

Consolidated Financial Statements

**Hamilton-Wentworth Catholic District  
School Board**

Year ended August 31, 2015

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November 17, 2015

## **Independent Auditor's Report**

### **To the Board of Trustees of Hamilton-Wentworth Catholic District School Board**

We have audited the accompanying consolidated financial statements of Hamilton-Wentworth Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2015 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

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

#### **Auditor's responsibility**

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

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

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

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hamilton-Wentworth Catholic District School Board as at August 31, 2015 and the results of its operations, change in its net debt and its cash flow for the year then ended in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

**Emphasis of matter or other matters**

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.

The financial statements of Hamilton-Wentworth Catholic District School Board for the year ended August 31, 2014 were audited by another auditor who expressed an unqualified opinion on those statements on November 17, 2014.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at August 31

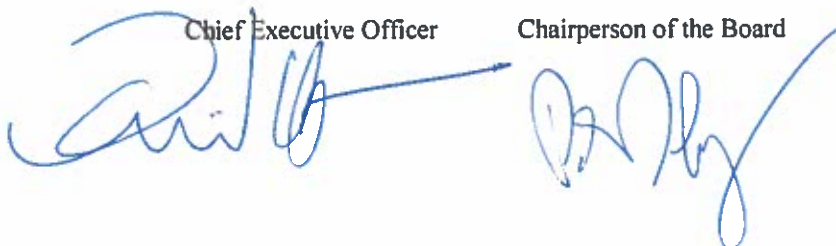
	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	38,319,000	27,527,723
Accounts receivable	9,935,095	9,020,925
Accounts receivable – Government of Ontario <i>[note 2]</i>	149,527,907	157,042,735
Assets held for sale <i>[note 3]</i>	-	3,735,232
<b>TOTAL FINANCIAL ASSETS</b>	<b>197,782,002</b>	<b>197,326,615</b>
<b>LIABILITIES</b>		
Temporary borrowing <i>[note 4]</i>	15,045,552	44,751,864
Accounts payable and accrued liabilities	17,058,573	18,171,427
Deferred revenue <i>[note 5]</i>	14,482,993	11,558,269
Deferred capital contributions <i>[note 6]</i>	320,804,255	313,348,785
Retirement and other employee future benefits <i>[note 7]</i>	9,867,648	10,222,175
Net long-term debt <i>[note 8]</i>	150,125,569	125,045,935
<b>TOTAL LIABILITIES</b>	<b>527,384,590</b>	<b>523,098,455</b>
<b>NET DEBT</b>	<b>(329,602,588)</b>	<b>(325,771,840)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	135,132	1,239,403
Tangible capital assets <i>[note 14]</i>	388,455,162	377,041,719
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>388,590,294</b>	<b>378,281,122</b>
<b>ACCUMULATED SURPLUS <i>[note 9]</i></b>	<b>58,987,706</b>	<b>52,509,282</b>

Commitments and Contingencies *[note 12]*

See accompanying notes

On behalf of the Board:

Chief Executive Officer      Chairperson of the Board



**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF OPERATIONS**

Year ended August 31

	2015		2014
	Budget (unaudited) \$	Actual \$	Actual \$
<b>REVENUES</b>			
Provincial grants-grants for student needs <i>[note 15]</i>	309,949,655	305,854,733	285,179,469
Provincial grants – other	4,682,303	6,225,368	18,141,657
School generated funds	7,900,000	8,878,590	9,672,020
Federal grants and fees	1,033,500	1,059,866	1,035,435
Investment income	120,000	475,070	288,978
Other fees and revenues	1,047,939	4,625,682	3,813,448
Amortization of deferred capital contributions	12,975,879	13,391,440	12,442,649
<b>TOTAL REVENUES</b>	<b>337,709,276</b>	<b>340,510,749</b>	<b>330,573,656</b>
<b>EXPENSES <i>[note 11]</i></b>			
Instruction	261,747,846	254,257,216	247,588,371
Administration	8,602,912	9,120,637	8,249,794
Transportation	7,070,307	7,282,791	7,007,695
Pupil accommodation	50,160,836	53,653,041	52,051,730
School generated funds	7,900,000	8,667,397	9,635,679
Other	1,051,243	1,051,243	1,051,243
<b>TOTAL EXPENSES</b>	<b>336,533,144</b>	<b>334,032,325</b>	<b>325,584,512</b>
<b>ANNUAL SURPLUS</b>	<b>1,176,132</b>	<b>6,478,424</b>	<b>4,989,144</b>
Accumulated surplus, beginning of year	49,465,594	52,509,282	47,520,138
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>50,641,726</b>	<b>58,987,706</b>	<b>52,509,282</b>

