

Consolidated Financial Statements of

**UPPER CANADA DISTRICT
SCHOOL BOARD**

Year ended August 31, 2016

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2016

Management's Responsibility for the Consolidated Financial Statements

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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

original signed

Director of Education

original signed

Superintendent of Business

November 9, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Upper Canada District School Board

We have audited the accompanying consolidated financial statements of the Upper Canada District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations and accumulated deficit, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements of the Upper Canada District School Board as at August 31, 2016, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 9, 2016

Ottawa, Canada

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash	\$ 35,466,820	\$ 32,724,597
Temporary investments (note 2)	2,021,569	1,960,819
Accounts receivable:		
Municipalities	8,298,497	7,905,406
Government of Ontario - approved capital grants (note 3)	92,221,335	87,544,439
Other	3,330,480	6,683,685
Other assets	56,388	23,087
Total financial assets	141,395,089	136,842,033
Financial liabilities:		
Accounts payable and accrued liabilities	29,569,742	24,094,950
Deferred revenue (note 4)	20,052,132	17,571,738
Deferred capital contributions (note 5)	270,200,936	256,911,058
Employee future benefits liability (note 6)	26,295,371	31,001,474
Net long-term liabilities (note 7)	84,226,981	88,429,788
Total financial liabilities	430,345,162	418,009,008
Net debt	(288,950,073)	(281,166,975)
Non-financial assets:		
Prepaid expenses	3,576,241	3,683,113
Tangible capital assets (note 11)	282,044,873	267,817,299
Total non-financial assets	285,621,114	271,500,412
Contingent liabilities (note 15)		
Guarantees (note 17)		
Accumulated deficit	\$ (3,328,959)	\$ (9,666,563)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

original signed Director of Education

original signed Chair of the Board

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Deficit

Year ended August 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Municipal grants	\$ 77,088,375	\$ 78,581,886	\$ 74,944,145
Government of Ontario grants:			
Student focused funding	240,542,144	238,381,239	246,805,524
Other	3,765,488	5,019,461	5,193,044
Amortization of deferred capital contributions	12,662,640	12,392,431	12,019,520
Federal grants and fees	2,147,255	1,997,441	2,152,410
Other - school boards	235,817	271,848	227,091
Investment income	382,783	363,896	448,079
Other	8,039,023	9,907,574	9,493,311
Deferred capital contributions on disposal of unrestricted and restricted assets	–	134,836	44,182
School-generated funds	6,334,262	6,103,452	6,750,813
	<u>351,197,787</u>	<u>353,154,064</u>	<u>358,078,119</u>
Expenses (note 10):			
Instruction	253,657,553	256,512,082	262,146,571
Administration	8,403,368	8,146,446	8,282,549
Transportation	25,019,880	24,335,992	24,359,043
Pupil accommodation	49,291,588	49,327,424	47,943,530
Other	3,158,707	2,578,293	2,189,545
School-generated funds	6,492,667	5,916,223	6,749,224
	<u>346,023,763</u>	<u>346,816,460</u>	<u>351,670,462</u>
Annual surplus	5,174,024	6,337,604	6,407,657
Accumulated deficit, beginning of year	(10,720,171)	(9,666,563)	(16,074,220)
Accumulated deficit, end of year (note 12)	<u>\$ (5,546,147)</u>	<u>\$ (3,328,959)</u>	<u>\$ (9,666,563)</u>

See accompanying notes to the consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus	\$ 6,337,604	\$ 6,407,657
Tangible capital assets:		
Amortization of tangible capital assets	12,613,903	12,255,843
Proceeds on disposal of tangible capital assets	503,157	55,452
Gain on disposal of tangible capital assets	(306,622)	(11,270)
Acquisition of tangible capital assets	(27,038,012)	(23,426,592)
	(14,227,574)	(11,126,567)
Prepaid expenses:		
Acquisition of prepaid expenses	(3,576,241)	(3,683,113)
Use of prepaid expenses	3,683,113	3,776,448
	106,872	93,335
Change in net debt	(7,783,098)	(4,625,575)
Net debt, beginning of year	(281,166,975)	(276,541,400)
Net debt, end of year	\$ (288,950,073)	\$ (281,166,975)

