

**Trillium Lakelands
District School Board
Consolidated Financial Statements
For the year ended August 31, 2015**

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MANAGEMENT REPORT

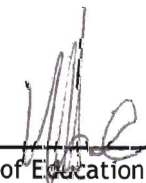
Management's Responsibility for the Financial Statements

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

The preparation of 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.

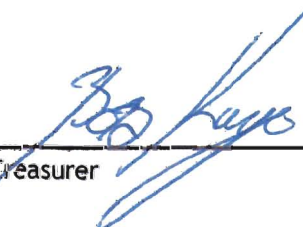
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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 financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



Director of Education

November 24, 2015



Treasurer



Independent Auditor's Report

To the Board of Trustees of the Trillium Lakelands District School Board

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 audit opinion.



Opinion

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

Emphasis of Matter

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Peterborough, Ontario
November 24, 2015

Trillium Lakelands District School Board

Consolidated Statement of Financial Position

August 31	2015	2014
	(in thousands of dollars)	
Financial Assets		
Cash and cash equivalents	\$ 21,301	\$ 11,289
Accounts receivable		
Other	16,371	20,327
Government of Ontario - approved capital (Note 3)	25,312	28,506
	<u>62,984</u>	<u>60,122</u>
Financial Liabilities		
Accounts payable and accrued liabilities	11,357	14,893
Net long-term debt (Note 8)	24,987	26,035
Deferred revenue (Note 4)	4,093	3,195
Employee future benefits liability (Note 7)	15,615	17,899
Deferred capital contributions (Note 5)	148,870	149,861
	<u>204,922</u>	<u>211,883</u>
Net Debt	<u>(141,938)</u>	<u>(151,761)</u>
Non-Financial Assets		
Prepaid expenses	586	5,521
Tangible capital assets (Note 13)	157,360	158,541
	<u>157,946</u>	<u>164,062</u>
Accumulated Surplus (Note 14)	\$ 16,008	\$ 12,301

Signed on behalf of the Board



Director of Education



Chair of the Board

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

Trillium Lakelands District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2015	Actual 2015	Actual 2014
	(in thousands of dollars)		
Revenues			
Provincial legislative grants	\$ 190,797	\$ 193,257	\$ 182,674
Provincial grants - other	1,311	1,876	11,377
Federal grants and fees	123	88	93
Other revenues - school boards	1,737	1,809	1,775
Investment income	150	105	140
Other fees and revenues	265	1,264	944
School generated funds	4,222	5,158	5,371
Amortization of deferred capital contributions	7,556	7,891	7,333
	206,161	211,448	209,707
Expenses (Note 12)			
Instruction	152,174	151,859	152,263
Administration	5,374	5,396	5,523
Transportation	15,973	15,889	15,934
Pupil accommodation	28,542	28,888	28,773
Other	587	587	587
School generated funds	4,202	5,122	5,386
	206,852	207,741	208,466
Annual surplus (deficit)	(691)	3,707	1,241
Accumulated surplus, beginning of year	9,261	12,301	11,060
Accumulated surplus, end of year	\$ 8,570	\$ 16,008	\$ 12,301

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

Trillium Lakelands District School Board

Consolidated Statement of Cash Flow

For the year ended August 31	2015	2014
	(in thousands of dollars)	
Operations		
Annual surplus	\$ 3,707	\$ 1,241
Sources and (Uses)		
Changes in non-cash items:		
Amortization of tangible capital assets	8,081	7,524
Amortization of deferred capital contributions	(7,891)	(7,333)
	3,897	1,432
Change in non-cash working capital balances		
Accounts receivable	7,150	(2,064)
Other financial assets	-	76
Accounts payable and accrued liabilities	(3,534)	1,305
Deferred revenues - operating	(100)	(943)
Change in employee future benefits liability	(2,284)	(764)
Prepaid expenses	4,934	(223)
	10,063	(1,181)
Capital Transactions		
Cash used to acquire tangible capital assets	(6,900)	(11,413)
Financing		
Additions to deferred capital contributions	6,900	11,724
Debt repayments	(1,049)	(1,220)
Increase (decrease) in deferred revenues - capital	998	(1,214)
	6,849	9,290
Increase (decrease) in cash and equivalents during the year	10,012	(3,304)
Cash and equivalents, beginning of year	11,289	14,593
Cash and equivalents, end of year	\$ 21,301	\$ 11,289