*See accompanying notes*

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended August 31

	2015 \$	2014 \$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	6,478,424	4,989,144
Sources and (uses):		
Non-cash items including		
Amortization, write downs, and gain/loss on disposal	14,178,197	16,929,170
Deferred capital contributions amortization (note 6)	(13,391,440)	(12,442,649)
Deferred gain on disposal of restricted assets	-	(694,552)
Decrease in accounts receivable	(914,170)	2,014,333
(Increase) in assets held for sale	3,735,232	(3,465,820)
Increase (decrease) in accounts payable and accrued liabilities	(1,112,854)	(7,514,434)
Increase/(decrease) in deferred revenue	77,840	(273,530)
Increase / (decrease) in retirement and employee future benefits payable	(354,527)	(896,354)
(Increase)/decrease in prepaid expenses	1,104,271	(1,029,497)
Cash applied to operating transactions	9,800,973	(2,384,189)
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	-	1,267,547
Cash used to acquire tangible capital assets	(25,591,640)	(24,979,819)
Cash applied to capital transactions	(25,591,640)	(23,712,272)
<b>FINANCING TRANSACTIONS</b>		
Long-term liabilities issued	32,332,790	962,066
Additions to deferred capital contributions	20,846,910	22,730,089
Increase/(decrease) in temporary borrowing	(29,706,312)	1,890,221
Debt repaid and sinking fund contributions	(7,253,156)	(13,998,695)
(Decrease) in deferred revenue – capital	2,846,884	(777,147)
(Increase)/decrease in accounts receivable – Government of Ontario	7,514,828	20,197,212
Cash provided by financing transactions	26,581,944	31,003,746
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>10,791,277</b>	<b>4,907,285</b>
Opening cash and cash equivalents	27,527,723	22,620,438
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>38,319,000</b>	<b>27,527,723</b>

*See accompanying notes*

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

Year ended August 31

	<u>2015</u>		<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<i>(unaudited)</i>		
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	<b>1,176,132</b>	<b>6,478,424</b>	<b>4,989,144</b>
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>			
Acquisition of tangible capital assets	(25,591,704)	(25,591,640)	(24,979,819)
Amortization of tangible capital assets	13,746,955	14,178,197	13,193,938
Proceeds on sale of tangible capital assets	-	-	1,267,547
Less: Gains on sale allocated to deferred revenue	-	-	(694,552)
Transfer to assets held for sale	-	-	3,735,232
<b>TOTAL TANGIBLE CAPITAL ASSET ACTIVITY</b>	<b>(11,844,749)</b>	<b>(11,413,443)</b>	<b>(7,477,654)</b>
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>			
Use of prepaid expenses (net)	-	1,104,271	(1,029,497)
<b>TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY</b>		<b>1,104,271</b>	<b>(1,029,497)</b>
<b>CHANGE IN NET DEBT</b>	<b>(10,668,617)</b>	<b>(3,830,748)</b>	<b>(3,518,007)</b>
Net debt at beginning of year	(325,771,840)	(325,771,840)	(322,253,833)
<b>NET DEBT AT END OF YEAR</b>	<b>(336,440,457)</b>	<b>(329,602,588)</b>	<b>(325,771,840)</b>

## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Hamilton-Wentworth Catholic 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 PricewaterhouseCoopers LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director of Education



Senior Superintendent of Business  
& Treasurer

November 13, 2015



## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Hamilton-Wentworth Catholic District School Board [the "Board"] are prepared by management in accordance with the basis of accounting described below.

