Report and consolidated financial statements of

St. Clair Catholic District School Board

August 31, 2014

St. Clair Catholic District School Board
August 31, 2014

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the St. Clair Catholic 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 to the consolidated financial statements.

A summary of the significant accounting policies are 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 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 their recommendation to approve the consolidated financial statements to the Board. The Board meets with management to approve the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors who have been 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.

Dan Parr

Director of Education

Associate Director
Corporate Services and Treasurer

November 11, 2014

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Independent Auditor's Report

To the Board of Trustees of
St. Clair Catholic District School Board

We have audited the accompanying consolidated financial statements of the St. Clair Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2014, and the consolidated statements of operations, cash flows and change in net debt 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the St. Clair Catholic 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 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
November 11, 2014

St. Clair Catholic District School Board

Consolidated statement of financial position
as at August 31, 2014
(In thousands of dollars)

	2014	2013
	$	$
Financial assets		
Cash and cash equivalents	**7,455**	3,121
Accounts receivable	**4,567**	7,854
Accounts receivable - Government of Ontario (Note 2)	**25,022**	26,652
Investments (Note 3)	**998**	948
	38,042	38,575
Financial liabilities		
Temporary borrowing (Note 4)	**4,651**	3,300
Accounts payable and accrued liabilities	**7,117**	8,040
Deferred revenue (Note 5)	**3,941**	6,716
Retirement and other employee future benefits (Note 6)	**10,828**	10,996
Net long-term liabilities (Note 7)	**20,503**	21,076
Deferred capital contributions (Note 8)	**97,626**	85,819
	144,666	135,947
Net debt	**(106,624)**	(97,372)
Non-financial assets		
Prepaid expenses	**307**	411
Tangible capital assets (Note 9)	**110,378**	99,625
	110,685	100,036
Accumulated surplus	**4,061**	2,664

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

St. Clair Catholic District School Board

Consolidated statement of operations

year ended August 31, 2014

(In thousands of dollars)

	2014 Budget	2014 Actual	2013 Actual
	$	$	$
Revenues			
Provincial grants - Grants for Student Needs	**94,630**	**96,818**	98,639
Provincial grants - other	**6,138**	**6,426**	4,888
School generated funds	**3,560**	**2,809**	3,187
Federal grants and fees	**154**	**240**	152
Investment income	**50**	**85**	121
Other revenues - School boards	**111**	**131**	122
Other fees and revenues	**740**	**1,178**	1,336
Total revenues	**105,383**	**107,687**	108,445
Expenses			
Instruction	**77,286**	**78,277**	78,158
Administration	**3,553**	**3,753**	3,840
Transportation	**5,965**	**6,151**	6,069
Pupil accommodation	**14,032**	**14,938**	14,575
School generated funds	**3,560**	**2,884**	3,165
Other	**256**	**287**	1,509
Total expenses	**104,652**	**106,290**	107,316
Annual surplus	**731**	**1,397**	1,129
Accumulated surplus, beginning of year	**2,664**	**2,664**	1,535
Accumulated surplus, end of year	**3,395**	**4,061**	2,664

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

St. Clair Catholic District School Board

Consolidated statement of cash flows
year ended August 31, 2014
(In thousands of dollars)

	2014	2013
	$	$
Operating transactions		
Annual surplus	**1,397**	1,129
Sources and (uses):		
Non-cash items:		
Amortization of tangible capital assets	**4,574**	4,293
Write-down of tangible capital assets	**881**	-
(Gain) loss on disposition of tangible capital assets	**(1)**	33
Revenue recognized in period for deferred capital contributions	**(5,243)**	(4,096)
Recognition of deferred revenue related to prior eligible capital expenditures transferred to deferred capital contributions	**822**	1,988
Decrease (increase) in accounts receivable	**3,287**	(3,112)
(Decrease) increase in accounts payable and accrued liabilities	**(923)**	3,771
Decrease in prepaid expenses	**104**	374
(Decrease) increase in deferred revenue - operating	**(406)**	372
Decrease in retirement and other employee future benefits	**(168)**	(2,459)
	4,324	2,293
Capital transactions		
Acquisition of tangible capital assets	**(16,228)**	(7,457)
Proceeds on disposition of tangible capital assets	**21**	24
	(16,207)	(7,433)
Investing transactions		
(Increase) decrease in investments	**(50)**	235
Financing transactions		
Increase in temporary borrowing	**1,351**	3,300
Debt repayment	**(573)**	(3,163)
Decrease (increase) in accounts receivable - Government of Ontario	**1,630**	(4,515)
Additions to deferred capital contributions	**16,228**	7,457
(Decrease) increase in deferred revenues - capital	**(2,369)**	376
	16,267	3,455
Change in cash and cash equivalents	**4,334**	(1,450)
Cash and cash equivalents, beginning of year	**3,121**	4,571
Cash and cash equivalents, end of year	**7,455**	3,121

