

Report and consolidated financial statements of

Halton District School Board

August 31, 2015

Halton District School Board

August 31, 2015

Table of contents

Management Report	1
Independent Auditor's Report	2-3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of cash flows	6
Consolidated statement of changes in net debt	7
Notes to the consolidated financial statements	8-24

Management Report

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the Halton District School Board are the responsibility of the Board's 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 Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their recommendation to the Board to approve the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Board of Trustees. 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

Superintendent of Business Services
And Treasurer

Stuart Miller

Lucy Veerman

December 2, 2015

Independent Auditor's Report

To the Trustees of the
Halton District School Board

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 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 principles 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 Halton District School Board as at and for the year ended 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.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Public Accountants
December 2, 2015

Halton District School Board

Consolidated statement of financial position as at August 31, 2015

	2015	2014 Restated (Note 1)
	\$	\$
Financial assets		
Cash and cash equivalents	37,284,584	32,174,873
Accounts receivable	38,465,181	34,190,228
Accounts receivable - Government of Ontario (Note 3)	313,316,216	319,554,028
	389,065,981	385,919,129
Liabilities		
Temporary borrowing (Note 4)	-	41,741
Accounts payable and accrued liabilities	49,781,493	50,467,313
Other (Note 5)	3,783,411	3,927,164
Net long-term liabilities (Note 6)	294,925,519	303,727,774
Deferred revenue (Note 8)	24,652,562	26,481,120
Employee future benefits payable (Note 10)	34,861,537	36,455,843
Deferred capital contributions (Note 9)	541,350,856	520,046,951
	949,355,378	941,147,906
Net debt	(560,289,397)	(555,228,777)
Non-financial assets		
Prepaid expenses	1,395,441	2,083,505
Tangible capital assets (Note 11)	721,313,023	690,552,947
	722,708,464	692,636,452
Accumulated surplus (Note 12)	162,419,067	137,407,675

Contractual obligations and contingent liabilities (Note 15)

Approved by the Board

_____ Director

_____ Director

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

Halton District School Board

Consolidated statement of operations year ended August 31, 2015

	Budget	2015 Actual	2014 Actual Restated (Note 1)
	\$	\$	\$
Revenues			
Provincial grants - Grants for Student Needs	615,832,014	612,086,156	556,647,371
Provincial grants - other	8,238,500	9,948,035	35,937,114
Investment income	1,000,000	1,328,376	1,534,125
Federal grants	3,261,731	3,265,277	3,373,988
School fundraising and other revenues	19,000,000	19,619,385	18,519,649
Deferred capital contributions - grants recognized	24,538,944	25,991,259	23,990,452
Other fees and revenues	14,958,461	26,926,879	18,522,144
Total revenues	686,829,650	699,165,367	658,524,843
Expenses			
Instruction	526,023,287	518,487,830	488,887,531
Administration	14,443,819	13,743,027	12,981,083
Transportation	15,335,190	14,805,289	14,464,087
Pupil accommodation	98,199,478	99,409,493	99,076,133
Other	3,044,065	8,129,898	8,575,001
School funded activities	19,000,000	19,499,826	18,396,842
Total expenses (Note 13)	676,045,839	674,075,363	642,380,677
Annual surplus	10,783,811	25,090,004	16,144,166
Accumulated surplus, beginning of year (Note 2)	136,551,850	137,329,063	121,263,509
Accumulated surplus, end of year (Note 12)	147,335,661	162,419,067	137,407,675