##### **[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 Statements of Operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- government transfers, 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 Consolidated Statements of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

#### **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:

- Hamilton-Wentworth Catholic District School Board
- School Generated Funds

##### Proportionately consolidated entities:

- Hamilton-Wentworth Student Transportation Services

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

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**[e] Investments**

Temporary investments consist of marketable securities which are liquid short-term investments with maturities between three months and one year at the date of acquisition, and are carried on the Consolidated Statements 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.

**[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 and health care benefits, retirement gratuity, workers' compensation and long-term disability 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 at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group;

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' 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 ["OMERS"] pensions, are the employer's contributions due to the plan in the period; and

[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.

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	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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 and held for resale 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 Statements of Financial Position.

Works of art and cultural and historic 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 accommodation, 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 asset 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.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **[n] Use of estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from those estimates.

##### **[o] 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.

##### **[p] 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 organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods. The adoption of this standard did not have an impact on the Board's financial statements.

#### **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.

The Board has an account receivable from the Province of Ontario of \$149,527,907 at August 31, 2015 [2014-\$157,042,735] as with respect to this capital grant.

#### **3. ASSETS HELD FOR SALE**

Assets in the prior year with a book value of \$ 3,735,232 relating to school property were sold for proceeds of \$7,031,150 in the current year. All proceeds on the sale were deferred for future capital asset purchases according to Ontario Regulation 193/10. There are no assets held for sale as at August 31, 2015.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**4. TEMPORARY BORROWING**

The Board has a banker's acceptance facility available to the maximum of \$ 27,097,625 for the purpose of bridge financing capital expenses.

As at August 31, 2015, the amount drawn under the bankers' acceptance facility was \$15,045,552 (2014 – \$44,751,864) at a rate of 1.66%.

**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 Statements of Financial Position.

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

	Balance at August 31, 2014	Externally restricted revenue and investment income	Revenue recognized during the year	Transfers to Deferred Capital Contributions	Balance at August 31, 2015
	\$	\$	\$	\$	\$
Education development charges	-	2,565,897	2,565,897	-	-
Proceeds of disposition-building	5,456,470	3,580,549	-	947,366	8,089,653
Special Education	1,344,415	1,037,512	801,590	-	1,580,337
Assets Held for Sale	538,612	(269,411)	-	-	269,201
Green Schools Pilot	11,080	-	-	-	11,080
Other-Ministry of Education	4,197,692	56,278,153	54,469,890	2,641,374	3,364,581
School Renewal	-	3,952,379	2,061,386	1,445,125	445,868
School Condition Improvement	-	2,623,063	-	1,918,290	704,773
Other Third Party	10,000	27,500	-	20,000	17,500
School Generated Funds	-	-	-	-	-
<b>Total deferred revenue</b>	<b>11,558,269</b>	<b>69,795,642</b>	<b>59,898,763</b>	<b>6,972,155</b>	<b>14,482,993</b>

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

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

	2015 \$	2014 \$
Balance, beginning of the year	313,348,785	303,061,345
Additions to deferred capital contributions	20,846,910	26,687,264
Revenue recognized in the period	(13,391,440)	(12,442,649)
Transfers (to) financial assets	-	(3,957,175)
<b>Balance, end of the year</b>	<b>320,804,255</b>	<b>313,348,785</b>

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS**

Retirement and other employee future benefit liabilities are as follows:

	2015			2014
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Accrued employee future benefit obligation at August 31	5,940,785	4,347,301	10,288,086	10,385,841
Unamortized actuarial gain (loss) at August 31	(420,438)	-	(420,438)	(163,666)
<b>Employee future benefits liability</b>	<b>5,520,347</b>	<b>4,347,301</b>	<b>9,867,648</b>	<b>10,222,175</b>

