

**Rainy River  
District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2015**

**Rainy River District School Board**  
**Consolidated Financial Statements**  
**For the year ended August 31, 2015**

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# *Rainy River*

## DISTRICT SCHOOL BOARD

### MANAGEMENT REPORT

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

#### EDUCATION CENTRE

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The accompanying financial statements of the **Rainy River District School Board** are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education 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.

#### WEB SITE:

[www.rrdsb.com](http://www.rrdsb.com)

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.

#### DIRECTOR

Heather Campbell

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

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

  
Director of Education  
Heather Campbell

  
Superintendent of Business  
Laura Mills, C.P.A., C.A.

December 1, 2015

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## Independent Auditor's Report

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### To the Board of Trustees of the Rainy River District School Board

We have audited the accompanying consolidated financial statements of the Rainy River District School Board, which comprise the consolidated statement of financial position as at August 31, 2015, and the consolidated statements of operations, change in net financial debt and cash flows 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 the summary of significant accounting policies attached 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 our 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



### Opinion

In our opinion, the consolidated financial statements of the Rainy River District School Board as at the year ended August 31, 2015, are prepared, in all material respects, in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

### Emphasis of Matter

Without modifying our opinion, we draw attention to the summary of significant accounting policies attached to the consolidated financial statements which describe 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.

*BDO CANADA LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
December 1, 2015


## Rainy River District School Board Consolidated Statement of Financial Position

August 31	2015	2014
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 22,031,021	\$ 21,818,095
Temporary investments (Note 3)	587,230	573,568
Accounts receivable	3,876,379	4,429,044
Accounts receivable - Government of Ontario - approved capital (Note 4)	<u>24,831,539</u>	<u>25,634,878</u>
	<u>51,326,169</u>	<u>52,455,585</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,595,275	2,537,975
Other liabilities	148,980	134,614
Deferred revenue (Note 5)	3,043,709	3,158,553
Deferred capital contributions (Note 6)	54,854,542	54,169,290
Employee benefits plan liability (Note 7)	4,101,135	4,251,345
Net long-term debt (Note 8)	<u>24,835,183</u>	<u>25,608,328</u>
	<u>91,578,824</u>	<u>89,860,105</u>
<b>Net debt</b>	<u>(40,252,655)</u>	<u>(37,404,520)</u>
<b>Non-financial assets</b>		
Prepaid expenses	1,632,091	95,854
Tangible capital assets (Note 9)	<u>58,835,980</u>	<u>57,277,318</u>
	<u>60,468,071</u>	<u>57,373,172</u>
<b>Accumulated surplus (Note 10)</b>	<u>\$ 20,215,416</u>	<u>\$ 19,968,652</u>

Contractual obligations (Note 15)

On behalf of the Board:

  
\_\_\_\_\_  
Director of Education

  
\_\_\_\_\_  
Chair of the Board

## Rainy River District School Board Consolidated Statement of Operations

For the year ended August 31	Budget 2015	2015	2014
<b>Revenue</b>			
Provincial grants - grants for student needs	\$ 34,913,566	\$ 34,586,648	\$ 33,043,607
Provincial grants - other	864,815	1,744,875	2,986,546
Local taxation	4,147,708	3,816,661	3,759,653
School generated funds	1,201,028	1,369,653	1,452,386
Federal grants and fees	6,218,706	6,210,666	5,798,154
Investment income	100,000	215,601	316,539
Other revenue - School Boards	400,000	-	1,125
Other fees and revenues	272,726	548,124	469,819
Deferred capital contributions	2,710,123	2,837,562	2,821,998
	<u>50,828,672</u>	<u>51,329,790</u>	<u>50,649,827</u>
<b>Expenses</b>			
Instruction	34,294,844	34,254,698	31,780,005
Administration	2,473,228	2,249,530	2,281,016
Transportation	3,201,993	2,833,774	2,782,852
Pupil accommodation	8,681,033	9,204,304	8,939,791
School generated funds	1,201,028	1,552,527	1,386,616
Other	1,055,896	988,193	1,124,633
	<u>50,908,022</u>	<u>51,083,026</u>	<u>48,294,913</u>
Annual surplus (deficit)	(79,350)	246,764	2,354,914
Accumulated surplus, beginning of year	15,409,908	19,968,652	17,613,738
Accumulated surplus, end of year	<u>\$ 15,330,558</u>	<u>\$ 20,215,416</u>	<u>\$ 19,968,652</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Rainy River District School Board  
Consolidated Statement of Change in Net Financial Debt**