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

Halton District School Board

Consolidated statement of cash flows year ended August 31, 2015

	2015	2014
	\$	\$
Operating transactions		
Annual surplus	25,090,004	16,144,166
Non-cash items		
Amortization (Note 11)	26,538,729	24,485,399
Deferred capital contributions - grants recognized (Note 9)	(25,991,259)	(23,990,452)
Deferred gain on disposal of restricted assets	(380,884)	(4,122,668)
Other liabilities - Contaminated site (Note 2)	(78,612)	-
Sources and (uses)		
Accounts receivable	(4,274,953)	(38,942)
Accounts payable and accrued liabilities	(685,820)	(4,391,549)
Other liabilities	(143,753)	(3,849,979)
Deferred revenues - operating	(1,745,284)	2,640,886
Employee future benefits payable	(1,594,306)	(2,222,105)
Prepaid expenses	688,064	729,881
	17,421,926	5,384,637
Capital transactions		
Proceeds on sale of tangible capital assets	1,309,876	5,308,414
Acquisition of tangible capital assets (Note 11)	(58,227,797)	(55,177,046)
	(56,917,921)	(49,868,632)
Financing transactions		
Debt repaid and sinking fund contributions (Note 7)	(10,036,635)	(25,268,812)
Net long-term liabilities issued	1,234,380	45,887,953
Decrease in temporary borrowing	(41,741)	(2,524,847)
Additions to deferred capital contributions (Note 9)	47,295,164	37,355,485
Increase in deferred revenues - capital	(83,274)	4,725,066
Accounts receivable - Government of Ontario	6,237,812	10,927,849
	44,605,706	71,102,694
Change in cash and cash equivalents	5,109,711	26,618,699
Opening cash and cash equivalents	32,174,873	5,556,174
Closing cash and cash equivalents	37,284,584	32,174,873

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

Halton District School Board

Consolidated statement of changes in net debt year ended August 31, 2015

	2015	2014
	\$	\$
Annual surplus	25,090,004	16,144,166
Tangible capital asset activity		
Acquisition of tangible capital assets (Note 11)	(58,227,797)	(55,177,046)
Sale of asset - net	928,992	1,185,746
Amortization of tangible capital assets (Note 11)	26,538,729	24,485,399
	(30,760,076)	(29,505,901)
Other non-financial asset activity		
Acquisition of prepaid expenses	(1,114,295)	(795,578)
Use of prepaids	1,802,359	1,525,459
	688,064	729,881
Increase in net debt	(4,982,008)	(12,631,854)
Net debt, beginning of year (Note 2)	(555,307,389)	(542,596,923)
Net debt, end of year	(560,289,397)	(555,228,777)

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

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

1. Significant accounting policies

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

Basis of accounting

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

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

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

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

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

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

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, including the following:

- Fast Track Community Centre for Skills Development and Training ("The Centre"); and
- Halton Student Transportation Services ("HSTS").

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.

All material inter-departmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

1. Significant accounting policies (continued)

Change in control of governmental reporting unit - Halton Learning Foundation

On June 10, 2014, the Halton Learning Foundation signed a Memorandum of Understanding (MOU) with the Halton District School Board effective September 1, 2014. The MOU outlines the means by which the Halton Learning Foundation will increase its operational independence as a separate and distinct legal entity, while continuing to work cooperatively with the Halton District School Board to acquire and allocate resources to enrich educational opportunities and eliminate economic barriers to learning for Halton District School Board students. The MOU expires on August 31, 2019 and may be terminated by either party with six months written notice.

As a result of the implementation of the MOU, the criteria for control according to Public Sector Accounting Standards ("PSAS") is no longer being met and the Halton Learning Foundation's financial activities and balances including the assets, liabilities, revenues, expenses and accumulated surplus will no longer be consolidated into the Consolidated Financial Statements of the Halton District School Board. In accordance with PSAS, the comparative figures have been restated to reflect this change in control and reporting.

The impact of the change is as follows:

	2014 As previously reported	2014 Restated
	\$	\$
<hr/>		
Consolidated statement of financial position		
Financial assets	387,021,014	385,919,129
Liabilities	941,168,399	941,147,906
Net debt	(554,147,385)	(555,228,777)
Non-financial assets	692,654,578	692,636,452
Accumulated surplus	138,507,193	137,407,675
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Consolidated statement of operations		
Revenue	659,028,695	658,524,843
Expense	642,916,626	642,380,677
Annual surplus	16,112,069	16,144,166
Accumulated surplus, beginning of year	122,395,124	121,263,509
Accumulated surplus, end of year	138,507,193	137,407,675
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Certain 2014 figures, as previously reported, have been reclassified to conform to the current year presentation.

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.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and demand deposits.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

1. Significant accounting policies (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. 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	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Leasehold improvements - The Centre	10

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated 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 Statement of Financial Position.