Retirement and other employee future benefit expenses are as follows:

	2015			2014
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current year benefit cost	-	66,188	66,188	(669,980)
Interest on accrued benefit obligation	159,240	122,440	281,680	325,777
Benefit Payments	(514,004)	(200,773)	(714,777)	(576,541)
Change due to plan curtailment	-	-	-	-
Recognition of unamortized actuarial (gain) losses on plan amendments /curtailments	15,411	(3,029)	12,382	24,390
<b>Employee future benefits change <sup>1</sup></b>	<b>(339,353)</b>	<b>(15,174)</b>	<b>(354,527)</b>	<b>(896,354)</b>

<sup>1</sup> Excluding pension contributions to OMERS, a multi-employer pension plan, described above.



## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

##### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2015 and based on updated average daily salary and banked sick days as at August 31, 2015. 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:

	2015 %	2014 %
Inflation	1.5	2.0
Wage and salary escalation	-	-
Dental insurance cost escalation (decreasing 0.25% per annum until 3% is reached)	4.50	4.50
Health insurance cost escalation (decreasing 0.25% per annum until 4% is reached)	8.50	8.50
Discount on accrued benefit obligations	2.45	2.85

##### Retirement benefits

###### [i] Ontario Teachers' Pension Plan (OMERS)

Teachers and related employee groups are eligible to be members of the Ontario Teachers' 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 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 \$5,133,310 [2014 - \$4,812,353] 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.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

#### **7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)**

##### **[iii] Retirement gratuities**

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.

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

##### **[iv] Retirement life insurance and health care benefits**

The Board continues to provide life insurance and dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

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.

Effective September 1, 2013, employees 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 ["WSIB"] obligations**

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act [the "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 ½ years for employees receiving payments from the Workplace Safety and

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Insurance Board, where the previously negotiated collective agreement included such provision.

A reserve for WSIB has been established by the Board with a balance of \$556,794 [2014-\$556,794] as at August 31, 2015. The Board has also contracted with an insurer for coverage of claims paid in excess of \$500,000 per employee accident.

##### [ii] Long-term disability life insurance and health care benefits

The Board provides life insurance and dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leaves are fully insured and not included in this plan.

##### [iii] Sick Leave Top-Up Benefits

As a result of new changes made in 2012-2013 to the short term sick leave and disability plan, a maximum of 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 \$ 175,971 (2014-\$217,209)

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2015. This actuarial valuation is based on assumptions about future events.

#### 8. NET LONG-TERM DEBT

Debenture debt, capital loans and leases reported on the Consolidated Statements of Financial Position consists of the following:

	2015	2014
	\$	\$
Debentures bearing interest at bank prime, payable monthly, maturing 2008 to 2016	17,293	91,774
Debentures bearing interest at 7.20%, maturing June 9, 2025	6,686,361	7,130,283
Serial fund debentures bearing interest at 6.5% maturing July 19, 2016	2,336,632	4,530,308

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 8. NET LONG-TERM DEBT (continued)

