

Consolidated Financial Statements of

**ALGONQUIN AND LAKESHORE
CATHOLIC DISTRICT SCHOOL
BOARD**

Year ended August 31, 2015

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2015

Management's Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
Notes to Consolidated Financial Statements.....	5

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board are the responsibility of Board 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.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, 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 KPMG 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.



Director of Education



Superintendent of Finance and
Business Services

November 24, 2015



KPMG LLP
863 Princess Street Suite 400
Kingston ON K7L 5N4
Canada

Telephone (613) 549-1550
Fax (613) 549-6349
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Algonquin and Lakeshore Catholic District School Board

We have audited the accompanying consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2015, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 Algonquin and Lakeshore Catholic District School Board as at August 31, 2015, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 24, 2015

Kingston, Canada

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

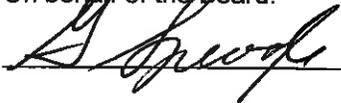
Consolidated Statement of Financial Position

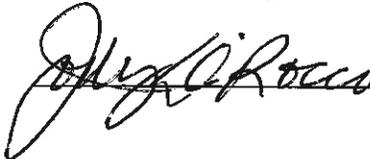
August 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 16,156,549	\$ 3,325,392
Temporary investments	6,286,991	8,236,738
Accounts receivable:		
Municipalities	2,606,275	2,605,640
Province of Ontario - approved capital (note 3)	31,478,823	35,668,740
Other	3,383,738	5,123,738
Total financial assets	59,912,376	54,960,248
Financial liabilities:		
Accounts payable and accrued liabilities	6,471,673	8,839,123
Net long-term liabilities (note 7)	30,949,981	26,020,394
Deferred revenue (note 4)	10,566,535	9,904,995
Employee benefits payable (note 6)	11,118,207	12,417,498
Deferred capital contributions (note 5)	103,596,861	103,676,061
Total financial liabilities	162,703,257	160,858,071
Net debt	(102,790,881)	(105,897,823)
Non-financial assets:		
Tangible capital assets (note 17)	109,862,340	110,001,773
Commitments (notes 11 and 12)		
Contingent liabilities (notes 13 and 14)		
Accumulated surplus (note 9)	\$ 7,071,459	\$ 4,103,950

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

On behalf of the Board:

 Chair

 Director of Education

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2015, with comparative information for 2014

	2015 Budget	2015	2014
Revenues:			
Provincial grants:			
Student focused funding	\$ 135,309,139	\$ 133,651,274	\$ 124,904,031
Other	1,615,546	2,278,206	7,368,573
Federal grants and fees	594,691	530,028	604,895
Other - school boards	-	5,342	1,535
Investment income	200,000	232,461	256,124
Other	608,531	1,653,417	1,193,194
School fundraising	4,294,160	4,575,451	4,625,821
Amortization of deferred capital contributions (note 5)	4,974,036	5,399,747	4,926,624
	147,596,103	148,325,926	143,880,797
Expenses (note 10):			
Instruction	108,884,214	106,360,953	103,233,803
Administration	5,057,063	5,029,478	4,848,236
Transportation (note 16)	9,735,052	10,441,796	10,232,404
Pupil accommodation	18,256,017	18,727,965	18,321,540
Other	116,347	116,347	116,347
School funded activities	4,294,160	4,681,878	4,565,761
	146,342,853	145,358,417	141,318,091
Annual surplus	1,253,250	2,967,509	2,562,706
Accumulated surplus, beginning of year	2,794,829	4,103,950	1,541,244
Accumulated surplus, end of year (note 9)	\$ 4,048,079	\$ 7,071,459	\$ 4,103,950

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 2,967,509	\$ 2,562,706
Acquisition of tangible capital assets	(5,320,547)	(11,394,642)
Amortization of tangible capital assets	5,459,980	4,986,856
	139,433	(6,407,786)
Change in net debt	3,106,942	(3,845,080)
Net debt, beginning of year	(105,897,823)	(102,052,743)
Net debt, end of year	\$ (102,790,881)	\$(105,897,823)

