

Consolidated financial statements of

**Superior-Greenstone District
School Board**

August 31, 2015

Superior-Greenstone District School Board

August 31, 2015

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SUPERIOR-GREENSTONE DISTRICT SCHOOL BOARD

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Management Report

Year Ended August 31, 2015

Management's Responsibility for the Consolidated Financial Statements

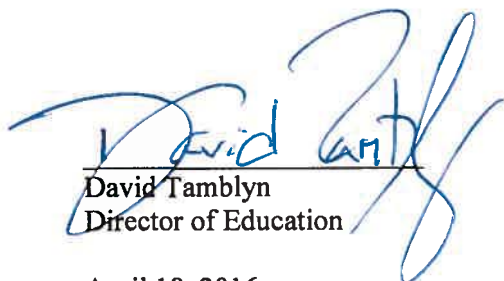
The accompanying consolidated financial statements of the Superior-Greenstone District School Board (the "Board") are the responsibility of Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and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

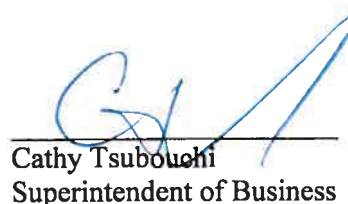
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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

April 18, 2016

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, 2015 and the consolidated statements of operations and accumulated surplus, 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, 2015 and 2014, financial assets as at August 31, 2015 and 2014, and accumulated surplus as at September 1 and August 31 for both the 2015 and 2014 fiscal years. Our opinion on the financial statements for the year ended August 31, 2014 was modified accordingly because of the possible effects of this.

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, 2015 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
Licensed Public Accountants
April 18, 2016

Superior-Greenstone District School Board

Consolidated statement of financial position as at August 31, 2015

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	5,573,280	4,461,194
Accounts receivable (Note 3)	3,287,888	3,078,736
Accounts receivable - Province of Ontario (Note 4)	12,836,392	13,204,997
Other financial assets	6,505	-
Investments (Note 5)	120,634	119,876
	21,824,699	20,864,803
Liabilities		
Accounts payable and accrued liabilities	2,302,292	2,455,013
Deferred revenue (Note 6)	1,809,418	1,719,020
Obligation under capital leases (Note 8)	212,547	171,031
Deferred capital contributions (Note 7)	51,426,903	51,441,353
Net long-term debt (Note 9)	12,805,153	13,195,006
Retirement and other employee future benefits payable (Note 10)	3,102,998	3,632,766
	71,659,311	72,614,189
Net debt	(49,834,612)	(51,749,386)
Non-financial assets		
Tangible capital assets (Note 16)	53,466,133	53,511,319
Prepaid expenses and supplies	41,833	47,844
	53,507,966	53,559,163
Accumulated surplus (Note 17)	3,673,354	1,809,777

Commitments and contingent liabilities (Note 13)

Approved on behalf of the Board



Director of education



Chief 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 and accumulated surplus year ended August 31, 2015

	Budget	2015	2014
	(Note 19)	Actual	Actual
	\$	\$	\$
Revenue			
Provincial grants			
Student focused funding	27,108,401	26,796,131	25,626,753
Deferred capital contributions recognized (Note 7)	3,010,786	3,243,767	2,985,162
Other	1,005,368	1,300,939	1,844,678
Local taxation	2,731,968	3,154,209	2,695,870
School fundraising	324,000	481,579	350,493
Federal grants and fees	3,359,211	3,635,803	3,278,888
Investment income	40,000	57,542	63,711
Other revenues - School Boards	187,744	210,314	214,602
Other fees and revenue	349,845	734,684	862,937
	38,117,323	39,614,968	37,923,094
Expenses (Note 11)			
Instruction	25,746,927	25,290,292	24,591,275
Administration	2,123,441	1,848,243	1,967,507
Transportation	1,615,553	1,652,246	1,610,505
School operations/pupil accommodation	7,683,470	8,482,617	7,944,680
School funded activities	349,000	477,993	351,116
	37,518,391	37,751,391	36,465,083
Annual surplus	598,932	1,863,577	1,458,011
Accumulated surplus, beginning of year	608,674	1,809,777	351,766
Accumulated surplus, end of year	1,207,606	3,673,354	1,809,777