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

St. Clair Catholic District School Board

Consolidated statement of change in net debt

year ended August 31, 2014

(In thousands of dollars)

	2014 Budget	2014 Actual	2013 Actual
	$	$	$
Annual surplus	**731**	**1,397**	1,129
Tangible capital asset activity			
Acquisition of tangible capital assets	**(16,526)**	**(16,228)**	(7,457)
Amortization of tangible capital assets	**4,400**	**4,574**	4,293
(Gain) loss on disposition of tangible capital assets	**-**	**(1)**	33
Proceeds on disposition of tangible capital assets	**-**	**21**	24
Write-down of tangible capital assets	**-**	**881**	-
	(12,126)	**(10,753)**	(3,107)
Other non-financial asset activity			
Acquisition of prepaid expenses	**-**	**(174)**	(256)
Use of prepaid expenses	**-**	**278**	630
	-	**104**	374
Increase in net debt	**(11,395)**	**(9,252)**	(1,604)
Net debt, beginning of year	**(97,372)**	**(97,372)**	(95,768)
Net debt, end of year	**(108,767)**	**(106,624)**	(97,372)

The accompanying notes are an integral part of these consolidated 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 reporting provision of the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and the accounting requirements of 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:

(i) 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.

(ii) 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.

(iii) 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.

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.

Chatham-Kent Lambton Administrative School Services is jointly controlled and the Board accounts for its interest in this entity using proportionate consolidation (refer to Note 11).

Consolidated entities include:

St. Clair District Catholic Education Foundation
School Generated Funds
Chatham-Kent Lambton Administrative School Services

Interdepartmental and interorganizational 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 the Board does not control them.

d) Cash and cash equivalents

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

e) Investments

Temporary investments 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) 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.

(In thousands of dollars)

1. Significant accounting policies (continued)

f) Tangible capital assets (continued)

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

Land improvements with finite lives	15 years
Buildings	40 years
Buildings – other	20 years
Portable structures	20 years
First time equipping	10 years
Furniture	10 years
Equipment	5 – 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 – 10 years

Assets under construction are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and 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 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 historic assets are not recorded as assets in these consolidated financial statements.

g) 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.

h) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance and health care benefits, dental benefits, retirement gratuity and workers’ compensation. In 2012 changes were made to the Board’s retirement gratuity plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

(i) In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, discount rates and other actuarial assumptions. As a result of the plan change, the cost of retirement gratuities is 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. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. 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.

1. Significant accounting policies (continued)

h) Retirement and other employee future benefits (continued)

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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

For any employees not impacted by the change, the projected benefits method prorated on service was used to determine the accrued benefit obligation. Under this method, the benefit costs are recognized over the expected average service life of the employee group any actuarial gains and losses related to the past service of employees are 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 periodically, such as obligations for workers' compensation 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.

i) 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

(iii) Property taxation revenues which were historically used to fund capital assets

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 recognized as deferred capital contributions as disclosed in Note 1i).

k) Investment income

Investment income earned is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds is added to the respective deferred revenue balances.

(In thousands of dollars)

1. Significant accounting policies (continued)

l) Budget figures

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

m) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting disclosed in Note 1a) 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 financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used by actuaries to determine employee future benefit costs (Note 6). Actual results could differ from these estimates.

2. Accounts receivable – Government of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. The St. Clair Catholic 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 $25,022 (2013 - $26,652) as at August 31, 2014 with respect to capital grants.

3. Investments

Investments are comprised as follows:

		2014		2013
	Cost	**Market value**	Cost	Market value
	$	**$**	$	$
Cash	**9**	**9**	25	25
Guaranteed investment certificates	**858**	**862**	700	707
Government bonds	**131**	**153**	223	240
	998	**1,024**	948	972

Long-term investments are recorded at cost. These investments are assessed regularly for impairment and are written down if a permanent impairment exists.

4. Temporary borrowing

The Board has demand interim bridge credit available to the maximum of $15,178 (2013 - $17,380) to bridge finance capital project expenditures. All loans are due on demand and are in the form of bankers' acceptance notes. As at August 31, 2014, the amount drawn under the bankers' acceptance facility was $4,651 (2013 - $3,300) at a rate of 2.11%.