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Operating transactions:		
Annual surplus	\$ 2,967,509	\$ 2,562,706
Items not involving cash:		
Amortization of tangible capital assets	5,459,980	4,986,856
Amortization of deferred capital contributions	(5,399,747)	(4,926,624)
Change in non-cash assets and liabilities:		
Decrease (increase) in temporary investments	1,949,743	(128,380)
Decrease (increase) in accounts receivable	5,929,282	(5,748,106)
Increase (decrease) in accounts payable and accrued liabilities	(2,367,447)	2,137,860
Increase (decrease) in deferred revenue	661,540	(825,971)
Decrease in employee benefits payable (note 5)	(1,299,291)	(206,782)
	4,934,060	(4,711,147)
Cash applied to operating transactions	7,901,569	(2,148,441)
Capital transactions:		
Cash used to acquire tangible capital assets	(5,320,547)	(11,394,641)
Financing transactions:		
Long-term liabilities issued	5,835,202	3,886,971
Debt repayment	(905,614)	(772,519)
Additions to deferred capital contributions	5,320,547	11,394,647
Cash provided by financing transactions	10,250,135	14,509,099
Increase in cash	12,831,157	966,017
Cash, beginning of year	3,325,392	2,359,375
Cash, end of year	\$ 16,156,549	\$ 3,325,392

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2015

1. Significant accounting policies:

The consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

These 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 Consolidated Statement of Operations and Accumulated Surplus 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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included 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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- Property tax revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(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.

The consolidated financial statements include the following organizations:

- (i) Tri-Board Student Transportation Services: Tri-Board Student Transportation Services is accounted for using the proportionate consolidation method of accounting and reporting.
- (ii) School generated funds: The assets, liabilities, revenues, expenses and fund balances of various organizations that exist at school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

(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) Temporary 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. Investments are recorded at cost which approximates market value. Temporary investments have interest rates that range from 0.79% to 4.91%.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

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.

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

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	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. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Other assets permanently removed from service cease to be amortized and the carrying value is written down to the residual value.

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

(f) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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 of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized.

(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 and health care benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

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, insurance and health care costs 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 services 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits (continued):

(i) (continued):

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.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions (OMERS), 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) Accumulated surplus - available for compliance, internally appropriated:

Certain amounts, as approved by the Board trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

(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 the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(g).

(k) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on externally appropriated funds such as pupil accommodation, special education, energy efficient schools capital and proceeds of disposition, when required by the funding government or related Act, is added to the fund balance and forms part of the respective deferred revenue balances.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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.

The Board approves its budget annually. The approved operating budget for 2014-2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 17, 2014.

Budgets established for capital purposes are based on a project-oriented basis, the costs of which may be carried out over one or more years. Capitalization of assets, amortization and disposals were not contemplated in the development of the budget.

(m) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(n) 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

2. Changes in accounting policies:

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 organisms 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 retrospectively 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 – Province of Ontario:

The Province of Ontario (Province) 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.

The Board has an account receivable from the Province of Ontario of \$31,478,823 as at August 31, 2015 (2014 - \$35,668,740) with respect to capital grants.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

4. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance as at August 31, 2014	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital- contributions	Balance as at August 31, 2015
Education development charges	\$ 635,089	\$ 96,059	\$ -	\$ -	\$ 731,148
Gain on disposal of assets	6,278	55	-	-	6,333
Improved access for special education	41,733	363	-	-	42,096
School condition improvement	391,666	2,618,732	-	(1,062,622)	1,947,776
School renewal	1,340,180	1,997,974	(387,256)	(2,038,679)	912,219
Retrofitting school space for childcare	346,176	6,100	-	(4,343)	347,933
Restricted grant revenue	7,143,873	20,558,083	(21,122,926)	-	6,579,030
Total deferred revenue	\$ 9,904,995	\$ 25,277,366	\$(21,510,182)	\$ (3,105,644)	\$ 10,566,535

(a) Education development charge:

Education development charges (EDC's) are used to fund the acquisition of school sites, and site related costs to accommodate growth-related pupil places. EDC's are collected by the City of Kingston on behalf of the Board.