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.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

1. Significant accounting policies (continued)

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 contributions (DCC) 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; and
- Amounts previously recognized as property taxation revenues which were historically used to fund capital assets.

Retirement and other future benefits

The Board provides defined retirement, post retirement and workers' safety insurance benefits to specified employee groups. These benefits include pension, retirement gratuity, health and dental, workers' safety insurance benefits, carry-over sick leave and long term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and post-retirement health and dental plan. 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 benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities were actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as post-retirement health and dental benefits, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the post-retirement health and dental plan resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2012.

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers' compensation, 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 benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

1. Significant accounting policies (continued)

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, and 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.

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 form part of the respective deferred revenue balances

Long-term debt

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

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Halton District School Board. The budget 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. Also included is the approved budget for the Fast Track Centre for Skills Development and Training. Budget figures in the consolidated statement of changes in net debt have not been provided.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities as 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 estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include employee future benefits and accruals.

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 grants – Grants for Student Needs.

2. Change in accounting policy

Contaminated sites

Effective September 1, 2014, the Board adopted new Public Sector Accounting Board ("PSAB") section 3260, *Liability for Contaminated Sites*. The standard requires the recognition of a liability for the remediation of contaminated sites in the consolidated financial statements when the recognition criteria outlined in the standard is met. The standard generally applies to sites that are not in productive use. The change in accounting policy has been applied retroactively without the restatement of prior periods.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

2. Change in accounting policy (continued)

The impact of the change in accounting policy is as follows:

	2014 Restated (Note 1)
	\$
Accumulated surplus, August 31, 2014	137,407,675
Liability for contaminated site, September 1, 2014	(78,612)
Accumulated surplus, September 1, 2014	137,329,063
Net debt, August 31, 2014	(555,228,777)
Liability for contaminated site, September 1, 2014	(78,612)
Net debt, September 1, 2014	(555,307,389)

3. Accounts receivable - Government of Ontario

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Halton District School Board received a one-time grant that recognized 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 Government of Ontario of \$313,316,216 (2014 - \$319,554,028) with respect to capital grants.

4. Temporary borrowing

The Board's bank resolutions allow aggregate borrowings to the maximum of \$135 million. The Board has credit facilities available to the maximum of \$85 million with the bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2015, the amount drawn was \$Nil (2014- \$Nil).

5. Other liabilities

Adoption of Public Sector Accounting Handbook Standard PS 3260, has resulted in a liability for the estimated cost to remediate soil and ground water contamination resulting from the replacement of a fuel oil underground storage tank in a Board site that is not in productive use. The estimated liability of \$78,612 representing remediation costs has been provided by a third party geo-environmental consultant.

Other liabilities also includes the Group Life Premium Stabilization Fund amounting to \$2,814,163 (2014 - \$2,186,186) and an operating loan payable (due on demand) of \$890,636 (2014 - \$1,740,978) bearing interest at 4.64%, repayable in monthly payments of principal and interest of \$ 76,098, with a maturity date of August 2016.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

6. Net long-term liabilities

Net long-term liabilities on the consolidated statement of financial position is comprised of Ontario Financing Authority (OFA) and Ontario School Boards Financing Corporation (OSBFC) debentures as follows:

	2015	2014
	\$	\$
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	19,921,770	20,873,037
OSBFC, Series 2004-A1, 5.483%, maturing November 2028	29,695,391	31,008,307
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	8,829,662	9,224,471
OFA, Bylaw 06090, 4.560%, maturing November 2031	15,713,341	16,340,697
OFA, Bylaw 08012, 4.950%, maturing March 2033	31,837,527	32,938,388
OFA, Bylaw 09037, 5.062%, maturing March 2034	1,043,525	1,076,091
OFA, Bylaw 09036, 5.062%, maturing March 2034	5,644,439	5,820,587
OFA, Bylaw 09125, 5.384%, maturing May 2034	8,655,767	8,912,562
OFA, Bylaw 10052, 5.232%, maturing May 2035	11,695,157	12,022,927
OFA, Bylaw 10107, 4.947%, maturing May 2035	18,533,726	19,067,040
OFA, Bylaw 11034, 4.833%, maturing March 2035	18,043,497	18,537,635
OFA, Bylaw 11155, 3.97%, maturing November 2036	14,718,624	15,145,734
OFA, Bylaw 12024, 3.564%, maturing March 2037	18,272,414	18,818,715
OFA, Bylaw 13030, 3.799%, maturing March 2038	47,205,351	48,485,376
OFA, Bylaw 13120 4.037%, maturing October 2028	16,182,437	17,072,241
OFA Bylaw 14025, 4.003%, maturing March 2039	27,698,511	28,383,966
OFA Bylaw 15010 2.993%, maturing March 9, 2040	1,234,380	-
Net long-term liabilities	294,925,519	303,727,774

