Bluewater District School Board
Consolidated Financial Statements
For the year ended August 31, 2014

Contents

Bluewater District School Board

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Stephen Blake
Director of Education and Secretary

Rob Cummings
Superintendent of Business Services

November 12, 2014

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BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditors' Report

To the Chair and Trustees of the
Bluewater District School Board

We have audited the accompanying consolidated financial statements of the Bluewater District School Board, which comprise the consolidated statement of financial position as at August 31, 2014, and the consolidated statements of operations, changes 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 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

BDO

Opinion

In our opinion, the consolidated financial statements of the Bluewater District School Board as at and for the year ended August 31, 2014 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Hanover, Ontario
November 12, 2014

Bluewater District School Board
Consolidated Statement of Financial Position

August 31	2014	2013
Financial Assets		
Cash and cash equivalents	$ 2,823,603	$ 2,911,545
Accounts receivable		
Municipalities	7,079,775	6,774,377
Government of Ontario - Approved Capital (Note 2)	85,962,752	89,411,219
Other	5,706,961	5,733,502
Assets held for sale	-	225,000
Total Financial Assets	101,573,091	105,055,643
Financial Liabilities		
Bank borrowings (Note 4)	1,997,861	1,112,940
Accounts payable and accrued liabilities	11,853,110	12,725,024
Deferred revenue (Note 5)	4,347,006	5,211,817
Deferred capital contribution (Note 6)	146,362,636	145,049,676
Long-term liabilities (Note 7)	94,022,122	98,109,767
Obligations under capital leases (Note 8)	194,523	348,543
Employee future benefits payable (Note 9)	23,682,629	24,972,023
Total Financial Liabilities	282,459,887	287,529,790
Net Debt	(180,886,796)	(182,474,147)
Non-financial Assets		
Prepaid expenses	317,182	414,891
Tangible capital assets (Note 3)	166,661,261	166,236,617
	166,978,443	166,651,508
Accumulated Surplus (Deficit) (Note 10)	$ (13,908,353)	$ (15,822,639)

On behalf of the Board:

______________________________ Director of Education

______________________________ Chair of the Board

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

Bluewater District School Board
Consolidated Statement of Operations

For the year ended August 31	Budget	2014	2013
Revenues			
Provincial grants - in-lieu of local taxation	$ 55,205,460	$ 55,671,268	$ 55,190,950
Provincial grants - student focused	121,666,554	122,443,636	128,388,750
Provincial grants - other	9,400,216	10,482,604	7,552,518
Federal grants and fees, including Native Bands	1,404,417	1,619,181	1,522,708
Other revenues - school boards	211,267	271,291	233,801
Other fees and revenues	878,871	1,266,796	1,244,878
Interest income	10,000	112,192	(8,475)
School fundraising	6,000,001	6,475,225	5,222,903
Amortization of deferred capital contributions	8,263,462	8,294,462	7,497,364
	203,040,248	206,636,655	206,845,397
Expenses			
Instruction	145,321,402	148,466,791	150,542,359
Administration	5,284,648	5,119,520	5,305,083
Transportation	12,784,430	12,922,260	12,712,954
Pupil accommodation	30,789,985	30,839,069	30,603,908
School funded activities	6,000,001	6,586,199	5,402,613
Other	788,530	788,530	788,530
	200,968,996	204,722,369	205,355,447
Annual Surplus (Deficit)	2,071,252	1,914,286	1,489,950
Accumulated Surplus (Deficit), beginning of year	(15,822,639)	(15,822,639)	(17,312,589)
Accumulated Surplus (Deficit), end of year	$ (13,751,387)	$ (13,908,353)	$ (15,822,639)