(In thousands of dollars)

5. Deferred revenue

Revenues received that are restricted 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 August 31, 2013	Contributions received	Transferred to revenue	Transfers to deferred capital contributions	**Balance August 31, 2014**
	$	$	$	$	**$**
School renewal	770	1,321	-	(1,794)	**297**
Interest on capital	-	1,140	(1,140)	-	**-**
School Condition Improvement	904	926	-	(1,307)	**523**
Retrofitting school space for child care	659	390	-	(669)	**380**
Minor tangible capital assets	-	2,286	(1,473)	(813)	**-**
Proceeds of disposition	1,735	-	-	(1,236)	**499**
Special education allocation	-	10,656	(10,656)	-	**-**
Special education equipment	1,587	446	(252)	-	**1,781**
Education Program Other (EPO) funding	858	5,499	(6,166)	-	**191**
Other	203	209	(42)	(100)	**270**
	6,716	22,873	(19,729)	(5,919)	**3,941**

6. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

				2014	2013
	Retirement benefits	**Other employee future benefits**	**Workers' safety insurance benefits**	**Total employee future benefits**	Total employee future benefits
	$	**$**	**$**	**$**	$
Accrued employee future benefit obligations, end of year	**8,491**	**2,005**	**677**	**11,173**	10,894
Unamortized actuarial loss	**(160)**	**(185)**	**-**	**(345)**	102
Accrued benefit liability	**8,331**	**1,820**	**677**	**10,828**	10,996

(In thousands of dollars)

6. Retirement and other employee future benefits (continued)

Retirement and other employee future benefit expenses

	2014				2013
	Retirement benefits	Other employee future benefits	Workers' safety insurance benefits	Total employee future benefits	Total employee future benefits
	$	$	$	$	$
Current year benefit cost	-	158	165	323	191
Gain on plan amendment	-	-	-	-	(982)
Amortized (gain) loss	(26)	9	-	(17)	126
Interest on accrued benefit obligation	275	65	16	356	373
Employee future benefits expense	249	232	181	662	(292)

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

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 provision is established at August 31, 2014 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. Effective September 1, 2013, any new retiree (excluding employees with personal services contracts) 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.

(In thousands of dollars)

6. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2014 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2014. Retirement gratuities and post-retirement benefits are based on an extrapolation of the August 31, 2013 actuarial valuation. These valuations take into account the plan changes outlined above. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2014	2013
	%	%
Inflation	**2.0**	2.0
Interest	**2.9**	3.4
Health care cost escalation	**8.5 to 4.0**	8.75 to 4.0
Dental care cost escalation	**4.5 to 3.0**	4.75 to 3.0
Wage and salary escalation	**-**	-

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 of Ontario. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated 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 contributions equal the employee contributions to the plan. During the year ended August 31, 2014, the Board contributed $1,423 (2013 - $1,416) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

iii) Retirement gratuities

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

6. Retirement and other employee future benefits (continued)

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 (excluding employees with personal services contracts) retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

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. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 requires school boards to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision.

ii) Sick leave top-up benefits

As a result of changes made in 2012-2013 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 illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $34 (2013 – $91).

The accrued benefit obligation for the 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 and is based on the average daily salary and banked sick days of employees at August 31, 2014.

iii) Long-term disability life insurance and health care benefits

The Board may provide life insurance, dental and health care benefits to employees on long-term disability leave at the employees' request, however employees are directly responsible for any associated costs. The cost of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(In thousands of dollars)

7. Net long-term liabilities

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

	2014	2013
	$	$
Promissory note, 4.56%, maturing November 2031	**3,002**	3,113
Promissory note, 4.90%, maturing March 2033	**1,968**	2,031
Promissory note, 5.062%, maturing March 2034	**1,367**	1,406
Promissory note, 5.232%, maturing April 2035	**1,151**	1,181
Promissory note, 4.833%, maturing March 2036	**13,015**	13,345
	20,503	21,076

Principal payments relating to net long-term liabilities of $20,503 outstanding as at August 31, 2014 are due as follows:

	Principal	Interest	Total
	$	$	$
2014/15	601	984	1,585
2015/16	630	955	1,585
2016/17	661	924	1,585
2017/18	693	892	1,585
2018/19	727	858	1,585
Thereafter	17,191	7,598	24,789
Net long-term liabilities	20,503	12,211	32,714

On June 1, 2003, the Board received $2,663 from the “55 School Board Trust” for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. As a result of the agreement the liability in respect of the not permanently financed (NPF) debt is no longer reflected in the Board’s financial position.