See accompanying notes to the consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Operating transactions:		
Annual surplus	\$ 6,337,604	\$ 6,407,657
Items not involving cash:		
Amortization of tangible capital assets	12,613,903	12,255,843
Gain on disposal of tangible capital assets	(306,622)	(11,270)
Amortization of deferred capital contributions	(12,392,431)	(12,019,520)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	2,960,114	(2,696,722)
Decrease (increase) in other financial assets	(33,301)	18,177
Increase (decrease) in accounts payable and accrued liabilities	5,474,792	(284,257)
Increase (decrease) in operating deferred revenue	625,965	(1,422,188)
Decrease in employee benefits payable	(4,706,103)	(2,754,760)
Decrease in prepaid expenses	106,872	93,335
Cash provided by operating transactions	10,680,793	(413,705)
Capital transactions:		
Proceeds on disposal of tangible capital assets	503,157	55,452
Cash used to acquire tangible capital assets	(27,038,012)	(23,426,592)
Cash applied to capital transactions	(26,534,855)	(23,371,140)
Investing transactions:		
Change in temporary investments	(60,750)	(52,516)
Financing transactions:		
Long-term liabilities issued	—	533,325
Debt principal repayments and sinking fund contributions	(4,202,807)	(3,967,162)
Change in accounts receivable - approved capital grants	(4,676,896)	5,252,166
Increase (decrease) in capital deferred revenue	1,854,429	(2,033,924)
Additions to deferred capital contributions	25,682,309	22,486,790
Cash provided by financing transactions	18,657,035	22,271,195
Change in cash	2,742,223	(1,566,166)
Cash, beginning of year	32,724,597	34,290,763
Cash, end of year	\$ 35,466,820	\$ 32,724,597

See accompanying notes to the consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2016

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

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

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and accumulated deficit and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Reporting entity:

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

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario (STEO): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board is a member of STEO with the Catholic District School Board of Eastern Ontario. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.
- (ii) Upper Canada Leger Centre for Education and Training (UCLC): UCLC is deemed to be controlled by the Board, therefore the assets, liabilities, revenues, expenses, and net assets of UCLC have been reflected in the consolidated financial statements. UCLC was incorporated under the Corporations Act of Ontario. The Centre was created to enhance the development, implementation and advancement of community educational and training programs which are not funded by the Ministry of Education.
- (iii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.
- (iv) Champions for Kids Foundation: the Foundation is deemed to be controlled by the Board, therefore the assets, liabilities, revenues, expenses, and net assets of the Foundation have been reflected in the consolidated financial statements. Champions for Kids was created to help level the playing field for children of struggling families.

Interdepartmental and inter-organizational transactions and balances are eliminated in these consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(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:

Cash comprise 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 a short maturity term of less than 90 days.

(e) Temporary investments:

Investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition. Investments are recorded at cost which approximates market value. Investments have interest rates that range from 1.90% to 4.50%.

(f) Investment income:

Interest on investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of sale if sold before maturity. Amortization of bond discounts or premiums are accrued over the term of the investment.

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

(g) Non-financial assets:

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

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. The Board capitalizes interest paid on debt used to finance the construction of tangible capital assets. When historical cost records were not available, other methods were used to estimate the cost and accumulated amortization.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

Tangible capital assets (continued):

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

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years
Leasehold improvements	Over the lease term

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. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Other assets permanently removed from service cease to be amortized and the carrying value is written down to the residual value.

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

(h) Deferred revenue:

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

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(h) Deferred revenue (continued):

The Board also receives restricted contributions under the authority of provincial legislation, regulation or agreement. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(i) Deferred capital contributions:

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

(j) 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, retirement allowance, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The 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. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

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

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

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

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(k) Accumulated surplus - available for compliance, internally appropriated:

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

(l) 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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(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.