For the year ended August 31	2015	2014
Annual surplus	\$ 246,764	\$ 2,354,914
<b>Tangible capital asset activity</b>		
Acquisition of tangible capital assets	(4,567,743)	(1,457,154)
Amortization of tangible capital assets	3,009,081	2,901,994
Loss on sale of tangible capital assets	-	159,772
<b>Total tangible capital asset activity</b>	<b>(1,558,662)</b>	<b>1,604,612</b>
<b>Other non-financial asset activity</b>		
Use (acquisition) of prepaid expenses	(1,536,237)	689,842
<b>Net change in net financial assets</b>	<b>(2,848,135)</b>	<b>4,649,368</b>
Net financial debt, beginning of year	(37,404,520)	(42,053,888)
<b>Net financial debt, end of year</b>	<b>\$ (40,252,655)</b>	<b>\$ (37,404,520)</b>



## Rainy River District School Board Consolidated Statement of Cash Flows

For the year ended August 31	2015	2014
<b>Operating transactions</b>		
Annual surplus	\$ 246,764	\$ 2,354,914
Items not involving cash		
Amortization of tangible capital assets	3,009,081	2,901,994
Loss (gain) on disposal of tangible capital assets	-	159,772
Amortization of deferred capital contributions	(2,837,562)	(2,821,998)
Changes in non-cash operating balances		
Decrease (increase) in temporary investments	(13,662)	(22,033)
Decrease (increase) in accounts receivable	552,665	(88,669)
Decrease (increase) in prepaid expenses	(1,536,237)	689,842
Increase (decrease) in accounts payable and accrued liabilities	2,057,300	(237,233)
Increase (decrease) in other liabilities	14,366	(58,745)
Increase (decrease) in employee benefits plan liability	(150,210)	(273,028)
Increase (decrease) in deferred revenue - operating	77,987	(819,060)
<b>Cash provided by operating transactions</b>	<b>1,420,492</b>	<b>1,785,756</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,567,743)	(1,457,154)
	<b>(3,147,251)</b>	<b>328,602</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(773,145)	(739,850)
Decrease in accounts receivable - Government of Ontario - approved capital	803,339	1,400,550
Increase in deferred capital contributions	3,522,814	1,264,558
Increase (decrease) in deferred revenue - capital	(192,831)	952,540
	<b>3,360,177</b>	<b>2,877,798</b>
<b>Net change in cash and cash equivalents</b>	<b>212,926</b>	<b>3,206,400</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>21,818,095</b>	<b>18,611,695</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$22,031,021</b>	<b>\$ 21,818,095</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

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## Rainy River District School Board Summary of Significant Accounting Policies

August 31, 2015

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

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

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## Rainy River District School Board Summary of Significant Accounting Policies

August 31, 2015

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<b>Reporting Entity</b>	<p>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.</p> <p>School generated funds, which include the assets, liabilities, revenue 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.</p>
<b>Basis of Consolidation</b>	<p>The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all Organizations, committees and Boards which are owned or controlled by the Board. The following entities have been proportionately consolidated:</p> <p style="text-align: center;">Rainy River District Transportation Services Consortium</p> <p>All inter-entity transactions and balances have been eliminated.</p>
<b>Trust Funds</b>	<p>Trust funds and their related operations administered by the Board are not included in these consolidated financial statements as they are not controlled by the Board.</p>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents include 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 ninety days.</p>
<b>Investments</b>	<p>Temporary investments consist of marketable securities with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or market value.</p> <p>Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.</p>

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## Rainy River District School Board Summary of Significant Accounting Policies

August 31, 2015

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<b>Deferred Revenue</b>	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 expenditures are incurred or services performed.
<b>Deferred Capital Contributions</b>	<p>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 capital assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:</p> <ul style="list-style-type: none"><li>• Government transfers received or receivable for capital purpose.</li><li>• Other restricted contributions received or receivable for capital purpose.</li><li>• Property taxation revenues which were historically used to fund capital assets.</li></ul>
<b>Retirement and Other Employee Future Benefits</b>	The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, WSIB and long-term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits.