8. Deferred capital contributions

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

	2014	2013
	$	$
Balance, beginning of year	**85,819**	80,470
Additions to deferred capital contributions	**16,228**	7,457
Transfers from deferred revenue related to prior year expenditures	**822**	1,988
Revenue recognized in the year	**(5,243)**	(4,096)
Balance, end of year	**97,626**	85,819

(In thousands of dollars)

9. Tangible capital assets

					Cost
	Opening balance	Additions and transfers	Disposals	Transfer to assets held for sale	Closing balance
	$	$	$	$	$
Land	7,668	-	-	-	7,668
Land improvements	1,760	311	-	-	2,071
Buildings - 40 yr	117,942	3,901	-	-	121,843
Buildings - 20 yr	84	-	-	-	84
Construction in progress	4,028	10,226	-	-	14,254
Portable structures	692	-	-	-	692
Equipment	1,148	89	65	-	1,172
First time equipping	713	462	-	-	1,175
Furniture	24	-	-	-	24
Computer hardware	2,945	1,102	534	-	3,513
Computer software	39	109	13	-	135
Vehicles	355	33	79	-	309
Pre-acquisition costs	62	(5)	-	-	57
Total	137,460	16,228	691	-	152,997

					Accumulated amortization
	Opening balance	Amortization/ adjustments	Disposals/ (write-downs)	Transfers to assets held for sale	Closing balance
	$	$	$	$	$
Land	-	-	-	-	-
Land improvements	381	130	-	-	511
Buildings - 40 yr	34,096	3,517	(881)	-	38,494
Buildings - 20 yr	36	4	-	-	40
Construction in progress	-	-	-	-	-
Portable structures	667	16	-	-	683
Equipment	525	118	45	-	598
First time equipping	221	95	-	-	316
Furniture	18	2	-	-	20
Computer hardware	1,566	646	534	-	1,678
Computer software	15	18	13	-	20
Vehicles	310	28	79	-	259
Pre-acquisition costs	-	-	-	-	-
Total	37,835	4,574	(210)	-	42,619

(In thousands of dollars)

9. Tangible capital assets (continued)

	Net book value	
	2014	2013
	$	$
Land	**7,668**	7,668
Land improvements	**1,560**	1,379
Buildings - 40 yr	**83,349**	83,846
Buildings - 20 yr	**44**	48
Construction in progress	**14,254**	4,028
Portable structures	**9**	25
Equipment	**574**	623
First time equipping	**859**	492
Furniture	**4**	6
Computer hardware	**1,835**	1,379
Computer software	**115**	24
Vehicles	**50**	45
Pre-acquisition costs	**57**	62
Total	**110,378**	99,625

The write-down of Tangible Capital Assets during the year was $881 (2013 - $0).

10. Debt charges and capital loans interest

The expenditure for debt charges and capital loans interest includes principal and interest payments as follows:

	2014	2013
	$	$
Principal payments on long-term liabilities including contributions to sinking funds	**573**	3,163
Interest payments on long-term liabilities	**1,013**	1,370
Interest payments on temporary financing	**124**	9
	1,710	4,542

(In thousands of dollars)

11. Partnership in Chatham-Kent Lambton Administrative School Services (CLASS)

Transportation, community use of school services, supervision of child care services and environmental and energy services for the Board are provided by CLASS which was incorporated on February 22, 2006. On that day the Board formalized an agreement with the Lambton Kent District School Board to provide common administration of student transportation and other services deemed beneficial to the boards in their shared jurisdiction. This agreement was executed in an effort to increase efficiency and cost effectiveness for each of the boards. Under the agreement created at the time CLASS was established, decisions related to the financial and operating activities of CLASS are shared. Neither partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

		2014		2013
	Total	**Board portion**	Total	Board portion
	$	**$**	$	$
Financial position				
Financial assets	**178**	**34**	212	72
Financial liabilities	**178**	**34**	212	72
Accumulated surplus	**-**	**-**	-	-
Operations				
Revenues	**18,066**	**6,143**	17,881	6,063
Expenses	**18,066**	**6,143**	17,881	6,063
Annual surplus	**-**	**-**	-	-

12. Ontario School Board Insurance Exchange (OSBIE)

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 $2 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 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.

13. Contractual obligations and contingent liabilities

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2014 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board is committed to capital expenditures in the amount of $519 (2013 - $12,242).

(In thousands of dollars)

14. Expenditures by Ministry of Education classification

The following is a summary of the expenses reported on the consolidated statement of operations by Ministry of Education classification:

	2014 Budget	**2014 Actual**	2013 Actual
	$	**$**	$
Operating expenses			
Salary and wages	**69,958**	**71,107**	74,094
Employee benefits	**9,993**	**9,897**	9,450
Staff development	**600**	**585**	646
Supplies and services	**7,500**	**7,613**	6,900
Interest charges on capital debt	**1,178**	**1,129**	1,366
Rental expense	**31**	**90**	31
Fees and other contract services	**7,184**	**7,276**	7,087
Other	**248**	**251**	250
School generated funds	**3,560**	**2,884**	3,165
Amortization, writedowns and disposal of tangible capital	**4,400**	**5,458**	4,327
	104,652	**106,290**	107,316