
Decrease (increase) in deferred revenue - operating	(415,397)	277,174
Decrease in retirement and other employee future benefits payable	(468,419)	(1,080,949)
Decrease (increase) in prepaid expenses and supplies	21,131	(45,186)
Net change in cash from operating activities	(1,272,174)	1,279,433
Capital activity		
Acquisition of tangible capital assets	(2,534,008)	(2,667,754)
Net change in cash from capital activities	(2,534,008)	(2,667,754)
Investing activity		
(Increase) decrease in investments	(1,736)	4,483
Net change in cash from investing activities	(1,736)	4,483
Financing activities		
Capital grant contributions (Note 6)	2,534,008	2,435,462
Obligation under capital lease incurred	159,638	-
Long-term debt issued	924,990	-
Decrease in accounts receivable - Province of Ontario	342,504	217,449
(Increase) in deferred revenues - capital	(70,295)	(73,931)
Debt principal repaid	(352,494)	(338,104)
Repayment of obligations under capital lease	(74,048)	(62,465)
Net change in cash from financial activities	3,464,303	2,178,411
Change in cash and cash equivalents	(343,615)	794,573
Cash and cash equivalents, beginning of year	4,804,809	4,010,236
Cash and cash equivalents, end of year	4,461,194	4,804,809
Cash and cash equivalents are comprised of the following:		
Cash	3,448,856	3,804,809
Short-term investments	1,012,338	1,000,000
	4,461,194	4,804,809

The accompanying notes to the consolidated financial statements
are an integral part of this financial statement.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

1. Significant accounting policies

The consolidated financial statements of the Superior-Greenstone District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below.

Significant accounting policies adopted are as follows:

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 (the "Ministry") 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 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, including amounts previously recognized as tax revenues, 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; and
- 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.

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

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

1. Significant accounting policies (continued)

b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, accumulated surplus, revenues, expenses and annual surplus of the reporting entity. The reporting entity comprises 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, accumulated surplus, revenues, expenses and annual surplus of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

All material interdepartmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

c) Trust funds

Trust funds and their related operations administered by the Board amounting to \$417,493 (2013 - \$346,097) are not included in the consolidated financial statements.

d) Cash and cash equivalents

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

e) Deferred revenue

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

f) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution 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:

- (i) Government transfers received or receivable for capital purpose;
- (ii) Other restricted contributions received or receivable for capital purpose; and
- (iii) Property taxation revenues which were historically used to fund capital assets.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

1. Significant accounting policies (continued)

g) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include health and dental, retirement gratuity, worker's compensation, non-vesting accumulating sick leave, and early retirement incentive plan. 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, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for life insurance, dental and health care benefits for certain employees 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.

Actuarial gains and losses related to obligations for long-term disability are amortized over the expected average service life of the employee group.

- (ii) The Board's contributions to multi-employer defined benefits pension plans, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are recorded in the period in which they become payable.
- (iii) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

h) Tangible capital assets

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

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

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

1. Significant accounting policies (continued)

h) Tangible capital assets (continued)

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

<u>Asset class</u>	<u>Estimated useful life in years</u>
Land improvements	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Leased equipment	Over lease term
Computer hardware	5
Computer software	5
Vehicles	5-15

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. One-half of the annual amortization is charged in the year of acquisition and the year of disposal.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

i) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the year 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 are deferred as required by Regulation 395/11, recorded as deferred capital contributions and recognized into revenue in the statement of operations at the same rate and over the same period as the tangible capital assets are amortized.

j) Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on externally restricted funds such as pupil accommodation and special education forms part of the respective deferred revenue balances.

k) Long-term debt

Long-term debt includes debentures and Ontario financing Authority (OFA) loans which were arranged for financing the Board's capital projects or high priority renewal projects. Long-term debt is recorded net of related sinking fund balances.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

1. Significant accounting policies (continued)

l) Use of estimates

The preparation of financial statements in conformity with the basis of accounting described in Note 1 a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and, as adjustments become necessary they are reported in the period in which they became known. Accounts subject to estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions.