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, 2015

	2015	2014
	\$	\$
Annual surplus	1,863,577	1,458,011
Acquisition of tangible capital assets (Note 16)	(3,229,316)	(2,534,008)
Amortization of tangible capital assets (Note 16)	3,274,502	3,041,000
Acquisition of prepaid expenses and supplies	(41,833)	(47,844)
Use of prepaid expenses and supplies	47,844	68,975
	51,197	528,123
Change in net debt	1,914,774	1,986,134
Net debt, beginning of year	(51,749,386)	(53,735,520)
Net debt, end of year	(49,834,612)	(51,749,386)

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, 2015

	2015	2014
	\$	\$
Operating activities		
Annual surplus	1,863,577	1,458,011
Items not involving cash		
Amortization (Note 16)	3,274,502	3,041,000
Deferred capital contributions recognized (Note 7)	(3,243,767)	(2,985,162)
Change in non-cash assets and liabilities		
Accounts receivable	(209,152)	(958,558)
Accounts payable and accrued liabilities	(152,721)	(964,780)
Other financial assets	(6,505)	-
Deferred revenue - operating	(17,297)	(415,397)
Retirement and other employee future benefits payable	(529,768)	(468,419)
Prepaid expenses and supplies	6,011	21,131
	984,880	(1,272,174)
Capital activity		
Acquisition of tangible capital assets (Note 16)	(3,229,316)	(2,534,008)
	(3,229,316)	(2,534,008)
Investing activity		
Increase in investments	(758)	(1,736)
	(758)	(1,736)
Financing activities		
Capital grant contributions (Note 7)	3,229,317	2,534,008
Obligation under capital lease incurred	129,125	159,638
Long-term debt issued	-	924,990
Decrease in accounts receivable - Province of Ontario	368,605	342,504
Decrease in deferred revenues - capital	107,695	(70,295)
Debt principal repaid	(389,853)	(352,494)
Repayment of obligations under capital lease	(87,609)	(74,048)
	3,357,280	3,464,303
Net change in cash and cash equivalents	1,112,086	(343,615)
Cash and cash equivalents, beginning of year	4,461,194	4,804,809
Cash and cash equivalents, end of year	5,573,280	4,461,194
Cash and cash equivalents are comprised of the following:		
Cash	4,550,033	3,448,856
Short-term investments	1,023,247	1,012,338
	5,573,280	4,461,194

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, 2015

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 (the "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 ("PSAS") 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 Canadian 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 Canadian 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, 2015

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 \$359,142 (2014 - \$417,493) 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, 2015

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, 2015

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, 2015

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.

m) Property tax revenue

Under PSAS, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Grants.

2. Change in account policies

The Board has implemented Canadian Public Sector Accounting Standard PS3260 Liability for contaminated sites. PS3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

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

3. Accounts receivable

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

	Balance at August 31, 2014	Invoices	Payments	Balance at August 31, 2015
	\$	\$	\$	\$
Aroland First Nation	839,453	465,822	(339,418)	965,857
Biinjitwaabek First Nation	256,789	367,049	3,694	627,532
Eabametoong First Nation	(244)	21,904	(21,678)	(18)
Ginoogaming First Nation	209,458	524,984	(490,232)	244,210
Marten Falls First Nation	152,542	55,078	(54,963)	152,657
Pays Plat First Nations	142,460	113,426	(70,918)	184,968
Pic Moberg First Nation	560,000	416,808	(203,847)	772,961
Pic River First Nations	(76,995)	451,062	(349,852)	24,215
Red Rock First Nation	(8,726)	1,065,209	(1,058,870)	(2,387)
Webequie First Nation	-	22,537	-	22,537
	2,074,737	3,503,879	(2,586,084)	2,992,532

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

4. Accounts receivable - Province of Ontario

The account receivable from the Province is composed of amounts related to capital grants in the amount of \$12,836,392 (2014 - \$13,204,997).

The Province 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.

5. Investments

Investments are comprised of the following:

	2015		2014	
	Cost	Market Value	Cost	Market value
	\$	\$	\$	\$
Guaranteed investment certificates	120,634	120,634	119,651	119,651
Credit Union shares	-	-	225	225
	120,634	120,634	119,876	119,876

6. 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, 2015 is comprised of:

	Balance at August 31, 2014	Increase	Recognized	Balance at August 31, 2015
	\$	\$	\$	\$
Pupil accommodation	444,007	3,976,750	3,869,055	551,702
Proceeds of disposition	545,672	6,334	-	552,006
Special education	134,792	60,719	31,244	164,267
Other	594,549	1,255,398	1,308,504	541,443
Total	1,719,020	5,299,201	5,208,803	1,809,418

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

7. 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.