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## Rainy River District School Board Summary of Significant Accounting Policies

August 31, 2015

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Retirement and  
Other Employee  
Future Benefits  
(continued)

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care 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 are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012, and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. 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 vested or accumulated over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, 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.

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## Rainy River District School Board Summary of Significant Accounting Policies

August 31, 2015

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### 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 tangible capital 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:

Buildings	40 years
Portable structures	20 years
Other buildings	20 years
Land improvements with finite lives	15 years
Furniture	10 years
First-time equipping	10 years
Equipment	5 to 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 10 years

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.

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

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# Rainy River District School Board

## Summary of Significant Accounting Policies

August 31, 2015

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**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 transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

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

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges, and special education forms part of the respective deferred revenue balances.

**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 budget figures are unaudited.

As Boards only budget the consolidated statement of operations, the budget figures in the consolidated statement of change in net financial debt have not been provided.

**Use of Estimates** The preparation of consolidated financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment and the present value of the Board's employee benefits plan liability.

# Rainy River District School Board

## Notes to Consolidated Financial Statements

August 31, 2015

### 1. Change in Accounting Policy

The Board has implemented Public Sector Accounting Board ("PSAB") Section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event resulting in contamination. This change has been applied retroactively without restatement of prior periods.

The adoption of this standard did not have an impact on the Board's consolidated financial statements.

### 2. Cash and Cash Equivalents

The balance of cash and cash equivalents reported on the consolidated statement of financial position is made up of the following:

	2015	2014
Unrestricted	\$ 5,037,232	\$ 3,512,390
Internally appropriated	13,231,913	14,237,951
Externally restricted (Note 5)	3,043,709	3,158,553
School generated fund cash and cash equivalents	718,167	909,201
	\$22,031,021	\$ 21,818,095

Certain surplus funds are set aside by Board resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Board resolution represent assets that are maintained in respect of those reserve funds. (Note 10)

### 3. Temporary Investments

	2015 Cost	2015 Market Value	2014 Cost	2014 Market Value
Redeemable guaranteed investment certificate, interest at 0.6% (2014 - 1.2%) with a maturity date of July 7, 2016 (2014 - July 8, 2015)	\$ 464,076	\$ 464,076	\$ 458,573	\$ 458,573
School generated fund temporary investments	123,154	123,154	114,995	114,995
	\$ 587,230	\$ 587,230	\$ 573,568	\$ 573,568



## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

### 4. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Rainy River District School Board received a one-time grant that recognizes capital debt as of August 31, 2010, that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive early capital grants to support capital programs which would be reflected in this accounts receivable.

The Board has an accounts receivable from the Province of Ontario of \$24,831,539 as at August 31, 2015, (2014 - \$25,634,878) with respect to capital grants.

### 5. Deferred Revenue

Revenues received 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	Contributions received and externally restricted investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2015
Pupil accommo- dation					
- Mine Centre	\$ 47,429	\$ 257	\$ -	\$ -	\$ 47,686
Energy efficient					
- capital	42,905	-	-	-	42,905
Third party	8,496	-	(8,496)	-	-
School condition improvement					
- capital	2,133,984	1,187,534	-	(1,473,464)	1,848,054
Retrofitting school space for child care	425,972	5,600	-	(76,400)	355,172
Deferred MET grant revenue	200,010	1,271,424	(187,494)	(891,831)	392,109
Proceeds on disposition	297,263	1,612	-	-	298,875
Other deferred provincial grant revenue	-	56,400	-	-	56,400
Teacherage rent - Mine Centre	2,494	14	-	-	2,508
<b>Total deferred revenue</b>	<b>\$ 3,158,553</b>	<b>\$ 2,522,841</b>	<b>\$ (195,990)</b>	<b>\$ (2,441,695)</b>	<b>\$ 3,043,709</b>

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## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

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### 6. Deferred Capital Contributions

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.