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

Bluewater District School Board
Consolidated Statement of Cash Flow

For the year ended August 31	2014	2013
Cash provided by (used in)		
Operations		
Annual surplus (deficit)	$ 1,914,286	$ 1,489,950
Sources and (uses)		
Non-cash items including amortization and gain/loss on disposal	10,068,612	9,061,551
Decrease (increase) in accounts receivable	3,169,610	2,639,873
Increase (decrease) in accounts payable and accrued liabilities	(871,914)	194,404
Increase (decrease) in deferred capital contributions	1,312,960	3,692,112
Increase (decrease) in deferred revenues	(1,278,763)	1,278,725
Increase (decrease) in employee benefits payable	(1,289,394)	(1,140,399)
Increase (decrease) in prepaid expenses	97,709	15,357
Decrease (increase) in assets held for sale	225,000	-
Net increase (decrease) in cash from operations	13,348,106	17,231,573
Capital transactions		
Proceeds on sale of tangible capital assets	496,329	354,191
Cash used to acquire tangible capital assets	(10,575,633)	(12,784,560)
	(10,079,304)	(12,430,369)
Financing transactions		
Long term liabilities issued	12,260,077	20,457,480
Debt repaid and sinking fund contributions	(16,347,722)	(3,491,945)
Increase (decrease) in temporary borrowing	884,921	(21,981,604)
Increase (decrease) in capital lease obligations	(154,020)	36,477
	(3,356,744)	(4,979,592)
Change in cash and cash equivalents	(87,942)	(178,388)
Cash and cash equivalents, beginning of year	2,911,545	3,089,933
Cash and cash equivalents, end of year	$ 2,823,603	$ 2,911,545

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

Bluewater District School Board
Consolidated Statement of Change in Net Debt

For the year ended August 31	2014	2013
Annual Surplus (Deficit)	$ 1,914,286	$ 1,489,950
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	(10,575,633)	(12,809,195)
Amortization of tangible capital assets	10,067,703	9,208,571
Gain on sale of tangible capital assets	(188,043)	(147,289)
Proceeds on sale of tangible capital assets	496,329	354,191
Transfer to (from) assets held for sale	(225,000)	225,000
	(424,644)	(3,168,722)
Other Non-Financial Asset Activity		
Acquisition of prepaid expenses	(317,182)	(414,891)
Use of prepaid expenses	414,891	455,249
	97,709	40,358
(Increase) Decrease in Net Debt	1,587,351	(1,638,414)
Net Debt, beginning of year	(182,474,147)	(180,835,733)
Net Debt, end of year	$ (180,886,796)	$ (182,474,147)

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

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 the 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 contribution 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 the 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 recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting 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 (Note 6).

1. **Significant Accounting Policies** (Continued)

b) Reporting Entity

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:
Transportation Consortium
School Generated Funds

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

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 comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk changes in value and have a short maturity term of less than 90 days.

e) Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

f) Deferred Revenue

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

1. **Significant Accounting Policies** (Continued)

g) Deferred Capital Contributions

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

h) 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, health care benefits, dental 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 estimates of 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 services as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

1. **Significant Accounting Policies** (Continued)

h) **Retirement and Other Employee Future Benefits** (Continued)

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.

i) **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 received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue.

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

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

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

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

1. **Significant Accounting Policies** (Continued)

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 and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

j) Government Transfers

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

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

k) Investment Income

Investment income is reported as revenue in the period earned.

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

l) Long-term Debt

Long-term debt is recorded net of related sinking fund balances.

m) 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.

1. **Significant Accounting Policies** (Continued)

n) 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates include retirement and other employee future benefits and accrued liabilities. Actual results may vary from current estimates.

2. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The 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.

	2014	2013
Opening Balance	$ 89,411,219	$ 89,548,629
Add funding for current year capital projects:		
Full day Kindergarten	3,908,294	3,762,580
Various projects	-	2,188,466
	3,908,294	5,951,046
Net funding for permanently financed projects:		
Debt payments received - OFA	(1,976,813)	(1,165,118)
Debt payments received - other debt	(578,884)	(761,170)
2003 Debenture - OFA	10,112,456	-
Walkerton - OFA	-	20,457,480
	7,556,759	18,531,192
Net funding for non-permanently financed projects:		
Walkerton - Capital Priorities	-	(20,457,480)
Full day Kindergarten	(3,642,706)	(1,572,106)
2003 Debenture	(10,112,456)	-
Other Capital Priorities	(1,158,358)	(1,030,108)
Keppel - Capital Priorities	-	(1,559,954)
	(14,913,520)	(24,619,648)
Closing Balance	$ 85,962,752	$ 89,411,219