Of the net long-term liabilities outstanding of \$294,925,519 principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal	Interest	Total
	\$	\$	\$
2015/16	10,545,218	13,394,659	23,939,877
2016/17	11,043,633	12,896,244	23,939,877
2017/18	11,566,163	12,373,714	23,939,877
2018/19	12,113,999	11,825,878	23,939,877
2019/20	12,688,394	11,251,483	23,939,877
Total	57,957,407	61,741,978	119,699,385
Thereafter	236,968,112	86,012,283	322,980,395
Net long-term liabilities	294,925,519	147,754,261	442,679,780

Interest payments on long-term liabilities amounted to \$13,717,788 (2014 - \$13,630,540) (Note 7).

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

7. Debt charges and capital loan interest

The expenditure for debt charges and capital loan interest includes principal, sinking fund contributions and interest payments as follows:

	2015	2014
	\$	\$
Principal payments on long-term liabilities including contributions to sinking funds	10,036,635	25,268,812
Interest payments on long-term liabilities (Note 6)	13,717,788	13,630,540
Interest payments on temporary financing of capital projects	193,568	439,661
	23,947,991	39,339,013

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows in total of \$10,036,635 (2014 - \$25,268,812) are principal payments on long-term debt of \$10,036,635 (2014 - \$8,502,049), sinking fund contributions and interest of \$Nil (2014 - \$311,504) and sinking fund retirement and refinancing of \$Nil (2014 - \$16,455,259).

8. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

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

	Balance as at August 31, 2014	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2015
	\$	\$	\$	\$	\$
Renewable energy - capital	142,793	-	-	-	142,793
School renewal	4,481,528	8,564,373	2,343,265	7,109,887	3,592,749
School condition improvement	745,015	4,816,157	-	4,426,151	1,135,021
Special education	2,164,534	85,832,190	85,058,984	-	2,937,740
Legislative grants	1,646,159	33,132,486	29,955,191	3,156,095	1,667,359
Other Provincial grants	49,896	1,546,673	1,475,322	-	121,247
Other Ministry of Education grants	2,964,583	1,212,815	3,811,667	-	365,731
Education development charges	-	16,856,210	16,856,210	-	-
Other third party	379,216	5,438,881	5,429,870	-	388,227
Proceeds of disposition	13,907,396	492,642	-	98,343	14,301,695
Total deferred revenue	26,481,120	157,892,427	144,930,509	14,790,476	24,652,562

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

9. 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 Restated (Note 1)
	\$	\$
Balance, beginning of year	520,046,951	506,681,918
Net additions to deferred capital contributions	47,295,164	37,355,485
Deferred capital contributions - grants recognized	(25,991,259)	(23,990,452)
	541,350,856	520,046,951

10. Retirement and other employee future benefits

						2015	2014
	Retirement benefits	Post retirement benefits	Workers' safety insurance board	Carry-over sick leave benefits	Long-term disability plans	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$	\$	\$	\$
Accrued employee future benefit obligations	30,550,852	332,646	4,648,250	357,633	386,935	36,276,316	36,997,709
Unamortized actuarial (losses) gains	(1,414,779)	-	-	-	-	(1,414,779)	(541,866)
Employee future benefits liability	29,136,073	332,646	4,648,250	357,633	386,935	34,861,537	36,455,843

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$6,881,211 at August 31, 2015 (2014 - \$6,881,211).