	2015	2014
	\$	\$
Balance, beginning of the year	51,441,353	51,892,507
Capital grants recorded as deferred capital contributions	3,229,317	2,534,008
Revenue recognized during the year	(3,243,767)	(2,985,162)
Balance, end of year	51,426,903	51,441,353

8. Obligations under capital leases

The Board has obligations under various capital leases with expiries ranging from 2016 to 2020 and interest rates ranging from 1.48% to 2.71%. Principal and interest payments relating to capital lease obligations of \$212,547 (2014 - \$171,031) outstanding as at August 31, 2015 are due as follows:

	Principal payment	Interest	Total
	\$	\$	\$
2015/2016	66,585	3,272	69,857
2016/2017	61,974	1,591	63,565
2017/2018	37,729	950	38,679
2018/2019	38,526	358	38,884
2019/2020	7,733	4	7,737
	212,547	6,175	218,722

9. Net long-term debt

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

	2015	2014
	\$	\$
4.56% Ontario Financing Authority, GPL 1	1,163,331	1,209,777
4.85% Ontario Financing Authority, GPL 2	801,468	829,181
5.01% Ontario Financing Authority, GPL 3	986,405	1,017,188
5.23% Ontario Financing Authority, GPL 4a	2,032,730	2,089,700
3.97% Ontario Financing Authority, GPL 4b	1,416,630	1,457,738
3.564% Ontario Financing Authority, GPL 4c	5,501,937	5,666,432
4.003% Ontario Financing Authority, GPL 4d	902,652	924,990
	12,805,153	13,195,006

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.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

9. Net long-term debt

a) (continued)

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.

Principal payments relating to the net long-term debt of \$12,805,153 (2014 - \$13,195,006) outstanding as at August 31, 2015 are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2015/16	406,432	532,832	939,264
2016/17	423,737	515,529	939,266
2017/18	441,795	497,473	939,268
2018/19	460,645	478,620	939,265
2019/20	480,316	458,947	939,263
thereafter	10,592,228	4,152,943	14,745,171
	<u>12,805,153</u>	<u>6,636,344</u>	<u>19,441,497</u>

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement benefits	Other employee future benefits	2015 Total employee future benefits	2014 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligation	2,262,244	887,655	3,149,899	3,607,422
Unamortized actuarial (loss) gain	(46,901)	-	(46,901)	25,344
Accrued employee future benefit liability, end of year	2,215,343	887,655	3,102,998	3,632,766

Actual benefit payments made during the year totaled \$526,035 (2014 - \$594,465).

Retirement and other employee future benefit expenses

	Retirement benefits	Other employee future benefits	2015 Total employee future benefits	2014 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	10,790	(6,419)	4,371	(12,921)
Cost of plan amendments				-
Interest on accrued benefit obligation	64,151	30,864	95,015	126,040
Amortization of actuarial gains	(13,200)	(89,919)	(103,119)	12,928
Employee future benefits expenses	61,741	(65,474)	(3,733)	126,047

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits (continued)

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

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.

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

A maximum of eleven (11) unused sick leave days from the current year 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. 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.

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2015 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2015.

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on a full actuarial valuation that was completed as of August 31, 2015. 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	8.5% grading down by 1/4% to an ultimate rate of 4%
Discount rate on accrued benefit obligations	2.45%
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 \$121,816 at August 31, 2015 (2014 - \$106,189).

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, 2015 were (\$4,097) (2014 - \$1,844) and are included in the Board's current year benefit costs.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits (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. 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, 2015, the Board contributed \$610,449 (2014 - \$595,969) 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.

11. Expenses by object

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated surplus by object:

		2015	2014
	Budget	Actual	Actual
	\$	\$	\$
Salary and wages	23,966,526	23,391,304	22,852,627
Employee benefits	3,668,111	3,775,317	3,998,180
Staff development	811,199	483,124	439,426
Supplies and services	3,180,913	3,892,590	3,368,044
Interest	544,828	548,768	542,597
Rental expenses	26,018	24,644	9,766
Fees and contract services	2,358,734	2,299,566	2,146,710
Other	91,521	61,576	66,733
Amortization of tangible capital asset	2,870,541	3,274,502	3,041,000
	37,518,391	37,751,391	36,465,083

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

12. 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.