3. Tangible Capital Assets

	Balance August 31, 2013	Additions	Disposals	Balance August 31, 2014
Cost				
Land	$ 3,476,015	$ -	$ (83,286)	$ 3,392,729
Land improvements	5,483,074	869,643	-	6,352,717
Buildings	221,707,697	8,725,371	-	230,433,068
Portable structures	989,707	-	(74,100)	915,607
Computers	7,147,993	247,784	(1,343,981)	6,051,796
Furniture and equipment	6,171,290	692,824	(734,241)	6,129,873
Vehicles	586,102	40,011	(43,768)	582,345
Construction in progress	6,639	-	-	6,639
	$ 245,568,517	$ 10,575,633	$ (2,279,376)	$ 253,864,774
Accumulated Amortization				
Land	$ -	$ -	$ -	$ -
Land improvements	1,792,286	436,045	-	2,228,331
Buildings	69,409,279	7,407,548	-	76,816,827
Portable structures	520,645	50,077	(74,100)	496,622
Computers	3,701,528	1,319,979	(1,343,981)	3,677,526
Furniture and equipment	3,462,384	796,532	(734,241)	3,524,675
Vehicles	445,778	57,522	(43,768)	459,532
Construction in progress	-	-	-	-
	$ 79,331,900	$ 10,067,703	$ (2,196,090)	$ 87,203,513
Net Book Value				
Land	$ 3,476,015			$ 3,392,729
Land improvements	3,690,788			4,124,386
Buildings	152,298,418			153,616,241
Portable structures	469,062			418,985
Computers	3,446,465			2,374,270
Furniture and equipment	2,708,906			2,605,198
Vehicles	140,324			122,813
Construction in progress	6,639			6,639
	$ 166,236,617			$ 166,661,261

3. Tangible Capital Assets (Continued)

	Balance August 31, 2012	Additions	Disposals	Balance August 31, 2013
Cost				
Land	$ 2,488,197	$ 1,212,818	$ (225,000)	$ 3,476,015
Land improvements	4,692,423	790,651	-	5,483,074
Buildings	217,432,854	9,109,143	(4,834,300)	221,707,697
Portable structures	989,707	-	-	989,707
Computers	6,724,406	1,281,624	(858,037)	7,147,993
Furniture and equipment	6,037,428	369,719	(235,857)	6,171,290
Vehicles	569,276	38,600	(21,774)	586,102
Construction in progress	25,000	6,640	(25,001)	6,639
	$ 238,959,291	$ 12,809,195	$ (6,199,969)	$ 245,568,517
Accumulated Amortization				
Land	-	-	-	-
Land improvements	1,417,266	375,020	-	1,792,286
Buildings	67,322,100	6,714,577	(4,627,398)	69,409,279
Portable structures	466,946	53,699	-	520,645
Computers	3,142,089	1,417,476	(858,037)	3,701,528
Furniture and equipment	3,120,325	577,916	(235,857)	3,462,384
Vehicles	397,669	69,883	(21,774)	445,778
Construction in progress	-	-	-	-
	$ 75,866,395	$ 9,208,571	$ (5,743,066)	$ 79,331,900
Net Book Value				
Land	$ 2,488,197			$ 3,476,015
Land improvements	3,275,157			3,690,788
Buildings	150,110,754			152,298,418
Portable structures	522,761			469,062
Computers	3,582,317			3,446,465
Furniture and equipment	2,917,103			2,708,906
Vehicles	171,607			140,324
Construction in progress	25,000			6,639
	$ 163,092,896			$ 166,236,617

4. Bank Borrowings

	2014	2013
Bank line of credit	$ 1,997,861	$ 1,112,940

The Board has lines of credit available to the maximum of $15 million to address operating requirements.