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits (continued)

	Retirement benefits	Post retirement benefits	Workers' safety insurance board	Carry-over sick leave benefits	Long-term disability plans	Total employee future benefits	2015 Total employee future benefits
	\$	\$	\$	\$	\$	\$	2014 Total employee future benefits \$
Recognition of unamortized actuarial (gains) losses on plan curtailments	59,954	4,080	-	58,594	-	122,628	(33,466)
Total recognized curtailment (gains) losses	59,954	4,080	-	58,594	-	122,628	(33,466)
Current year benefit cost	-	-	1,263,813	357,633	195,830	1,817,276	2,206,112
Interest on accrued benefit obligation	864,624	10,458	122,671	-	9,710	1,007,463	1,197,659
Employee future benefits expense	924,578	14,538	1,386,484	416,227	205,540	2,947,367	3,370,305

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

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on actuarial valuations completed for accounting purposes as at August 31, 2015. These actuarial 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		
Retirement gratuities	1.50	2.00
Healthcare cost escalation		
Dental	4.50	4.80
Health	8.50	8.80
Discount on accrued benefit obligaton		
Retirement gratuities	2.45	2.85
Post-retirement benefits	2.45	2.85

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits (continued)

Ontario Teachers' 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.

During the year ended August 31, 2015, the employee contributions to this plan were \$42,237,434 (2014 - \$39,850,819).

Ontario Municipal Employees Retirement System

All permanent non-teaching employees of the Board are eligible to be members of 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 ending August 31, 2015, the Board contributed \$7,914,285 (2014 - \$7,465,939) 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, as these obligations are a direct responsibility of OMERS.

Retirement gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. As a result of the 2012 plan change, 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. Retirement gratuities paid or payable in respect of employees who retired in 2015 amounted to \$924,578 (2014 - \$967,453).

Post-retirement benefits

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

Other employee future benefits

Workers' Safety Insurance Board

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act.

Occurrences between \$1,000,000 and \$24,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between \$500,000 and \$1,000,000. The Board is self-insured for all other occurrences. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such provisions.

As of August 31, 2015, these obligations, as actuarially determined, amounted to \$4,648,250 (2014 - \$4,082,913) and are included in Employee Future Benefits Payable. The change in this amount from the previous year has been reflected in the Statement of Operations.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

10. Retirement and other employee future benefits (continued)

Long-term disability benefits

The Board provides long-term disability benefits including payment of life insurance premiums and health care benefits during the period an employee is unable to work. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

Sick leave top-up benefits

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 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.

11. Tangible capital assets

	Balance at September 1, 2014 Restated (Note 1)	Additions and betterments	Disposals	Transfer to/from construction in progress	Cost Balance at August 31, 2015
	\$	\$	\$	\$	\$
Halton District School Board					
Land	160,427,629	10,527,521	928,992	73,756	170,099,914
Land improvements	26,444,025	5,049,046	-	-	31,493,071
Buildings (40 yrs)	648,581,700	14,496,914	-	12,399,946	675,478,560
Other Buildings	112,268	-	-	-	112,268
Portable structures	8,900,322	-	-	-	8,900,322
Construction in progress	12,479,366	23,555,030	-	(11,889,841)	24,144,555
Pre-acquisition costs - land	74,995	43,837	-	(73,756)	45,076
Pre-acquisition costs - building	510,105	89,545	-	(510,105)	89,545
Equipment (5 years)	178,770	54,536	38,175	-	195,131
Equipment (10 years)	2,019,926	1,658,100	64,543	-	3,613,483
Equipment (15 years)	479,051	434,201	-	-	913,252
First time equipping	13,757,175	848,804	710,197	-	13,895,782
Furniture	432,144	7,039	6,428	-	432,755
Computer hardware	7,561,923	1,281,398	2,018,127	-	6,825,194
Computer software	1,870,097	181,826	475,339	-	1,576,584
Asset permanently removed from service					
Buildings (40 years)	174,364	-	-	-	174,364
	884,003,860	58,227,797	4,241,801	-	937,989,856
The Centre					
Computers	30,114	-	-	-	30,114
Leasehold improvements	821,158	-	-	-	821,158
Equipment and furniture	907,667	-	-	-	907,667
	1,758,939	-	-	-	1,758,939
Total	885,762,799	58,227,797	4,241,801	-	939,748,795