The Board approves its budget annually. The approved operating budget for 2015-2016 is reflected on the consolidated statement of operations and accumulated deficit. The budget was approved on June 17, 2015.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities. Actual results could differ from these current estimates.

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

(o) Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the consolidated 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.

2. Temporary investments:

Temporary investments consist of marketable securities and are comprised as follows:

	Cost	2016 Market value	Cost	2015 Market value
Fixed income securities	\$ 2,021,569	\$ 2,137,053	\$ 1,960,819	\$ 2,070,367

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

3. Accounts receivable - Government of Ontario - Approved capital grants:

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant that was recognized in 2009-2010. The Board was awarded 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 \$92,221,335 as at August 31, 2016 (2015 - \$87,544,439) with respect to capital grants.

4. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are required to be set aside for specific purposes by legislation, regulation or agreement and are reported on the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2016 is comprised of:

	Balance as at August 31, 2015	Externally restricted revenue and investment income	Transferred to deferred capital contributions	Revenue recognized in the period	Balance as at August 31, 2016
Capital:					
Proceeds of disposition	\$ 82,837	\$ 414,911	\$ -	\$ -	\$ 497,748
School renewal	4,764,276	7,388,608	4,117,612	253,016	7,782,256
School condition improvement	1,406,459	-	1,406,459	-	-
Third party	262,728	511,539	675,478	8,064	90,725
Minor tangible capital assets	-	7,851,364	3,217,986	4,633,378	-
Interest on capital	-	4,063,264	-	4,063,264	-
Temporary accommodations	-	861,939	-	861,939	-
Total deferred revenue - capital	6,516,300	21,091,625	9,417,535	9,819,661	8,370,729
Operating:					
Special education	2,645,751	39,977,511	-	39,543,460	3,079,802
Other legislative grants	-	2,068,296	-	2,068,296	-
Other	1,177,668	209,459	-	770,932	616,195
Third party	7,232,019	753,387	-	-	7,985,406
Total deferred revenue - operating	11,055,438	43,008,653	-	42,382,688	11,681,403
Total deferred revenue	\$ 17,571,738	\$ 64,100,278	\$ 9,417,535	\$ 52,202,349	\$ 20,052,132

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

4. Deferred revenue (continued):

(a) Proceeds of disposition:

Deferred revenue is from the sale of buildings and reflects the gross proceeds.

(b) School Renewal:

The Province provides specific funding to address costs of repairing and renovating schools. Spending plans are in place for 2016-2017.

(c) Special Education:

Specific funding is provided by the province for unspent regular Special Education and formula-based Special Equipment Amount (SEA) funding.

(d) The third party deferred revenue primarily relates to UCLC deferred revenue of \$7,905,329 (2015 - \$7,147,448) due to consolidation.

5. 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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2016	2015
Balance, beginning of year	\$ 256,911,058	\$ 246,443,788
Additions to deferred capital contributions	25,817,145	22,530,972
Revenue recognized in the period	(12,392,431)	(12,019,520)
Disposals/transfer to financial assets	(134,836)	(44,182)
Balance, end of year	\$ 270,200,936	\$ 256,911,058

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

6. Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, retirement allowance, worker's compensation and long-term disability benefits.

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits paid the full premiums for such benefits and are included in a separate experience pool for participating retirees that is self-funded.

(a) Retirement benefits:

(i) The Ontario Teacher's Pension Plan:

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 who meet the OMERS and Board approved criteria are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2016, the Board contributed \$4,729,978 (2015 - \$4,624,221) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specific 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 as at August 31, 2012.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

(a) Retirement benefits (continued):

(iv) Retirement gratuity benefits:

The amount of the accrued benefit payable for retirement gratuities has been actuarially determined using the Projected Unit Credit Actuarial Cost Method pro-rated on services as at August 31, 2016 and is \$23,813,576 (2015 - \$29,501,983).