Debentures bearing interest at 6.55%, maturing October 26, 2026	2,565,003	2,710,760
Sinking fund debentures bearing interest at 5.70%, maturing October 11, 2017	2,637,130	2,637,130
Debentures bearing interest at 5.90%, maturing October 11, 2027	15,075,023	15,871,982
Debentures bearing interest at 5.80%, maturing November 7, 2028	8,072,306	8,457,760
Debentures bearing interest at 5.483%, maturing November 26, 2029	6,232,366	6,507,916
Debentures bearing interest at 4.789%, maturing August 8, 2030	6,961,145	7,272,404
Debentures bearing interest at 4.56% maturing November 15, 2031	6,181,743	6,428,549
Debentures bearing interest at 4.90% maturing March 3, 2033	2,527,293	2,614,681
Debentures bearing interest at 5.062% maturing March 13, 2034	1,521,248	1,568,722
Debentures bearing interest at 5.232% maturing April 13, 2035	2,390,160	2,457,147
Debentures bearing interest at 3.942% maturing September 19, 2025	6,421,155	6,915,062
Debentures bearing interest at 4.833% maturing March 11, 2036	1,222,442	1,255,920
Debentures bearing interest at 3.97% maturing November 15, 2036	9,914,325	10,202,022
Debentures bearing interest at 2.425% maturing November 15, 2021	679,184	774,548
Debentures bearing interest at 3.97 % maturing November 15, 2036	1,352,794	1,392,050
Debentures bearing interest at 2.738% maturing November 15, 2021	264,200	300,858
Debentures bearing interest at 3.564% maturing March 9, 2035	9,822,093	10,115,749
Debentures bearing interest at 3.799% maturing March 19, 2038	25,491,936	26,183,178
Debentures bearing interest at 4.003% maturing March 11, 2039	938,833	962,066
Debenture bearing interest at 2.990% maturing March 9, 2040	32,332,789	-
	151,643,454	126,380,869
Less sinking funds accumulated	1,517,885	1,334,934
Balance as at August 31	150,125,569	125,045,935

On June 9, 2000, the Board participated in the issuance of 7.20% debentures by the Ontario School Boards Financing Corporation [the "OSBFC"] maturing June 9, 2025. The principal amount of \$10,937,000 will be repaid in blended payments of interest and principal of \$474,727

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 8. NET LONG-TERM DEBT (continued)

twice a year.

The Board participated in the issuance of 7% sinking fund debentures by the Corporation of the Regional Municipality of Hamilton-Wentworth that matured on June 6, 2001. At the time of maturity, the Board agreed to refinance the obligation with a new serial debenture issue placed by the City of Hamilton at an average interest rate of 6.16%, maturing July 19, 2016. The difference between the proceeds of the new debentures and the debt outstanding on June 6, 2001 was paid directly to the City of Hamilton and is accounted for as a deferred financing charge included in prepaid expenses. The charge of \$219,311 is amortized on a straight-line basis over the term of the debt.

On October 19, 2001, the Board participated in the issuance of 6.55% fully amortizing debentures by the OSBFC, maturing October 19, 2026. The principal amount of \$3,921,946 will be repaid in blended payments of interest and principal of \$160,482 twice a year.

On October 11, 2002, the Board participated in the issuance of 5.70% sinking fund debentures by the OSBFC, maturing October 11, 2017. The principal amount of the debentures is \$2,637,130. Each year during the 15-year term, the sum of \$150,316 shall be payable for interest and the sum of \$36,073 shall be deposited in a sinking fund.

Also on October 11, 2002, the Board participated in the issuance of 5.90% fully amortizing debentures by the OSBFC, maturing October 11, 2027. The principal amount of \$22,362,870 will be repaid in blended payments of interest and principal of \$860,910 twice a year.

Also on November 7, 2003, the Board participated in the issuance of 5.80% fully amortizing debentures by the OSBFC, maturing November 7, 2028. The principal amount of \$11,414,600 will be repaid in blended payments of interest and principal of \$435,247 twice a year.

On November 26, 2004, the Board participated in the issuance of 5.483% fully amortizing debentures by the OSBFC, maturing on November 26, 2029. The principal amount of \$8,500,000 will be repaid in blended payments of interest and principal of \$314,327 twice a year.

On August 8, 2005, the Board participated in the issuance of 4.789% fully amortizing debentures by the OSBFC, maturing August 8, 2030. The principal amount of \$9,500,000 will be repaid in blended payments of interest and principal of \$327,926 twice a year.

On August 30, 2005, the Board debentured \$2,376,000 through the National Bank of Canada. The debenture will be repaid in 240 equal monthly principal payments plus accrued interest payable monthly. Interest is calculated at the prime rate less 20 basis points.

On November 15, 2006, the Board participated in the issuance of 4.56% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2031. The

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

#### **8. NET LONG-TERM DEBT (continued)**

principal amount of \$7,963,970 will be repaid in blended payments of interest and principal of \$268,583 twice a year.