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

11. Tangible capital assets (continued)

	Balance at		Disposals, write-offs and adjustments	Transfer to assets held for sale	Accumulated amortization		Net book value
	September 1, 2014 Restated (Note 1)	Amortization			Balance at August 31, 2015	2015	
	\$	\$	\$	\$	\$	\$	2014 Restated (Note 1) \$
Halton District School Board							
Land	-	-	-	-	-	170,099,914	160,427,629
Land improvements	6,237,190	1,958,121	-	-	8,195,311	23,297,760	20,206,835
Buildings (40 yrs)	172,251,438	20,225,610	-	-	192,477,048	483,001,512	476,330,262
Other Buildings	2,807	5,613	-	-	8,420	103,848	109,461
Portable structures	4,935,406	455,288	-	-	5,390,694	3,509,628	3,964,916
Construction in progress (a)	-	-	-	-	-	24,144,555	12,479,366
Pre-acquisition costs - land (a)	-	-	-	-	-	45,076	74,995
Pre-acquisition costs - building (a)	-	-	-	-	-	89,545	510,105
Equipment (5 years)	86,788	42,847	38,175	-	91,460	103,671	91,982
Equipment (10 years)	674,993	364,576	64,543	-	975,026	2,638,457	1,344,933
Equipment (15 years)	56,893	52,160	-	-	109,053	804,199	422,158
First time equipping	4,566,828	1,425,088	710,197	-	5,281,719	8,614,063	9,190,347
Furniture	138,511	43,597	6,428	-	175,680	257,075	293,633
Computer hardware	3,582,068	1,566,851	2,018,127	-	3,130,792	3,694,402	3,979,855
Computer software	1,018,930	362,850	475,339	-	906,441	670,143	851,167
Asset permanently removed from service							
Buildings (40 years)	-	-	-	-	-	174,364	174,364
	193,551,852	26,502,601	3,312,809	-	216,741,644	721,248,212	690,452,008
The Centre							
Computers	836	10,038	-	-	10,874	19,240	29,278
Leasehold improvements	749,497	26,090	-	-	775,587	45,571	71,661
Equipment and furniture	907,667	-	-	-	907,667	-	-
	1,658,000	36,128	-	-	1,694,128	64,811	100,939
Total	195,209,852	26,538,729	3,312,809	-	218,435,772	721,313,023	690,552,947

a) Assets under construction

Assets under construction which include construction in progress, pre-acquisition costs – land and pre-acquisition costs – building for a total value of \$24,279,176 (2014 - \$13,064,466) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

12. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014 Restated (Note 1)
	\$	\$
Non-designated surplus	10,579,418	10,579,418
Amounts internally restricted for future use of the Board		
Retirement gratuities	6,881,211	6,881,211
Fast Track Centre for Skills and Development & Training	2,374,659	1,393,953
Other operating	8,037,156	6,252,050
Accommodation	23,134,375	20,744,601
Committed capital projects and sinking fund interest	9,854,183	10,093,922
	50,281,584	45,365,737
Unavailable for Compliance		
Employee future benefits	(23,892,156)	(28,494,415)
Interest accrual	(3,959,038)	(4,080,234)
Contaminated site (Note 2)	(78,612)	-
	(27,929,806)	(32,574,649)
Revenues recognized for land		
Land (Note 11)	170,099,914	160,427,629
Pre-acquisition costs - land (Note 11)	45,076	74,995
Education development charges outstanding (i)	(45,970,577)	(51,659,354)
	124,174,413	108,843,270
School generated funds	5,313,458	5,193,899
Total accumulated surplus	162,419,067	137,407,675

- (i) The Education Act, Part IX, Division E and Ontario Regulation 20/98 (amended by Ontario Regulation 95/02) provide requirements for determining a board's eligibility to impose Education Development Charges ("EDC") on new development, and the calculation of these charges. The accumulated eligible education development charge expenditures may be included in cash and cash equivalents or temporary borrowing on the consolidated statement of financial position. Interest on education development charges outstanding amounted to \$564,679 (2014 - \$673,791).