(v) Voluntary retirement gratuity early payout provision:

During 2015-16, CUPE, OSSTF and ETFO ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided OSSTF and ETFO members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016 (or the last pay period in September 2016 for CUPE).

This provision was also made available to all non-unionized school board employees, including principals and vice-principals. These payments were all made by August 31, 2016 with the exception of CUPE which was accrued for and paid September 30, 2016.

Some employees took the early payouts, which were discounted from the current financial statement carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity early payout option was accompanied by actuarial gains in the board's 2015-16 year financial statements. This resulted in the board's employee future benefit liability decreasing by \$3,605,028.

(b) Other employee future benefits:

(i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require school boards 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 previously negotiated collective agreement included such provision.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

(b) Other employee future benefits (continued):

(i) Workplace Safety and Insurance Board obligations (continued):

The Board carries catastrophic risk insurance and has a reserve fund established for these liabilities which amounted to \$2,021,569 as at August 31, 2016 (2015 - \$1,960,819).

The amount of liability for WSIB that was actuarially determined as at August 31, 2016 is \$1,984,258 (2015 - \$1,162,089).

(ii) Accrued vacation pay:

Compensated vacation pay is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as of August 31, 2016 amount to \$1,392,776 (2015 - \$1,378,065) and are reported as part of the accounts payable and accrued liabilities.

(iii) Accumulated sick leave:

As a result of plan changes made during 2012-2013 to the short-term leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed (recovered) in the consolidated financial statements are \$(4,965) (2015 - \$(18,364)).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2013 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2016.

The benefit liability in the consolidated financial statements as at August 31, 2016 amounts to \$188,469 (2015 - \$193,434).

(iv) Long-term disability life insurance:

The Board provides employees on long-term disability leave the opportunity to purchase life insurance. The Board is responsible for the remittance of life insurance premiums paid by the employee under this plan if they choose to continue the coverage.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

(b) Other employee future benefits (continued):

(v) Post-employment life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

(vi) Retiring allowance:

CUPE employees hired after amalgamation also have a retiring allowance provision where the Board allocates \$500 each year for five years, upon successful completion of two years of service. As a result of the plan changes, employees no longer accumulate the retiring allowance, and no employee who began employment with the Board after August 31, 2012 is entitled to the benefit. The amount of the accrued benefit payable for retirement allowances has been actuarially determined and is included in accrued liabilities.

(c) Actuarial assumptions:

The accrued benefit obligations for employee future benefit plans as at August 31, 2016 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2016.

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2016	2015
Discount rate	2.05%	2.45%
Salary growth	0.00%	0.00%
Dental benefits escalation	4.25% for 2015/16, reducing by ¼% in each subsequent year to an ultimate rate increase of 3.0%	4.5% for 2014/15, reducing by ¼% in each subsequent year to an ultimate rate increase of 3.0%
Health benefits escalation	8.25% for 2015/16, reducing by ¼% in each subsequent year to an ultimate rate increase of 4.0%	8.5% for 2014/15, reducing by ¼% in each subsequent year to an ultimate rate increase of 4.0%

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

(d) Other financial information:

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

	2016	2015
Accrued benefit liability, beginning of year	\$ 31,001,474	\$ 33,756,234
Expense recognized for the year:		
Interest cost	2,719,909	1,369,294
Change in retirement gratuity liability due to cash payout and actuarial gain	(3,605,028)	-
Benefits paid for the year	(3,820,984)	(4,124,054)
Accrued benefit liability, end of year	\$ 26,295,371	\$ 31,001,474

	2016	2015
Accrued future benefit obligation, end of year	\$ 29,297,245	\$ 33,426,808
Net unamortized actuarial loss	(3,001,874)	(2,425,334)
Accrued benefit liability, end of year	\$ 26,295,371	\$ 31,001,474

Accrued benefit obligation:

	2016	2015
Retirement gratuity	\$ 26,815,450	\$ 31,927,317
Retirement health, dental and life insurance	269,295	100,388
Compensated absences	188,469	193,434
Workplace Safety and Insurance Board obligations	1,984,258	1,162,089
Long-term disability	39,773	43,580
	\$ 29,297,245	\$ 33,426,808