In March 2008, the Board participated in the issuance of 4.90% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 3, 2033. The principal amount of \$3,058,800 will be repaid in blended payments of interest and principal of \$107,225 twice a year.

In March 2009, the Board participated in the issuance of 5.062% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 13, 2034. The principal amount of \$1,773,547 will be repaid in blended payments of interest and principal of \$63,145 twice a year.

In April 2010, the Board participated in the issuance of 5.232% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on April 13, 2035. The principal amount of \$2,693,005 will be repaid in blended payments of interest and principal of \$97,340 twice a year.

On September 20, 2010, the Board participated in the issuance of 3.942% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on September 19, 2025. The principal payment amount of \$8,499,511 will be repaid in blended payments of interest and principal of \$380,839 twice a year.

On March 11, 2011, the Board participated in the issuance of 4.833% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2036. The principal payment amount of \$1,347,274 will be repaid in blended payments of interest and principal of \$46,888 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$10,744,573 will be repaid in blended payments of interest and principal of \$344,945 twice a year.

On October 14, 2011, the Board participated in the issuance of 2.425% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$1,003,139 will be repaid in blended payments of interest and principal of \$56,786 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$1,466,079 will be repaid in blended payments of interest and principal of \$47,067 twice a year.

On November 25, 2011, the Board participated in the issuance of 2.738% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$371,252 will be repaid in blended payments of interest and principal of \$22,323 twice a year.

On March 9, 2012, the Board participated in the issuance of 3.564% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2037. The principal amount of \$10,672,839 will be repaid in blended payments of interest and principal of \$325,794 twice a year.

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 8. NET LONG-TERM DEBT (continued)

On March 20, 2013, the Board participated in the issuance of 3.799% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 19, 2038. The principal amount of \$26,848,889 will be repaid in blended payments of interest and principal of \$839,719 twice a year.

On March 12, 2014, the Board participated in the issuance of 4.003% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2039. The principal amount of \$962,066 will be repaid in blended payments of interest and principal of \$30,757 twice a year.

On March 11, 2015, the Board participated in the issuance of 2.990% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2040. The principal amount of \$32,332,789 will be repaid in blended payments of interest and principal of \$927,727 twice a year.

Principal and interest payments relating to net debenture debt, capital loans and leases of \$150,125,569 outstanding at August 31, 2015 are due as follows:

	Principal and sinking fund contributions \$	Interest \$	Total \$
2015/2016	8,326,914	6,636,749	14,963,663
2016/2017	6,253,213	6,198,694	12,451,907
2017/2018	9,076,641	5,829,020	14,905,661
2018/2019	6,821,244	5,444,274	12,265,518
2020/2021	7,146,729	5,118,790	12,265,519
Thereafter	114,018,713	36,840,791	150,859,504
Total long-term debt	151,643,454	66,058,318	217,711,772
Less sinking fund assets	1,517,885	1,517,885	
Net long-term debt	150,125,569	66,068,318	216,183,887

Included in net long-term debt are outstanding debentures of \$2,637,130 [2014 - \$2,637,130] secured by sinking fund assets with a value of \$1,517,885 [2014 - \$1,334,934]. Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**9. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2015 \$	2014 \$
Unappropriated	3,759,747	2,119,216
Amounts internally restricted for future use of the Board:		
Retirement gratuities	1,056,882	1,056,882
WSIB	556,794	556,794
Snow cleaning	752,067	752,067
Operating commitments	1,866,360	2,047,021
Employee future benefits plan changes	300,000	300,000
Unsupported debenture 2005-A1	951,020	951,020
Other operating needs	1,028,000	
Sinking fund interest	190,949	201,861
Committed capital projects	9,624,546	10,031,814
Permanent improvements	2,175,288	1,875,288
Amounts to be recovered		
Employee future benefits liability	(4,700,453)	(6,605,294)
Interest accrual	(1,935,768)	(1,743,647)
Other		
School generated funds	2,492,550	2,281,356
Revenues recognized for land	40,869,724	38,684,904
	<u>58,987,706</u>	<u>52,509,282</u>