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

Trillium Lakelands District School Board
Consolidated Statement of Changes in Net Debt

<u>For the year ended August 31</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
	(in thousands of dollars)	
Annual Surplus	\$ 3,707	\$ 1,241
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	(6,900)	(11,413)
Amortization of tangible capital assets	8,081	7,524
	<u>1,181</u>	<u>(3,889)</u>
Other Non-Financial Asset Activity		
Change in prepaid expenses	4,935	(223)
Change in net debt	9,823	(2,871)
Net debt at beginning of year	(151,761)	(148,890)
Net debt at end of year	\$ (141,938)	\$ (151,761)

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

1. Significant Accounting Policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

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

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

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

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(b) Reporting Entity

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

School generated funds, which include the assets, liabilities, revenues, expenses and fund balances of various organizations that exist at the school level and which are controlled by the Board.

(c) Trust Funds

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

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(e) Deferred Revenue

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

(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:

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(g) Retirement and other employee future benefits

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

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

For those self-insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for WSIB and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(h) Tangible Capital Assets

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

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10

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.

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

(i) Government Transfers

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

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) Budget Figures

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

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

(m) Property Tax Revenue

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of provincial legislative grants

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

2. Change in Accounting Policy

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

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

3. Accounts Receivable - Government of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. Trillium Lakelands District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$25,312,395 as at August 31, 2015 (2014 - \$28,506,198) with respect to capital grants.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

4. Deferred Revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2015 is comprised of:

	Balance as at August 31 2014	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2015
Capital					
School renewal	\$ 1,506	\$ 3,001	\$ -	\$ 2,746	\$ 1,761
School improvement	-	2,968	-	2,232	736
Minor tangible capital assets	-	4,826	3,841	985	-
Interest on capital	-	1,195	1,195	-	-
Child care retrofitting	497	6	-	-	503
Proceeds of disposition - school	1,057	-	-	-	1,057
Proceeds of disposition - other	12	-	-	-	12
	<u>3,072</u>	<u>11,996</u>	<u>5,036</u>	<u>5,963</u>	<u>4,069</u>
Operating					
Special education	-	24,995	24,995	-	-
SEA formula based funding	-	601	601	-	-
EPO Grants	105	1,666	1,766	-	5
Other	18	19	18	-	19
	<u>123</u>	<u>27,281</u>	<u>27,380</u>	<u>-</u>	<u>24</u>
	<u>\$ 3,195</u>	<u>\$ 39,277</u>	<u>\$ 32,416</u>	<u>\$ 5,963</u>	<u>\$ 4,093</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

5. Deferred Capital Contributions

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

	2015	2014
Opening balance	\$ 149,861	\$ 145,470
Additions to deferred capital contributions	6,900	11,724
Revenue recognized in the year	(7,891)	(7,333)
	<u>\$ 148,870</u>	<u>\$ 149,861</u>

6. Credit Facilities

The school board has authorized credit facilities of \$11,000,000 which bears interest at prime less 0.75%. As at August 31, 2015 the Board had not drawn on this credit facility.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

7. Retirement and Other Employee Future Benefits

Liabilities

	2015			2014	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit obligation	\$ 18,650	\$ 87	\$ 223	\$ 18,960	\$ 20,118
Unamortized actuarial (gains) losses	1,268	-	-	1,268	527
Employee future benefits liability	\$ 17,382	\$ 87	\$ 223	\$ 17,692	\$ 19,591

The Board has determined that the liability related to the identified retirees amounts to \$2,076,569 (2014 - \$1,692,292). This portion of the total employee future benefit liability is included in accounts payable and accrued liabilities.