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

(e) Benefit plan future changes:

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: ETFO, OSSTF, OSSTF-EW, CUPE, and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting in 2017, the Board will no longer be responsible to provide benefits to the above mentioned groups. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

7. Net long-term liabilities:

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

	2016	2015
Debentures	\$ 84,226,981	\$ 88,429,788
Interest accrual	1,212,982	1,288,079
	<u>\$ 85,439,963</u>	<u>\$ 89,717,867</u>

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

7. Net long-term liabilities (continued):

The debentures totalling \$84,226,981 (2015 - \$88,429,788) consist of the following:

	2016	2015
Series 2004-A1 amortizing debenture payable, bearing interest at 5.483% blended principal and interest payments of \$1,005,845 payable semi-annually starting May 26, 2005, principal payable up to November 26, 2029	\$ 19,012,801	\$ 19,943,571
Series 2003-A2 amortizing debenture payable, bearing interest at 5.80%, blended principal and interest payments of \$537,077 payable semi-annually starting May 7, 2004, principal payable up to November 7, 2028	9,457,268	9,960,889
No. GFR96 - 001 Global instalment debenture, bearing interest ranging from 3.625% to 7.75% for 1997 to 2016, payable December 5 and June 5, principal payments December 5 every year in variable instalments based on debenture agreement dated December 5, 1996	269,000	519,000
No. FRG1998 - 001 Global instalment debenture, bearing interest ranging from 5.4% to 6.95% for 1999 to 2018, payable March 13 and September 13, principal payments March 13 every year in variable instalments based on debenture agreement dated March 13, 1998	1,709,000	2,482,000
Amortizing debenture payable, bearing interest at 4.56% payable semi-annually starting May 15, 2007, principal payable up to November 17, 2031	3,861,303	4,029,605
Amortizing debenture payable, bearing interest at 4.90% payable semi-annually starting May 15, 2008, principal payable up to March 3, 2033	11,592,363	12,028,923
Amortizing debenture payable, bearing interest at 5.062% payable semi-annually starting May 15, 2009, principal payable up to March 13, 2034	2,815,010	2,910,495
Amortizing debenture payable, bearing interest at 5.232% payable semi-annually starting May 15, 2010, principal payable up to April 13, 2035	2,012,387	2,073,582
Carry forward	50,729,132	53,948,065

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

7. Net long-term liabilities (continued):

	2016	2015
Carry forward	\$ 50,729,132	\$ 53,948,065
Amortizing debenture payable, bearing interest at 4.833% payable semi-annually starting May 16, 2011, principal payable up to March 11, 2036	15,430,108	15,886,453
Amortized debenture payable, bearing interest at 3.564% payable semi-annually starting May 15, 2012, principal payable up to March 9, 2037	1,892,568	1,953,060
Amortized debenture payable, bearing interest at 3.799% payable semi-annually starting May 15, 2013, principal payable up to March 19, 2038	15,139,910	15,578,539
Amortized debenture payable, bearing interest at 4.003% payable semi-annually starting May 15, 2014, principal payable up to March 11, 2039	516,691	530,346
Amortized debenture payable, bearing interest at 2.993% payable semi-annually starting May 15, 2015, principal payable up to March 9, 2040	518,572	533,325
	\$ 84,226,981	\$ 88,429,788

Principal and interest payments relating to the Board's debentures outstanding as at August 31, 2016 are due as follows:

	Principal	Interest	Total
2016-2017	\$ 4,436,043	\$ 4,094,894	\$ 8,530,937
2017-2018	4,393,606	3,857,914	8,251,520
2018-2019	3,688,928	3,618,222	7,307,150
2019-2020	3,876,471	3,430,679	7,307,150
2020-2021	4,073,722	3,233,429	7,307,151
Thereafter	63,758,211	21,144,991	84,903,202
Net long-term liabilities	\$ 84,226,981	\$ 39,380,129	\$ 123,607,110