2. Accounts receivable

Accounts receivable includes tuition fees receivable (payable) from the First Nations as follows:

	Balance at August 31, 2013	Invoices	Payments	Balance at August 31, 2014
	\$	\$	\$	\$
Aroland First Nation	842,676	342,006	(345,229)	839,453
Biinjitwaabek First Nation	101,645	256,788	(101,644)	256,789
Eabametoong First Nation	(100)	(244)	100	(244)
Ginoogaming First Nation	(2,000)	395,626	(184,168)	209,458
Marten Falls First Nation	116,967	154,072	(118,497)	152,542
Pays Plat First Nations	75,695	66,765	-	142,460
Pic Mobert First Nation	415,068	351,902	(206,970)	560,000
Pic River First Nations	(122,782)	428,579	(382,792)	(76,995)
Red Rock First Nation	(4,692)	941,381	(945,415)	(8,726)
	1,422,477	2,936,875	(2,284,615)	2,074,737

3. Accounts receivable - Province of Ontario

The account receivable from the Province of Ontario is composed of amounts related to capital grants in the amount of \$13,204,997 (2013 - \$13,547,501).

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. The Board recorded a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive 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.

4. Investments

Investments are comprised of the following:

	2014		2013	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Guaranteed investment certificates	119,651	119,651	117,915	117,915
Credit Union shares	225	225	225	225
	119,876	119,876	118,140	118,140

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

5. Deferred revenue

Revenues received and set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2014 is comprised of:

	Balance at August 31, 2013	Increase	Revenue recognized	Balance at August 31, 2014
	\$	\$	\$	\$
Pupil accommodation	499,302	1,049,106	1,104,401	444,007
Proceeds of disposition	535,957	9,715	-	545,672
Special education	91,789	43,003	-	134,792
Other	1,077,664	1,336,883	1,820,000	594,549
Total deferred revenue	2,204,712	2,438,707	2,924,401	1,719,020

6. 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 the asset acquired.

	2014	2013
	\$	\$
Balance, beginning of year	51,892,507	52,287,557
Capital grants recorded as deferred capital contributions	2,534,008	2,435,462
Revenue recognized during the year	(2,985,162)	(2,830,512)
Balance, end of year	51,441,353	51,892,507

7. Obligations under capital leases

The Board has obligations under various capital leases with expiries ranging from 2014 to 2019 and interest rates ranging from 1.48% to 3.22%. Principal and interest payments relating to capital lease obligations of \$171,031 (2013 - \$85,441) outstanding as at August 31, 2014 are due as follows:

	Principal payment	Interest	Total
	\$	\$	\$
2014/2015	59,265	2,783	62,048
2015/2016	43,930	1,702	45,632
2016/2017	38,919	748	39,667
2017/2018	14,267	187	14,454
2018/2019	14,650	10	14,660
	171,031	5,430	176,461

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

8. Net long-term debt

- a) Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2014	2013
	\$	\$
4.56% Ontario Financing Authority, GPL 1	1,209,777	1,254,175
4.85% Ontario Financing Authority, GPL 2	829,181	855,584
5.01% Ontario Financing Authority, GPL 3	1,017,188	1,046,470
5.23% Ontario Financing Authority, GPL 4a	2,089,700	2,143,801
3.97% Ontario Financing Authority, GPL 4b	1,457,738	1,497,262
3.564% Ontario Financing Authority, GPL 4c	5,666,432	5,825,218
4.003% Ontario Financing Authority, GPL 4d	924,990	-
	13,195,006	12,622,510

On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$1,498,725 of the GPL Phase 1 outstanding at that time. The loan is repayable by semi-annual installments of principal and interest of \$50,544 based on a 25 year amortization schedule and bears interest of 4.56%. The annual principal and interest costs will be funded by the Ministry.

On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$970,022 of the GPL Phase 2 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$34,004 based on a 25 year amortization schedule and bears interest of 4.85%. The annual principal, interest and administration costs will be funded by the Ministry.

On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$1,150,000 of the GPL Phase 3 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$40,944 based on a 25 year amortization schedule and bears interest of 5.01%. The annual principal, interest and administration costs will be funded by the Ministry.

On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$2,290,309 of the GPL Phase 3 and 4 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$82,784 based on a 25 year amortization schedule and bears interest of 5.23%. The annual principal, interest and administration costs will be funded by the Ministry.

On November 25, 2011, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$1,535,262 of the GPL Phase 4 and outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$49,288 based on a 25 year amortization schedule and bears interest of 3.97%. The annual principal, interest and administration costs will be funded by the Ministry.

On March 9, 2012, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$5,978,491 of the GPL Phase 4 and PTR Stage 1 and 2 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$182,497 based on a 25 year amortization schedule and bears interest of 3.564%. The annual principal, interest and administration costs will be funded by the Ministry.