The bank line of credit is due on demand, bears interest at a negotiated rate related to prime payable monthly and is secured by borrowing by-law dated May 23, 2012.

5. 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, 2014 is comprised of:

	Balance as at August 31 2013	Externally Restricted Revenue	Revenue Recognized in the Period	Transfers (to) deferred capital contributions	Balance as at August 31 2014
Education Programs - Other (EPO)	$ 1,743,388	$ 1,226,917	$ 2,215,116	$ -	$ 755,189
Full day Kindergarten	224,013	7,871,984	7,745,412	-	350,585
Special Education	1,571,964	748,339	366,740	-	1,953,563
School Renewal	986,607	3,148,524	861,003	(3,237,101)	37,027
Third party	372,493	564,173	566,680	-	369,986
Ministry of Training Colleges	9,440	47,640	30,954	-	26,126
Minor TCA	-	4,358,093	3,673,963	(684,130)	-
Renewable Energy	-	-	-	-	-
School Condition Improvement	-	1,673,475	-	(1,673,475)	-
Retrofitting School Space	239,600	142,000	-	(38,624)	342,976
School generated funds	-	33,578	-	(33,578)	-
Energy Efficient Schools	-	-	-	-	-
Proceeds of Disposition	1,708	467,415	-	-	469,123
Other	62,604	53,578	41,500	(32,251)	42,431
	$ 5,211,817	$20,335,716	$15,501,368	$(5,699,159)	$4,347,006

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 regulations 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2014	2013
Balance, beginning of the year	$ 145,049,676	$ 141,357,564
Additions to deferred capital contributions	3,908,294	4,541,399
Revenue recognized in the period	(8,294,493)	(7,497,363)
Transfers from (to) deferred revenue	5,699,159	6,648,076
Balance, end of the year	$ 146,362,636	$ 145,049,676

7. **Net Long-Term Liabilities**

	2014	2013
Loan, Ontario Financing Authority, 5.23%, repayable $167,576 semi-annual principal and interest, due April 2035	$ 4,230,112	$ 4,339,629
Demand instalment loan, CIBC, interest at prime minus 0.25%, monthly instalments of $26,667 plus interest payable monthly	533,340	826,684
Loan, Ontario Financing Authority, 5.06%, repayable $212,558 semi-annual principal and interest, due March 2034	5,280,631	5,432,647
Loan, Ontario Financing Authority, 5.38%, repayable $303,975 semi-annual principal and interest, due May 2034	7,389,697	7,591,598
Loan, Ontario Financing Authority, 3.80%, repayable $639,823 semi-annual principal and interest, due March 2038	19,950,242	20,457,480
Loan, Ontario Financing Authority, 4.56%, repayable $463,092 semi-annual principal and interest, due November 2031	11,084,128	11,490,912
Debenture, 5.8%, repayable $752,355 semi-annual principal and interest, due November 2028	14,619,826	15,249,084
Debenture net of sinking fund assets, 5.3%, repayable interest semi-annual, annual sinking fund deposit required, due November 2013	-	12,300,586
Loan, Ontario Financing Authority, 3.56%, repayable $172,186 semi-annual principal and interest, due March 2037	5,346,282	5,496,096
Loan, Ontario Financing Authority, 4.83%, repayable $63,850 semi-annual principal and interest, due March 2036	1,710,232	1,753,694
Demand instalment loan, CIBC, interest at prime minus 0.25%, monthly instalments of $31,250 plus interest payable monthly	-	312,500
Loan, Ontario Financing Authority, 4.9%, repayable $461,770 semi-annual principal and interest, due March 2033	11,260,303	11,618,858
Demand instalment loan, CIBC, interest at prime minus 0.25%, monthly instalment of $50,000 plus interest payable monthly	689,999	1,239,999
Demand instalment loan, CIBC, 4%, repayable $23,712 monthly principal and interest	2,064,302	-
Loan, Ontario Financing Authority, 4.0%, repayable $453,547 semi-annual principal and interest, due October 2028	9,863,028	-
	$ 94,022,122	$ 98,109,767