**10. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST**

The expense for debt charges, capital loans and leases interest includes principal, sinking fund contributions and interest payments are as follows:

	2015 \$	2014 \$
Principal payments on long-term liabilities including contribution to sinking funds	7,106,278	15,595,144
Interest payments on long-term liabilities and temporary borrowings	6,237,020	7,745,803
	<u>13,343,298</u>	<u>23,340,947</u>

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of \$7,253,156 (2014 - \$13,889,569) are principal payments on long-term debt of \$7,106,278 (2014-\$13,733,228) and sinking fund interest revenue of \$146,878 (2014 – \$156,341).



## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2015

#### 11. EXPENSES BY OBJECT

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

	2015		2014
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>EXPENSES</b>			
Salary and wages	233,911,148	231,362,648	225,184,144
Employee benefits	35,494,137	31,672,933	31,763,826
Staff development	960,924	1,086,122	822,485
Supplies and services	39,271,724	41,234,692	40,982,239
Interest	6,845,475	6,815,960	7,080,429
Rental expenses	235,520	346,153	296,738
Fees and contract services	4,700,318	5,478,140	4,569,631
Other	1,366,943	1,857,480	1,691,082
Amortization of tangible capital assets	13,746,955	14,178,197	13,193,938
	<b>336,533,144</b>	<b>334,032,325</b>	<b>325,584,512</b>

#### 12. COMMITMENTS AND CONTINGENCIES

##### Commitments

###### [i] Operating lease commitments

The Board leases office and automotive equipment under long-term operating leases with various terms and expiration dates. The Board also has leases in place for classroom space and portable classrooms.

The future minimum annual payments required under the leases, excluding any renewals, over the next four years are as follows:

	\$
2016	324,400
2017	315,620
2018	288,572
2019	284,205

###### [ii] Contractual obligations

The Board enters into contracts for the construction of education facilities. As at August 31, 2015, contractual obligations relating to contracts in progress are approximately \$599,345 [2014 - \$11,791,267].

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**12. COMMITMENTS AND CONTINGENCIES (continued)**

**Contingencies**

The Board is involved from time to time in litigation, which arises in the normal course of operations. In respect of any outstanding claims, the Board believes that insurance coverage is adequate and that it has valid defences.

**13. TRUST FUND**

The Board has an interest in a trust, the income of which is to be used for scholarships. At August 31, 2015, funds held in trust by the Board were \$224,822 [2014 - \$222,928]. This amount is not reflected in the consolidated financial statements.

**14. TANGIBLE CAPITAL ASSETS**

**Cost**

	Balance at August 31, 2014	Additions and Transfers	Disposals	Transfer to Assets Held for Sale	Balance at August 31, 2015
	\$	\$	\$	\$	\$
Land	48,974,455	4,744,733			53,719,188
Land improvements	7,451,959	367,873	-	-	7,819,832
Buildings	409,576,770	7,587,931			417,164,701
Portable structures	11,646,974	249,235	-	-	11,896,209
Construction in progress	1,641,870	11,153,609			12,795,479
First time equipping	8,914,892	576,965	-	-	9,491,857
Furniture and equipment	1,992,457	70,907	-	-	2,063,364
Computer hardware	4,621,863	829,200	(916,578)	-	4,534,485
Computer software	218,585	11,187	(81,181)	-	148,591
Capital leases	307,355	-	-	-	307,355
Leasehold improvements	7,310,787	-	-	-	7,310,787
	<b>502,657,967</b>	<b>25,591,640</b>	<b>(997,759)</b>		<b>527,251,848</b>

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**14. TANGIBLE CAPITAL ASSETS (continued)**