Change in Employee Future Benefit Liability

	2015			2014	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 87	\$ -	\$ 87	\$ 60
Interest on accrued benefit obligation	528	-	7	535	657
Benefit payments ¹	(2,424)	(84)	(96)	(2,604)	(2,061)
Actuarial (gains)/losses	55	24	3	82	(61)
Net change	\$ (1,841)	\$ 27	\$ (86)	\$ (1,900)	\$ (1,405)

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

7. Retirement and Other Employee Future Benefits - continued

Actuarial Assumptions

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

	<u>2015</u>	<u>2014</u>
Inflation	1.50 %	2.00 %
Wage and salary escalation	- %	- %
Insurance and health care cost escalation	8.50 %	8.75 %
Dental cost escalation	4.50 %	4.75 %
Discount rate	2.45 %	2.85 %

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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

7. Retirement and Other Employee Future Benefits - continued

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 451,115 active and retired members and approximately 975 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. During the year ended August 31, 2015, the Board contributed \$2,736,107 (2014 - \$2,630,391) to the plan.

(iii) Retirement Gratuities

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

(iv) Retirement Life Insurance and Health Care Benefits

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

7. Retirement and Other Employee Future Benefits - continued

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision. The actuarially determined future benefit obligation for WSIB claims is \$2,146,065 (2014 - \$2,145,268) The Board holds funds on account with National Bank in the amount of \$1,965,667 (2014 - \$1,798,388) with the purpose of meeting this obligation when necessary.

(ii) 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. The Board is responsible for the payment of life insurance premiums and the costs of 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.

(iii) Sick Leave Top-Up Benefits

As a result of new changes made in 2012-2013 to the short term sick leave and disability plan, a maximum of eleven unused sick days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$86,968.

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2015 and is based on the average daily salary and banked sick days of employees as at August 31, 2015.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

8. Net Long-Term Debt

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

	2015	2014
Debt payable - Bylaw #96-1 for permanent improvements, 8.300% per annum, interest payable semi-annually, principal payments of \$197,000 to \$321,000 due annually, due February 2016	\$ 321	\$ 597
Ontario Finance Authority (OFA) loan payable - Bylaw #2006-1, for Stage 1 of the Good Places to Learn Initiative, 4.560% per annum, repayable \$172,259 semi-annually principal and interest, due November 2031	3,965	4,123
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for Stage 1 and 2 of the Good Places to Learn Initiative; Primary Class Size and Prohibitive to Repair Programs, 4.90% per annum, repayable in semi-annual blended payments of \$223,432, maturing March 2033	5,266	5,448
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for Stage 2 of the Good Places to Learn Initiative and Primary Class Size, 5.062% per annum, repayable in semi-annual blended payments of \$86,865, maturing March 2034	2,093	2,158
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for Stage 2 and 3 of the Good Places to Learn Initiative, 5.232% per annum, repayable in semi-annual blended payments of \$112,878, maturing April 2035	2,772	2,849

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

(tabular amounts in thousands of dollars)

8. Net Long-Term Debt - continued

	2015	2014
Ontario Financing Authority (OFA) loan payable - By-law #2011-1 for Stage 3 and Stage 4 of the Good Places to Learn initiative, 4.833% per annum, repayable in semi-annual blended payments of \$88,615, maturing March 2036	2,310	2,374
Ontario Financing Authority (OFA) loan payable - By-law #2012-1 for Stage 4 of the Good Places to Learn initiative, 3.564% per annum, repayable in semi-annual blended payments of \$23,168, maturing March 2037	698	719
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for New Pupil Places, 3.799% per annum, repayable in semi-annual blended payments of \$249,083, maturing March 2038	7,562	7,767
	\$ 24,987	\$ 26,035

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

	Principal	Interest	Total
2016	\$ 1,129	\$ 1,118	\$ 2,247
2017	845	1,068	1,913
2018	884	1,029	1,913
2019	925	988	1,913
2020	968	945	1,913
Thereafter	20,236	7,680	27,916
	\$ 24,987	\$ 12,828	\$ 37,815

9. Debt Charges and Capital Loan Interest

	2015	2014
Principal payments on long-term liabilities	\$ 1,049	\$ 1,220
Interest payments on long-term liabilities	1,180	1,226
	\$ 2,229	\$ 2,446

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

10. Ontario School Board Insurance Exchange (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rate share of claims experience. The current five year term expires December 31, 2016.