7. Net Long-Term Liabilities (Continued)

Principal and interest payments relating to net long-term liabilities outstanding of $94,022,122 as at August 31, 2014 payable over the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2015	$ 4,400,141	$ 4,289,671	$ 8,689,812
2016	3,790,908	4,105,432	7,896,340
2017	3,732,810	3,933,197	7,666,007
2018	3,909,562	3,756,445	7,666,007
2019	4,094,907	3,571,100	7,666,007
Thereafter	74,093,794	27,289,723	101,383,517
	$ 94,022,122	$ 46,945,568	$ 140,967,690

8. Obligations Under Capital Lease

	2014	2013
Obligations under capital leases, 0.17% to 4.09%, due October 2014 to April 2019, repayable $13,808 principal and interest monthly	$ 194,523	$ 348,543

9. Retirement and Other Employee Future Benefits

			2014	2013
	Retirement Benefits	Other Employee Future Benefits	Total	Total
Accrued Benefit Obligations at August 31	$22,647,437	$ 1,473,472	$24,120,909	$ 24,374,656
Unamortized Actuarial Gains (Losses)	(438,280)	-	(438,280)	597,367
Employee Future Benefits Liability at August 31	$22,209,157	$ 1,473,472	$23,682,629	$ 24,972,023
Retirement and Other Employee Future Benefit Expenses				
Current year benefit cost	$ 279,872	$ 224,844	$ 504,716	$ 1,490,434
Interest on accrued benefit	746,495	37,813	784,308	750,945
Amortization (gain) loss	(133,733)	13,600	(120,133)	(76,879)
Curtailment (gain)/loss	-	5,650	5,650	(204,942)
Employee Future Benefits Expense	$ 892,634	$ 281,907	$ 1,174,541	$ 1,959,558

9. Retirement and Other Employee Future Benefits (Continued)

Plan Changes

In 2013, changes were made to the short term leave and disability 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 existing retirees and employees who retired in 2012-2013. 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.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2014 are based on the most recent actuarial valuations completed for accounting purposes at August 31, 2014. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2014	2013
Inflation	**2.0%**	2.0%
Insurance and health care cost escalation	**3.0 - 8.75**	3.0 - 8.75
Discount on accrued benefit obligations	**2.85**	3.4

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

9. **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) which is a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees contribute at rates from 9.0% to 15.9% (2013 - 9.0% to 15.9%) of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2014, the Board contributed $2,531,129 (2013 - $2,455,496) 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. At December 31 2013, OMERS reported an actuarial funding deficit of $8.6 billion (2012 - $9.9 billion).

(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 gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of services 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 the board subsidized premiums or contributions.

9. Retirement and Other Employee Future Benefits (Continued)

Other Employee Future Benefits

(i) Workplace Safety & Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety & 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. The benefit costs and liabilities related to this plan are included in the Board's financial statements. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

(ii) Sick Leave Benefits

Sick Leave Top-Up Benefits

As a result of new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $99,417 (2013 - $156,137)

The accrued benefit obligation for sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2014. This actuarial valuation is based on assumptions about future events.

10. Accumulated Surplus

Accumulated surplus consists of the following:

	2014	2013
Operating accumulated surplus (deficit)	$ (398,813)	$ (141,015)
Invested in non-depreciable tangible capital assets (Note 3)	3,392,729	3,701,015
Reserves and reserve funds		
set aside for specific purpose by the board (Note 11)	2,763,702	3,348,870
Amounts to be recovered (Note 12)	(22,425,172)	(25,601,684)
School generated funds	2,759,201	2,870,175
	$ (13,908,353)	$ (15,822,639)

11. Reserves and Reserve Funds

	2014	2013
Reserve for working funds	$ 470,022	$ 787,845
Reserve for workers compensation	1,391,882	1,391,882
Reserve for capital	580,366	892,866
Reserve for sinking fund interest	235,947	199,086
Reserve for capital improvements - OSCVI	85,485	77,191
	$ 2,763,702	$ 3,348,870