(b) Energy efficient schools and green school pilot project:

Energy efficient schools and green school pilot project deferred revenue pertains to any amounts deferred for future projects to reduce energy consumption in schools.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

4. Deferred revenue (continued):

(c) Gain on disposal of assets:

The gains on disposal deferred revenue is composed of gains generated from the sale of schools. The Board intends to use this amount to fund future capital costs related to Board facilities.

(d) Improved access for special education:

The province has provided specific funds to be used for improved access for special education. Any amount not spent by year end must be deferred for use in future years.

(e) School conditions improvement - capital:

The Province provides specific capital funding to address its costs of improving the condition of school sites and buildings.

(f) School renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

(g) Retrofitting school space for childcare:

Amounts received for future capital investments to repurpose existing childcare spaces or space not required for instructional purposes in schools to serve children aged 0 to 3.8 years.

(h) Restricted grant revenue:

Other deferred revenue includes many specific program amounts, both capital and operating, from the Ministry of Education.

5. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for acquisition of capital assets in accordance with Ontario Regulation 395/11 that have been expended by year end. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2015	2014
Balance, beginning of year	\$ 103,676,061	\$ 97,208,038
Additions to deferred capital contributions	5,320,547	11,394,647
Revenue recognized in the period	(5,399,747)	(4,926,624)
Balance, end of year	\$ 103,596,861	\$ 103,676,061

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. 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, service awards, worker's compensation and long-term disability benefits.

(a) 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 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, 2015, the Board contributed \$2,106,094 (2014 - \$1,941,493) 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 gratuity benefits:

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 based on their salary, accumulated sick days, and years of service at August 31, 2012.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. Retirement and other employee future benefits (continued):

(b) 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 require the Board to provide a salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(ii) Accumulated sick leave:

As a result of plan changes made during 2012 - 2014 to the short-term 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 consolidated financial statements are \$(17,378) (2014 - \$10,969).

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

(iii) Continuing benefits while on long-term disability:

Some employee groups are eligible for continued Board subsidization of specific benefits until the age of 65, while they are receiving long-term benefits. 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.

(iv) Post-employment 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 age of 65. The premiums are based on the Board's 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

(v) Vacation pay:

The amount of unused vacation days accrued as of August 31, 2015 is \$1,214,126 (2014 - \$1,206,583). Vacation pay is included in accounts payable and accrued liabilities.

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2014. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2015	2014
	%	%
Health care cost escalation	8.50	8.75
Dental cost escalation	4.50	4.75
Discount on accrued benefit obligations	2.85	3.40
Inflation rate	1.50	2.00

¹ Health care escalation of 8.50% for 2015-16, and decreasing by ¼% per annum to 4.00%.

² Dental care escalation of 4.50% for 2015-16, decreasing by ¼% per annum to 3.00%.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

					2015	2014
	Retirement gratuity benefits	Other post- retirement benefit expenses	Carry-over sick leave benefits	Continuing benefits on long-term disability	Total retirement and post- retirement benefits	Total retirement and post- retirement benefits
Accrued benefit liability						
September 1	\$ 10,350,948	\$ 633,939	\$ 50,258	\$ 349,888	\$ 11,385,033	\$ 11,753,232
Current year benefit cost	–	–	32,880	(9,501)	23,379	60,307
Change due to plan curtailment	–	–	–	–	–	375,334
Net amortization of actuarial losses (gains)	33,081	7,480	(15,229)	–	25,332	12,816
Interest on accrued benefit obligation	281,591	15,917	–	9,317	306,825	376,472
Benefit payments	(1,463,266)	(150,912)	(35,029)	(36,368)	(1,685,575)	(1,193,128)
Accrued benefit liability						
August 31	9,202,354	506,424	32,880	313,336	10,054,994	11,385,033
Net employee future benefit expenses	\$ (1,148,594)	\$ (127,515)	\$ (17,378)	\$ (36,552)	\$ (1,330,039)	\$ (368,199)

Retirement and other employee future benefit obligations are comprised of:

	2015	2014
Retirement gratuity benefits	\$ 9,202,354	\$ 10,350,948
Post-retirement benefits	506,424	633,939
Carry-over sick leave benefit	32,880	50,258
Continuing benefits while on long-term disability	313,336	349,888
	10,054,994	11,385,033
Workplace safety and insurance	1,063,213	1,032,465
	\$ 11,118,207	\$ 12,417,498

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

	2015	2014
Accrued employee future benefit obligations at August 31	\$ 11,497,205	\$ 12,678,601
Unamortized actuarial losses at August 31	(378,998)	(261,103)
Employee future benefits liability at August 31	\$ 11,118,207	\$ 12,417,498

7. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	2015	2014
Debentures	\$ 30,949,981	\$ 26,020,394

Principal payments relating to net long-term liabilities of \$30,949,981 (2014 - \$26,020,394) outstanding as at August 31, 2015 are due as follows:

	Principal	Interest	Total
2015-2016	\$ 1,107,586	\$ 1,253,691	\$ 2,361,277
2016-2017	1,154,856	1,206,420	2,361,276
2017-2018	1,204,200	1,157,076	2,361,276
2018-2019	1,255,711	1,105,566	2,361,277
2019-2020	1,309,486	1,051,791	2,361,277
Thereafter	24,918,142	8,425,631	33,343,773
	\$ 30,949,981	\$ 14,200,175	\$ 45,150,156

The respective interest rates on the debentures range from 3.0% to 5.2% and the respective maturity dates on the debentures range from 2030 to 2040.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

8. Debt charges and capital loans interest:

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

	2015	2014
Principal payments on long-term liabilities	\$ 905,614	\$ 772,519
Interest payments on long-term liabilities	1,120,803	1,068,475
	\$ 2,026,417	\$ 1,840,994

9. Accumulated surplus:

Accumulated surplus consists of the following:

	2015	2014
Available for compliance - unappropriated:		
Operating accumulated surplus	\$ -	\$ -
Available for compliance - internally appropriated:		
School renewal	1,285,860	1,285,860
Other purposes - operating:		
School expenses	1,682,772	1,683,800
Technology	1,908,144	1,323,125
Workplace Safety Insurance Board	800,000	800,000
Declining enrolment	1,014,995	1,014,995
Program and service enhancements	1,100,000	-
Other purposes - capital:		
Committed - capital projects	2,174,932	2,235,165
	9,966,703	8,342,945
Unavailable for compliance:		
Employee future benefits	(8,189,433)	(9,683,680)
Interest to be accrued	(268,707)	(224,636)
School generated funds	1,472,348	1,578,773
Revenue recognized for land	4,090,548	4,090,548
	(2,895,244)	(4,238,995)
	\$ 7,071,459	\$ 4,103,950

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

10. Expenses by object:

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

	2015 Budget	2015 Actual	2014 Actual
Expenses:			
Salary and wages	\$ 96,840,613	\$ 96,108,018	\$ 93,331,672
Employee benefits	14,771,786	14,074,953	13,848,357
Staff development	873,845	830,091	855,987
Supplies and services	9,739,611	9,595,151	9,195,011
Interest on long-term debt	1,113,619	1,195,976	1,068,475
Rental expenses	377,058	414,783	430,488
Fees and contract services	13,048,084	12,726,209	12,758,078
Amortization, write-downs and loss on disposal	5,035,070	5,459,980	4,986,856
Other	249,007	271,378	277,406
	\$ 142,048,693	\$ 140,676,539	\$ 136,752,330
School activities	4,294,160	\$ 4,681,878	\$ 4,565,761
Total expenses	\$ 146,342,853	\$ 145,358,417	\$ 141,318,091

11. Lease commitments:

The Board is committed under certain operating lease agreements to minimum lease payments as follows:

2015-2016	\$ 428,063
2016-2017	340,803
2017-2018	293,054
2018-2019	129,682
	\$ 1,191,602

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

12. Commitments:

On June 1, 2003, the Board received \$10,286,245 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. The 55 School Board Trust was created to refinance the outstanding 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. An amount of \$116,347 (2014 - \$116,347) funded by the province is reflected on the consolidated statement of operations and accumulated deficit.

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 as of August 31, 2003.

13. 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.