11. Trust Funds

Trust funds administered by the Board amounting to \$241,499 (2014 - \$238,278) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

12. Expenditures by Object

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

	Budget 2015	Actual 2015	Actual 2014
Current expenses			
Salary and wages	\$ 136,549	\$ 138,030	\$ 136,512
Employee benefits	18,877	18,877	20,915
Staff development	1,180	576	547
Supplies and services	24,433	21,352	22,015
Interest	1,160	1,171	1,226
Rental expenses	96	127	141
Fees and contract services	16,147	18,798	18,851
Other	664	729	735
Amortization of tangible capital assets	7,746	8,081	7,524
	<u>\$ 206,852</u>	<u>\$ 207,741</u>	<u>\$ 208,466</u>

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(tabular amounts in thousands of dollars)

13. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2015	2014
Land	\$ 2,603	\$ -	\$ -	\$ 2,603	\$ -	\$ -	\$ -	\$ -	\$ 2,603	\$ 2,603
Land improvements	1,213	130	-	1,343	312	86	-	398	945	901
Buildings	226,766	5,445	-	232,211	74,478	7,167	-	81,645	150,566	152,288
Portable structures	230	-	(230)	-	224	6	(230)	-	-	6
Computer hardware	2,446	534	(338)	2,642	1,021	509	(338)	1,192	1,450	1,425
Computer software	336	246	-	582	100	92	-	192	390	236
Equipment - 5 year	128	16	(5)	139	20	27	(5)	42	97	108
Equipment - 10 year	478	78	(23)	533	308	51	(23)	336	197	170
Equipment - 15 year	49	48	-	97	25	5	-	30	67	24
Furniture	74	6	(11)	69	30	7	(11)	26	43	44
First-time equipping - 10 year	656	340	-	996	73	82	-	155	841	583
Vehicles	401	57	-	458	248	49	-	297	161	153
	\$ 235,380	\$ 6,900	\$ (607)	\$ 241,673	\$ 76,839	\$ 8,081	\$ (607)	\$ 84,313	\$ 157,360	\$ 158,541

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Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

14. Accumulated Surplus

Accumulated surplus (deficit) consists of the following:

	2015	2014
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 15,872	\$ 18,059
Available for Compliance - Internally Appropriated		
Retirement gratuities	500	500
Committed capital projects	5,982	6,014
Capital reserve	3,600	-
Total Internally Appropriated	10,082	6,514
Unavailable for Compliance		
Invested in tangible capital assets	2,603	2,603
School generated funds	1,728	1,691
Interest to be accrued	(326)	(335)
Employee future benefits	(13,951)	(16,231)
Total Unavailable for Compliance	(9,946)	(12,272)
Total Accumulated Surplus	\$ 16,008	\$ 12,301

15. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$7,875,666 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2015

16. Subsequent Event

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

The voluntary retirement gratuity early payout provision provides Ontario Secondary School Teachers' Federation and the Elementary Teachers' Federation of Ontario members the option of receiving a discounted frozen retirement gratuity benefit payment on August 31, 2016. The voluntary retirement gratuity early payout provision may result in payouts occurring earlier than anticipated and generally at a discount to August 31, 2015 financial statement carrying values. As a result, the reduction in the liability for those members who take the voluntary retirement gratuity early payout option will be accompanied by actuarial gains or losses in the board's 2015-2016 year financial statements. At this time, the change in the liability cannot be estimated since members of Ontario Secondary School Teachers' Federation and the Elementary Teachers' Federation of Ontario members are not yet able to declare their participation in the voluntary retirement gratuity early payout option.

17. Comparative Amounts

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