12. Amounts to be Recovered in Future Years

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	2014	2013
Amounts to be financed in future years		
Employee future benefits liability	$ 21,235,960	$ 24,210,864
Interest accrual	1,189,212	1,390,820
	$ 22,425,172	$ 25,601,684

13. Debt Charges and Capital Loan Interest

	2014	2013
Principal payments on long-term liabilities including contributions to sinking funds	$ 16,347,722	$ 3,491,945
Interest payments on long-term liabilities	4,427,915	4,467,640
Interest payments on temporary financing of capital projects	-	223,657
	$ 20,775,637	$ 8,183,242

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of $16,347,722 (2013 - $3,491,945) are principal payments on long-term debt of $19,337,026 (2013 - $3,245,865), sinking fund contribution of $nil (2013 - $300,000), redemption of sinking fund of $3,049,703 (2013 - $nil) and sinking fund gain (loss) of $60,361 (2013 - ($53,920)).

14. Expenses by Object

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

	2014 Budget	2014 Actual	2013 Actual
Expenses			
Salary and wages	$ 131,311,751	$ 133,801,945	$ 135,827,372
Employee benefits	19,466,057	20,437,872	20,824,318
Staff development	311,493	385,460	390,856
Supplies and services	11,902,122	10,912,796	10,763,280
Interest	4,451,010	4,427,915	4,691,297
Rental	26,895	37,837	31,201
Fees & Contract services	16,583,344	17,246,289	17,419,812
Other	788,530	788,530	795,858
Transfer to other boards	100,000	-	-
Amortization of tangible capital assets	10,027,793	10,097,526	9,208,840
School funded activities	6,000,001	6,586,199	5,402,613
	$ 200,968,996	$ 204,722,369	$ 205,355,447

15. Ontario School Board Insurance Exchange

The 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 million 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 to be asked to pay an additional premium based on its pro-rata share of claims experience. The current five year term expires December 31, 2016.

16. Contributions from First Nation Bands

The Board provides education for certain students from the Chippewas of the Saugeen First Nation and the Chippewas of Nawash Unceded First Nation. During the year the costs associated with this service, which are fully recoverable from the bands, were Chippewas of the Saugeen Band $1,248,046 (2013 - $1,159,713) and Chippewas of the Nawash Band $361,050 (2013 - $357,415).

17. Trust Funds

Trust funds and their related operations administered by the Board have not been included in the consolidated financial statements. As at August 31, 2014, the Scholarship Trust Fund balance was $2,823,888 (2013 - $2,636,376).

18. Contractual Obligations

The Board has commitments with respect to outstanding construction contracts relating to school accommodations as at August 31, 2014, in the amount of approximately $1,750,000 (2013 - $3,700,000).

19. Repayment of The 55 School Board Trust Funding

In June 2003, the Board received $10,584,205 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 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 not permanently financed debt. As a result of the above agreement, the liability in respect of the not permanently financed debt is no longer reflected in the board's financial position. The amount paid to the trust during the year was $788,530 (2013 - $788,530).

20. Segment Information

The major functional classification of activities that the Board operates in is education and the reportable segment is education.

21. Partnership in Student Transportation Service Consortium of Grey-Bruce

On January 31, 2007, the Board entered into an agreement with the Conseil Scolaire des ecoles catholiques du Sud-Ouest and the Bruce-Grey 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 the Student Transportation Service Consortium of Grey-Bruce are shared. No partner is in a position to exercise unilateral control. Effective June 30, 2012, the Conseil Scolaire des ecoles catholiques du Sud-Ouest is no longer part of the consortium.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

The following provides condensed financial information.

	2014		2013	
	Total	Board Portion	Total	Board Portion
Operations:				
Revenues	$ 533,077	$ 318,539	$ 450,291	$ 277,092
Expenses	533,077	318,539	450,291	277,092
Annual Surplus (Deficit)	$ -	$ -	$ -	$ -