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

13. Expenses by object

The following is a summary of expenses reported in the consolidated statement of operations by object:

	Budget	2015 Actual	2014 Actual Restated (Note 1)
	\$	\$	\$
Salary and wages	447,606,908	442,965,462	415,723,945
Employee benefits	69,743,714	70,818,341	68,828,206
Staff development	5,074,782	5,384,106	4,972,964
Supplies and services	62,086,462	57,466,585	58,039,204
Interest charges on capital	15,361,656	14,476,036	14,743,992
Rental expenses	146,281	140,360	138,510
Fees and contract services	35,812,052	36,917,125	36,022,292
Other	15,140,043	19,368,619	19,426,165
Amortization of tangible capital assets	25,073,941	26,538,729	24,485,399
Total	676,045,839	674,075,363	642,380,677

14. Ontario School Board Insurance Exchange ("OSBIE")

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

The ultimate premiums over a five year period are based on each member of the reciprocal 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.

15. Contractual obligations and contingent liabilities

- a) The Board has the following annual lease and contract commitments with respect to furniture, equipment, computer hardware and software, construction, and portables, totaling \$11,659,990

Fiscal year ending August 31	\$
2016	8,707,175
2017	1,476,622
2018	782,253
2019	601,995
2020	91,945

- b) As of August 31, 2015 the Board had guarantees outstanding of \$1,313,490 (2014 - \$1,555,105) relating to construction projects in progress.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

15. Contractual obligations and contingent liabilities (continued)

- c) In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2015 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

16. Partnership in Halton Student Transportation Services

Transportation services for the Board are provided by Halton Student Transportation Services ("HSTS") in partnership with Halton Catholic District School Board. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared. No partner is in a position to exercise unilateral control. Operations of HSTS have been included in these consolidated financial statements based on the share of net financial resources contributed by the Board during the fiscal period being reported.

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

The following provides condensed financial information:

	2015		2014	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Financial position				
Financial assets	228,576	150,380	209,082	138,266
Liabilities	280,704	184,675	304,627	201,450
Non-financial assets	52,888	34,795	96,305	63,686
Accumulated surplus	760	500	760	502
Operations				
Revenues	21,136,996	14,351,965	20,541,234	14,224,147
Expenditures	21,136,996	14,351,965	20,541,234	14,224,147
Annual surplus	-	-	-	-

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$7,294,000 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 not permanently financed debt of participating boards that are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the not permanently financed debt.

As a result of the above agreement, the liability in respect of the not permanently financed debt is no longer reflected in the Board's financial position.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2015

18. Funds administered by the Board

Trust funds administered by the Board amounting to \$1,688,323 (2014 - \$1,964,594) have not been included in the consolidated financial statements, as they are not controlled by the Board.

	Trust funds	Deferred leave plan	2015 Total	2014 Total
	\$	\$	\$	\$
Opening balance at September 1, 2014	753,600	1,210,994	1,964,594	2,060,319
Capital received in 2015	7,180	451,637	458,817	512,592
Earnings on investments in 2015	8,605	1,767	10,372	13,608
	769,385	1,664,398	2,433,783	2,586,519
Disbursements in 2015	27,412	718,048	745,460	621,925
Closing balance at August 31, 2015	741,973	946,350	1,688,323	1,964,594

19. Subsequent events

Subsequent to August 31, 2015, the Ontario Secondary School Teachers' Federation Teacher Bargaining Unit ratified an agreement at the central level which includes 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 agreement must be ratified at both the central and local level. At the reporting date of these financial statements, local ratification has occurred for Ontario Secondary School Teachers' Federation Teacher Bargaining Unit.

The voluntary retirement gratuity early payout provision provides eligible Ontario Secondary School Teachers' Federation Teacher Bargaining 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 Ontario Secondary School Teachers' Federation Teacher Bargaining Unit have until June 30, 2016 to declare their participation in the voluntary retirement gratuity early payout option.

20. Comparative figures

Certain of the comparative figures have been reclassified to conform with current year presentation.