The ultimate premiums over a five-year period are based on the reciprocals 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.

14. Contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Letters of credit:

The Board has provided security in the form of letters of credit, on behalf of various parties. As of the year end date, the total balances outstanding were \$697,803 (2014 - \$698,138).

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

15. Trust funds:

Trust funds administered by the Board amounting to \$820,587 (2014 - \$862,541) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

16. Related entities:

Tri-Board Student Transportation Services:

The Board has a one-third economic interest in Tri-Board Student Transportation Services. The Entity's principal activity is to provide student transportation for three school boards including, Algonquin and Lakeshore Catholic District School Board. Related party transactions with Tri-Board Student Transportation Services during the year, not separately disclosed in the consolidated financial statements, include the following:

- (i) The Board purchased student transportation services totalling \$9,713,787 (2014 - \$9,199,475).

17. Tangible capital assets:

Amortization is calculated on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Cost	Balance at August 31, 2014	Additions	Disposals, write-downs and adjustments	Balance at August 31, 2015
Land	\$ 4,090,548	\$ -	\$ -	\$ 4,090,548
Land improvements	1,468,744	594,557	-	2,063,301
Buildings	142,910,738	2,607,917	-	145,518,655
Portable structures	4,836,810	410,783	69,500	5,178,093
First-time equipping of schools	619,636	81,547	113,421	587,762
Furniture	188,260	17,310	-	205,570
Equipment	905,032	6,079	59,910	851,201
Computer hardware	3,424,263	1,172,789	292,243	4,304,809
Computer software	535,864	-	32,717	503,147
Vehicles	202,679	-	-	202,679
Pre-acquisition costs	117,512	429,565	-	547,077
Total	\$ 159,300,086	\$ 5,320,547	\$ 567,791	\$ 164,052,842

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

17. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2014	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2015
Land improvements	\$ 471,009	\$ 109,214	\$ –	\$ 580,223
Buildings	43,956,772	4,146,254	–	48,103,026
Portable structures	2,594,791	248,624	69,500	2,773,915
First-time equipping of schools	230,436	60,242	113,421	177,257
Furniture	33,535	19,439	–	52,974
Equipment	293,311	72,542	59,908	305,945
Computer hardware	1,433,682	709,476	292,243	1,850,915
Computer software	179,039	79,160	32,719	225,480
Vehicles	105,738	15,029	–	120,767
Total	\$ 49,298,313	\$ 5,459,980	\$ 567,791	\$ 54,190,502

	Net book value August 31, 2014	Net book value August 31, 2015
Land	\$ 4,090,548	\$ 4,090,548
Land improvements	997,735	1,483,078
Buildings	98,953,966	97,415,629
Portable structures	2,242,019	2,404,178
First-time equipping of schools	389,200	410,505
Furniture	154,725	152,596
Equipment	611,721	545,256
Computer hardware	1,990,581	2,453,894
Computer software	356,825	277,667
Vehicles	96,941	81,912
Pre-acquisition costs	117,512	547,077
Total	\$ 110,001,773	\$ 109,862,340

Included in the disposals, write-offs and adjustments column are adjustments of \$Nil for the period for building assets permanently removed from service in the year and adjustments of \$Nil that pertain to building assets permanently removed from service that were demolished during the year.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

18. Subsequent events:

Subsequent to August 31, 2015, the Ontario English Catholic Teachers Association (OECTA) ratified the 2014-17 OECT A collective agreement (Agreement) at the central level. The Agreement includes a retirement gratuity voluntary early payout (YEP) provision. To be effective, the Agreement must be ratified at both the central and local level. As at the date of this report, the Agreement has not been ratified at the local level.

The YEP provides OECT A members the option of receiving a discounted frozen retirement gratuity benefit payment on August 31, 2016. The YEP may result in payouts occurring earlier than anticipated and generally at a discount to August 31, 2015 financial statement carrying values. Gains or losses associated with members accepting the YEP will be an expense or income item in the Board's 2015-16 year financial statements. At this time, retirement gratuity YEP gains or losses cannot be estimated since members of OECTA have until May 31, 2016 to declare their participation in the YEP.