On March 12, 2014, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$924,990 of the GPL Phase 1, 2, 3 and 4 outstanding at that time. The loan is repayable by semi-annual installments of principal, interest and administration fee of \$29,572 based on a 25 year amortization schedule and bears interest of 4.003%. The annual principal, interest and administration costs will be funded by the Ministry.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

8. Net long-term debt (continued)

- a) Principal payments relating to the net long-term debt of \$13,195,006 outstanding as at August 31, 2014 are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2014/15	389,853	549,412	939,265
2015/16	406,432	532,832	939,264
2016/17	423,737	515,511	939,248
2017/18	441,795	497,473	939,268
2018/19	460,645	482,680	943,325
Thereafter	11,072,544	4,370,543	15,443,087
	13,195,006	6,948,451	20,143,457

9. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement benefits	Other employee future benefits	2014 Total employee future benefits	2013 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligation	2,451,973	1,206,137	3,658,110	4,033,771
Unamortized actuarial gain	(25,344)	-	(25,344)	67,414
Accrued employee future benefit liability, end of year	2,426,629	1,206,137	3,632,766	4,101,185

Actual benefit payments made during the year totaled \$594,465 (2013 - \$1,004,735).

Retirement and other employee future benefit expenses

	Retirement benefits	Other employee future benefits	2014 Total employee future benefits	2013 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	18,002	(30,923)	(12,921)	(76,184)
Cost of plan amendments	-	-	-	207,825
Interest on accrued benefit obligation	82,622	43,418	126,040	149,867
Amortization of actuarial gains	(11,061)	23,989	12,928	(357,724)
Employee future benefits expenses	89,563	36,484	126,047	(76,216)

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Notes to the consolidated financial statements

August 31, 2014

9. Retirement and other employee future benefits (continued)

Plan changes

In 2013, plan changes were made to the short term leave and disability sick plan. Under the new short term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance and health care benefits have been grandfathered to retirees who retired prior to August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life insurance and health care benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Retirement benefits

i) Retirement gratuities

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

ii) Retirement life insurance and health care benefits

Employees are able to continue coverage for life insurance, dental and health care benefits after retirement until the members reach 65 years of age; however, the retirees pay a premium associated with this coverage.

iii) Sick leave accumulations

As a result of the plan changes described above, the Board's liability related to compensated absences from sick leave accumulations has been reduced to a maximum of 11 unused sick leave days per eligible employee.

The accrued benefit obligations for employee future benefit plans as at August 31, 2014 are based on a full actuarial valuation that was completed as of August 31, 2014. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

Wage and salary escalation	0%
Medical cost increases	8.75% grading down by 1/4% to an ultimate rate of 4%
Discount rate on accrued benefit obligations	2.85%
Dental cost increases	4.5% grading down by 1/4% to an ultimate rate of 3%

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$106,189 at August 31, 2014 (2013 - \$88,905).

Other employee future benefits

Workplace Safety and Insurance Board Obligations ("WSIB")

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2014 were \$1,844 (2013 - \$32,843) and are included in the Board's current year benefit costs.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

9. Retirement and other employee future benefits (continued)

Retirement and other employee future benefit expenses (continued)

Other employee future benefits (continued)

Long-term disability life insurance and health care benefits

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

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, as described below.

Retirement benefits

i) Ontario Teacher's Pension Plan

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

ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employee contributions to the Plan. During the year ended August 31, 2014, the Board contributed \$595,969 (2013 - \$585,541) 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 financial statements.

10. Expenses by object

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

		2014	2013
	Budget	Actual	Actual
	\$	\$	\$
Salary and wages	22,983,720	22,852,627	23,318,080
Employee benefits	3,484,673	3,998,180	3,757,970
Staff development	711,464	439,426	376,604
Supplies and services	3,188,969	3,368,044	3,231,501
Interest	524,123	542,597	540,212
Rental expenses	31,819	9,766	29,341
Fees and contract services	1,910,842	2,146,710	2,081,237
Other	444,917	66,733	275,752
Amortization of tangible capital assets	2,756,000	3,041,000	2,888,162
	36,036,527	36,465,083	36,498,859

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Notes to the consolidated financial statements

August 31, 2014

11. Ontario School Board Insurance Exchange (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Boards' Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. Liability insurance is available to a maximum of \$20 million per occurrence.

The ultimate premiums over a five year period are based on both the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in January 2017.

12. Commitments and contingent liabilities

- a) The Board is committed to various operating leases for premises and equipment expiring in fiscal 2016/2017. The aggregate minimum lease payments are as follows:

	Minimum lease payments \$
2014/2015	34,153
2015/2016	34,153
2016/2017	31,440
	<u>99,746</u>

- b) The Board has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at August 31, 2014, therefore, no provision has been made for these claims in the consolidated financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or it is determined that the claim is likely and a reasonable estimate can be made.

13. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$1,718,287 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.

The flow-through of \$128,014 in respect of the above agreement for the year ended August 31, 2014 (2013 - \$128,014) is not recorded in these consolidated financial statements.

14. Service Contract/CFSA Approval with the Ministry of Training, Colleges and Universities

The Board has a Service Contract/CFSA Approval with the Ministry of Training, Colleges and Universities. One requirement of the Service Contract/CFSA Approval is the production by Management of a report, TPAR, which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of this report shows the Ontario Youth Apprenticeship Program (OYAP) services to be in a break-even position as at August 31, 2014 and therefore no amounts are repayable to the Ministry of Training, Colleges and Universities.

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Notes to the consolidated financial statements

August 31, 2014

15. Tangible capital assets

	Cost			Cost
	Balance at	Additions	Disposals	Balance at
	August 31, 2013			August 31, 2014
	\$	\$	\$	\$
Land	2,019,997	-	-	2,019,997
Land improvements	1,850,120	87,189	-	1,937,309
Buildings	70,886,595	1,876,901	-	72,763,496
Equipment (5 years)	121,868	-	(7,963)	113,905
Equipment (10 years)	1,286,719	337,670	(14,171)	1,610,218
Equipment (15 years)	90,949	-	-	90,949
First time equipping	505,688	-	(84,795)	420,893
Furniture	25,285	-	-	25,285
Computer hardware	361,729	72,610	(140,685)	293,654
Computer software	18,633	-	(18,633)	-
Vehicles-<1 ton	34,968	-	-	34,968
Assets permanently removed from service	1,454,800	-	-	1,454,800
Capital leases - other	245,162	159,638	-	404,800
	78,902,513	2,534,008	(266,247)	81,170,274

	Accumulated amortization			August 31, 2014	August 31, 2013
	Balance at	Disposals, write-offs	Balance at	Net book	Net book
	August 31, 2013		August 31, 2014	value	value
	\$	\$	\$	\$	\$
Land	-	-	-	2,019,997	2,019,997
Land improvements	687,042	159,600	-	846,642	1,163,079
Buildings	21,751,854	2,521,055	-	24,272,909	49,134,740
Equipment (5 years)	35,019	23,578	(7,963)	50,634	86,849
Equipment (10 years)	273,973	144,847	(14,171)	404,649	1,012,746
Equipment (15 years)	26,543	8,587	-	35,130	64,406
First time equipping	199,392	46,329	(84,795)	160,926	306,296
Furniture	14,377	2,528	-	16,905	10,908
Computer hardware	232,923	65,538	(140,685)	157,776	128,806
Computer software	16,769	1,864	(18,633)	-	1,864
Vehicles-<1 ton	17,484	6,994	-	24,478	17,484
Assets permanently removed from service	1,454,800	-	-	1,454,800	-
Capital leases - other	174,026	60,080	-	234,106	71,136
	24,884,202	3,041,000	(266,247)	27,658,955	54,018,311

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

16. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Accumulated surplus/(deficit)		
Invested in tangible capital assets	2,019,997	2,019,997
School generated funds	277,555	278,179
Employee future benefits	(3,632,766)	(4,101,185)
Interest accrual	(161,175)	(154,720)
Working funds	2,926,878	1,985,985
Reserves and reserve funds	379,288	323,510
Total accumulated surplus	1,809,777	351,766

Reserves and reserve funds set aside for specific purposes by the Board of Trustees consist of the following:

	2014	2013
	\$	\$
Reserve and reserve funds		
Retirement gratuities	106,189	88,905
Pupil accommodation - school renewal	159,596	159,569
Capital - equipment	47,381	46,793
Insurance	14,128	13,829
Winning teams	51,994	14,414
Total reserve and reserve funds	379,288	323,510

17. Transportation consortium

On June 16, 2008, the Board entered into an agreement with Conseil scolaire de district catholique des Aurores boreales, Conseil scolaire de district du Grand Nord de l'Ontario and Superior North Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of East of Thunder Bay Transportation Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect its share of the Ministry transportation grants and related expenses.

The following provides condensed unaudited financial information:

	2014		2013	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Revenue	2,394,463	1,605,807	2,440,758	1,610,567
Expenses	2,407,922	1,592,631	2,302,443	1,504,197
Annual surplus (deficit)	(13,459)	13,176	138,315	106,370

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2014

18. Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by 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. As the Board only prepares a budget for the statement of operations, budget figures in the consolidated statement of change in net debt have not been provided.