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

8. Temporary borrowing:

The Board's financing agreement with its bank provides for operating credit facilities as follows:

- Facility (1): The Board has a revolving demand facility by way of loans, overdrafts and bankers' acceptances of up to \$25,000,000 (2015 - \$25,000,000) to finance operations, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (2): The Board has a revolving demand facility by way of letters of credit and letters of guarantee of up to \$5,000,000 (2015 - \$5,000,000) for the purpose of providing security for obligations to third parties with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (3): The Board has a revolving facility by way of a series of fixed-rate term loans of up to \$3,000,000 (2015 - \$6,000,000) to finance capital expenditures (technology refresh), with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (4): The Board has a revolving term facility of up to \$200,000 (2015 - \$200,000) to finance the remaining new school construction of North Grenville High School project, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (5): The Board has a revolving term facility of up to \$3,600,000 (2015 - \$8,000,000) associated with the Full Day Kindergarten project, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (6): The Board has a revolving term facility of up to \$8,800,000 (2015 - \$12,700,000) to finance construction of a school in Kemptville, with \$Nil (2015- \$Nil) utilized as at August 31, 2016.
- Facility (7): The Board has a revolving term facility of up to \$10,600,000 (2015 - \$14,200,000) to finance construction of a school in Cornwall, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (8): The Board has a revolving term facility of up to \$11,400,000 (2015 - \$Nil) to finance the School Improvement program, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.
- Facility (9): The Board has a revolving lease line of credit of up to \$3,000,000 (2015 - \$6,000,000) to finance capital expenditures and the acquisition of equipment, with \$Nil (2015 - \$Nil) utilized as at August 31, 2016.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

9. Debt charges and capital loans interest:

Payments made for debt charges and capital loans include principal and interest payments as follows:

	2016	2015
Principal payments on long-term liabilities	\$ 4,202,807	\$ 3,967,161
Interest payments on long-term liabilities	4,319,153	4,537,881
	\$ 8,521,960	\$ 8,505,042

10. Expenses by object:

The following is a summary of the operating expenses reported on the consolidated statement of operations and accumulated deficit by object:

	2016 Budget	2016 Actual	2015 Actual
Operating expenses by object:			
Salary and wages	\$ 227,248,283	\$ 230,346,990	\$ 233,337,398
Employee benefits	35,274,945	36,335,462	35,833,342
Staff development	1,236,602	966,190	1,214,267
Supplies and services	22,772,657	21,305,039	22,900,192
Interest	4,251,794	4,254,479	4,475,821
Rental	1,642,239	1,722,543	1,653,644
Fees and contract services	30,910,998	30,261,193	30,936,449
Other	160,208	406,841	124,737
Amortization, write-downs, loss on disposal	12,874,663	12,726,317	12,255,843
School activities	6,492,667	5,916,223	6,749,224
Centre for Education and Training	2,958,707	2,356,386	1,836,544
Champion for Kids Foundation	200,000	218,797	353,001
	\$ 346,023,763	\$ 346,816,460	\$ 351,670,462

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

11. Tangible capital assets:

Cost	Balance at August 31, 2015	Additions and transfers	Disposals, write-offs and adjustments	Balance at August 31, 2016
Land	\$ 7,154,056	\$ 1,339,048	\$ (61,700)	\$ 8,431,404
Land improvements	10,520,722	1,303,841	(50,112)	11,774,451
Buildings	362,678,759	17,927,556	(204,608)	380,401,707
Other buildings	30,988	–	–	30,988
First-time equipping of schools	3,855,187	1,253,304	(1,279,211)	3,829,280
Furniture	1,172,140	–	(23,213)	1,148,927
Equipment	9,194,042	1,254,074	(228,086)	10,220,030
Computer hardware	6,670,894	2,203,246	(3,509,946)	5,364,194
Computer software	368,397	223,591	(106,130)	485,858
Vehicles	442,603	184,199	(137,211)	489,591
Construction in process	1,879,744	1,645,465	–	3,525,209
Pre-acquisition costs	619,499	(296,312)	–	323,187
Total	\$ 404,587,031	\$ 27,038,012	\$ (5,600,217)	\$ 426,024,826