**Accumulated amortization**

	Balance at August 31, 2014	Amortization	Disposals Write Offs and Adjustments	Transfer to Assets Held for Sale	Balance at August 31, 2015
	\$	\$	\$	\$	\$
Land	-	-	-	-	-
Land improvements	1,249,553	509,060	-	-	1,758,613
Buildings	105,251,897	11,292,312	806	-	116,545,015
Portable structures	7,398,631	465,802	-	-	7,864,433
Construction in progress	-	-	-	-	-
First time equipping	6,526,402	466,350	-	-	6,992,752
Furniture and equipment	891,039	184,679	-	-	1,075,718
Computer hardware	1,673,051	1,052,691	(916,578)	-	1,809,164
Computer software	193,264	12,697	(81,181)	-	124,780
Capital leases	109,853	15,368	-	-	125,221
Leasehold improvements	2,322,558	179,238	(806)	-	2,500,990
	<b>125,616,248</b>	<b>14,178,197</b>	<b>(997,759)</b>		<b>138,796,686</b>

**Net book value**

	Balance at August 31, 2015	Balance at August 31, 2014
	\$	\$
Land	53,719,188	48,974,455
Land improvements	6,061,219	6,202,406
Buildings	300,619,686	304,324,873
Portable structures	4,031,776	4,248,343
Construction in progress	12,795,479	1,641,870
First time equipping	2,499,105	2,388,490
Furniture and equipment	987,646	1,101,418
Computer hardware	2,725,321	2,948,812
Computer software	23,811	25,321
Capital leases	182,134	197,502
Leasehold improvements	4,809,797	4,988,229
	<b>388,455,162</b>	<b>377,041,719</b>

**[i] Assets under construction**

Assets under construction having a value of \$12,795,479 (2014 - \$1,641,870) have not been amortized. Amortization of these assets will commence when the asset is put into service.

**[ii] Write-down of tangible capital assets**

There has been no write-down of tangible capital assets during the current or prior year.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

**15. PROVINCIAL GRANTS – GRANTS FOR STUDENT NEEDS**

As a result of the adoption of PS 3510, property tax revenue will be included in provincial grants. The breakdown between provincial grants for student needs and local tax revenue is as follows:

	2015 \$	2014 \$
Provincial Grants – Grants for Student Needs	250,931,379	230,675,469
Local Taxation	54,923,354	54,504,000
	<b>305,854,733</b>	<b>285,179,469</b>

**16. SHORT-TERM CREDIT FACILITY**

The Board has an authorized demand operating line of credit totaling \$25,000,000, of which \$5,000,000 is authorized solely for letters of credit. At August 31, 2015, \$547,776 [2014 - \$547,776] of this line was utilized by letters of credit. The lines of credit bear interest at a fixed rate of 1.0%.

**17. 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 \$24,000,000 per occurrence.

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

**18. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM**

On May 31, 2009, the Board entered into an agreement with the Hamilton-Wentworth 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 Hamilton-Wentworth Student Transportation Services are shared and no partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's portion of costs incurred. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The Hamilton-Wentworth District School Board does not control any assets of Hamilton-Wentworth Student Transportation Services. The Board has recorded its shares of revenue and

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2015

expenses in the Consolidated Statements of Operations.

#### **19. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING**

On June 1, 2003, the Board received \$1,051,243 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

#### **20. SUBSEQUENT EVENTS**

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

The voluntary retirement gratuity early payout provision provides The OECTA Hamilton-Wentworth Unit and OECTA Hamilton Secondary Unit members the option of receiving a discounted frozen retirement gratuity benefit payment on August 31, 2016. The voluntary retirement gratuity early payout provision may result in payouts occurring earlier than anticipated and generally at a discount to August 31, 2015 financial statement carrying values. As a result, the reduction in the liability for those members who take the voluntary retirement gratuity early payout option will be accompanied by actuarial gains or losses in the board's 2015-16 year financial statements. At this time, the change in the liability cannot be estimated since members of The OECTA Hamilton-Wentworth Unit and OECTA Hamilton Secondary Unit have until May 31, 2016 to declare their participation in the voluntary retirement gratuity early payout option.