13. 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
	\$
2015/2016	34,153
2016/2017	31,440
	<u>65,593</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, 2015, 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.

14. 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, 2015 (2014 - \$128,014) is not recorded in these consolidated financial statements.

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

15. Service Contracts

i) 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, 2015 and therefore no amounts are repayable to the Ministry of Training, Colleges and Universities.

ii) CFSA Approval with the Ministry of Community and Social Services

The Board has a Service Contract/CFSA Approval with the Ministry of Community and Social Services. 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 Teacher Diagnostician services ("ISNC") services to be in a break-even position as at August 31, 2015 and therefore no amounts are repayable to the Ministry of Community and Social Services.

16. Tangible capital assets

	Cost			Cost
	Balance at			Balance at
	August 31,	Additions	Disposals	August 31,
	2014			2015
	\$	\$	\$	\$
Land	2,019,997			2,019,997
Land improvements	1,937,309	117,468		2,054,777
Buildings	72,763,496	2,211,641		74,975,137
Equipment (5 years)	113,905			113,905
Equipment (10 years)	1,610,218	546,879	(58,270)	2,098,827
Equipment (15 years)	90,949	38,932		129,881
First time equipping	420,893			420,893
Furniture	25,285		(8,497)	16,788
Computer hardware	293,654	198,502	(103,663)	388,493
Computer software	-			-
Vehicles-<1 ton	34,968	49,521		84,489
Assets permanently removed from service	1,454,800		(1,454,800)	-
Capital leases - other	404,800	66,373	(12,796)	458,377
	81,170,274	3,229,316	(1,638,026)	82,761,564

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

16. Tangible capital assets (continued)

	Accumulated amortization			August 31,	August 31,
	Balance at August 31, 2014	Amortization	Disposals, write-offs	2015	2014
	\$	\$	\$	\$	\$
Land	-	-	-	-	2,019,997
Land improvements	846,642	175,291	-	1,021,933	1,032,844
Buildings	24,272,909	2,703,210	-	26,976,119	47,999,018
Equipment (5 years)	50,634	22,781	-	73,415	40,490
Equipment (10 years)	404,649	185,452	(58,270)	531,831	1,566,996
Equipment (15 years)	35,130	9,885	-	45,015	84,866
First time equipping	160,926	42,089	-	203,015	217,878
Furniture	16,905	2,104	(8,497)	10,512	6,276
Computer hardware	157,776	68,215	(103,663)	122,328	266,165
Vehicles-<1 ton	24,478	11,946	-	36,424	48,065
Assets permanently removed from service	1,454,800	-	(1,454,800)	-	-
Capital leases - other	234,106	53,529	(12,796)	274,839	183,538
	27,658,955	3,274,502	(1,638,026)	29,295,431	53,466,133
					53,511,319

17. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
Invested in tangible capital assets	2,019,997	2,019,997
School generated funds	281,139	277,555
Employee future benefits	(3,102,998)	(3,632,766)
Interest accrual	(156,398)	(161,175)
Working funds	4,247,024	2,926,878
Reserves and reserve funds	384,590	379,288
Total accumulated surplus	3,673,354	1,809,777

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

17. Accumulated surplus (continued)

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

	2015	2014
	\$	\$
Reserve and reserve funds		
Retirement gratuities	121,816	106,189
Pupil accommodation - school renewal	159,620	159,596
Capital - equipment	47,913	47,381
Insurance	14,399	14,128
Winning teams	40,842	51,994
Total reserve and reserve funds	384,590	379,288

18. 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:

	2015		2014	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Revenue	2,461,302	1,671,414	2,394,463	1,605,807
Expenses	2,428,849	1,625,752	2,407,922	1,592,631
Annual surplus (deficit)	32,453	45,662	(13,459)	13,176

Superior-Greenstone District School Board

Notes to the consolidated financial statements

August 31, 2015

19. 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.

20. Subsequent events

Subsequent to August 31, 2015, the Elementary Teachers' Federation of Ontario ("ETFO") ratified agreements at the central level which include a voluntary retirement gratuity early payout provision. This provision may have a future impact on the board's employee future benefit liability. There is no impact to the 2014-15 fiscal year. To be effective, the collective agreements must be ratified at both the central and local level. At the reporting date of these financial statements, local ratification has not occurred for ETFO.