Accumulated amortization	Balance at August 31, 2015	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2016
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	2,706,670	743,172	(30,533)	3,419,309
Buildings	122,627,319	9,288,506	(112,147)	131,803,678
Other buildings	6,222	1,550	–	7,772
First-time equipping of schools	2,923,794	227,464	(1,279,211)	1,872,047
Furniture	515,318	116,053	(23,213)	608,158
Equipment	3,541,453	861,207	(228,086)	4,174,574
Computer hardware	4,007,710	1,203,509	(3,509,946)	1,701,273
Computer software	242,108	85,426	(106,130)	221,404
Vehicles	199,138	87,016	(114,416)	171,738
Total	\$ 136,769,732	\$ 12,613,903	\$ (5,403,682)	\$ 143,979,953

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

11. Tangible capital assets (continued):

Net book value	Net book value August 31, 2015	Net book value August 31, 2016
Land	\$ 7,154,056	\$ 8,431,404
Land improvements	7,814,052	8,355,142
Buildings	240,051,440	248,598,029
Other buildings	24,766	23,216
First-time equipping of schools	931,393	1,957,233
Furniture	656,822	540,769
Equipment	5,652,589	6,045,456
Computer hardware	2,663,184	3,662,921
Computer software	126,289	264,454
Vehicles	243,465	317,853
Construction in process	1,879,744	3,525,209
Pre-acquisition costs	619,499	323,187
Total	\$ 267,817,299	\$ 282,044,873

12. Accumulated deficit:

Accumulated deficit consists of the following:

	2016	2015
Available for compliance - unappropriated		
Total operating accumulated surplus	\$ 4,880,176	\$ 4,380,889
Available for compliance - internally appropriated		
Workers' Safety Insurance Board (WSIB)	2,021,569	1,960,819
Other purpose - operating	547,611	1,159,207
Other purpose - capital	356,329	328,512
Committed sinking fund interest	49,506	52,899
Total accumulated surplus available for compliance	7,855,191	7,882,326
Unavailable for compliance - externally appropriated		
Employee future benefits	(21,702,508)	(26,527,571)
Interest accrued	(1,212,982)	(1,288,079)
School generated funds	3,299,935	3,112,705
Revenue recognized for land	8,431,405	7,154,056
Total externally appropriated	(11,184,150)	(17,548,889)
Total accumulated deficit	\$ (3,328,959)	\$ (9,666,563)

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

13. Trust funds (unaudited):

Trust funds administered by the Board amounting to \$2,545,465 (2015 - \$2,680,772) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated deficit, in accordance with Public Sector Accounting Board's requirements.

14. 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.

The ultimate premiums 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 term expires January 1, 2017.

15. Contingent liabilities:

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

16. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario ("STEO") consortium with the Catholic District School Board of Eastern Ontario, effective February 1, 2012. The consortium provides joint governance and administration of student transportation services provided to students registered with the two member boards. Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$22,942,404 (2015 - \$23,259,908) for student transportation services in the year.
- (ii) The Board has a receivable from STEO of \$2,289,501 (2015 - \$2,294,844) for student transportation services.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

16. Transportation consortium (continued):

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2016 are as follows:

	2016	2015
Financial assets	\$ 2,723,165	\$ 2,443,387
Financial liabilities	(3,150,062)	(2,720,121)
Net debt	(426,897)	(276,734)
Non-financial assets	426,897	276,734
Accumulated surplus	\$ -	\$ -

	2016	2015
Revenue	\$ 35,909,141	\$ 36,325,292
Expenses	35,909,141	36,325,292
Annual surplus (deficit)	\$ -	\$ -

17. Guarantees:

The Board has letters of guarantee related their capital projects with the respective municipalities. The total value of the letters of guarantee at year end is \$389,337 (2015 - \$339,337).

18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.