	2015	2014
Balance, beginning of year	\$ 54,169,290	\$ 55,726,730
Additions to deferred capital contributions	3,522,814	1,264,558
Revenue recognized in the period	(2,837,562)	(2,821,998)
Balance, end of year	<u>\$ 54,854,542</u>	<u>\$ 54,169,290</u>

## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

### 7. Employee Benefits Plan Liability

#### Retirement and Other Employee Future Benefits

##### Retirement and Other Employee Future Benefit Liability

	Retirement Benefits	Other Employee Benefits	Total 2015	2014
Accrued employee future benefit obligations	\$ 4,349,677	\$ 16,179	\$ 4,365,856	\$ 4,340,533
Unamortized actuarial gains (losses)	(264,721)	-	(264,721)	(89,188)
<b>Employee benefit liability</b>	<b>\$ 4,084,956</b>	<b>\$ 16,179</b>	<b>\$ 4,101,135</b>	<b>\$ 4,251,345</b>

##### Retirement and Other Employee Future Benefit Expense

	Retirement Benefits	Other Employee Benefits	Total 2015	2014
Current year benefit cost	\$ -	\$ 16,179	\$ 16,179	\$ 20,907
Interest on accrued benefit obligation	119,220	-	119,220	141,730
Amortized actuarial losses (gains)	8,262	(3,307)	4,955	(5,991)
<b>Employee benefit expense*</b>	<b>\$ 127,482</b>	<b>\$ 12,872</b>	<b>\$ 140,354</b>	<b>\$ 156,646</b>

\*Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

The amount of benefits paid during the year was \$272,964 (2014 - \$421,731) for retirement benefits and \$17,600 (2014 - \$21,578) for other employee future benefits.

# Rainy River District School Board

## Notes to Consolidated Financial Statements

August 31, 2015

### 7. Employee Benefits Plan Liability (continued)

#### Plan Changes

In 2012, changes were made to the Board's retirement gratuity plan and sick leave plan. As a result, employees eligible for a retirement gratuity will receive a payout upon retirement based on their accumulated vested sick leave days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days were eliminated as of September 1, 2012, and were replaced with a new short-term leave and disability plan. In 2013, further changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A new provision was established as of August 31, 2013, representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

#### Actuarial Assumptions

The accrued benefit obligations for the Board's employee future benefit plans as at August 31, 2015, are based on the most recent actuarial valuations for accounting purposes as at August 31, 2015. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2015	2014
Expected future inflation rates	1.5%	2.0%
Expected wage and salary increases	NIL%	NIL%
Discount rate on accrued benefit obligations	2.45%	2.85%

#### Retirement Benefits

##### (i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

##### (ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2015, the Board contributed \$611,403 (2014 - \$605,090) 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.

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## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

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### 7. Employee Benefits Plan Liability (continued)

#### (iii) Retirement Gratuities

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

The Board has restricted a portion of its accumulated surplus for certain of these employee future benefit obligations in the amount of \$4,360,842 (2014 - \$4,337,318).

#### Other Employee Future Benefits

##### (i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule I employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2015, were \$229,346 (2014 - \$224,415) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements.

##### (ii) Long-term Disability Life Insurance and Health Care Benefits

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

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## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

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### 7. Employee Benefits Plan Liability (continued)

#### Sick Leave Benefits

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$12,872 (2014 - \$28,848).

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. The Board's sick leave carryover benefit liability in the amount of \$16,179 as at August 31, 2015 (2014 - \$20,907), was recognized in the Board's accounts payable and accrued liabilities in the consolidated statement of financial position.

## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

### 8. Net Long-term Debt

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

	2015	2014
\$1,072,658 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 4.56% with blended semi-annual payments of principal and interest in the amount of \$36,175.17 each. Matures in 2031.	\$ 832,612	\$ 865,854
\$4,000,000 non-revolving term facility, by way of match funded term loans, due on demand. Interest at 4.87% with blended monthly payments of principal and interest in the amount of \$23,032 each. The Ministry of Education funded the full payout of this term facility in October 2015.	2,811,017	2,946,868
\$1,443,144 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 4.90% with blended semi-annual payments of principal and interest in the amount of \$50,588.64 each. Matures in 2033.	1,192,379	1,233,608
\$135,915 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 5.062% with blended semi-annual payments of principal and interest in the amount of \$4,839.07 each. Matures in 2034.	116,580	120,218
\$12,537,672 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 4.833% with blended semi-annual payments of principal and interest in the amount of \$872,681.26 each. Matures in 2036.	11,375,998	11,687,537
\$6,633,876 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 3.564% with blended semi-annual payments of principal and interest in the amount of \$202,502.80 each. Matures in 2037.	6,105,081	6,287,608
\$2,529,350 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 3.799% with blended semi-annual payments of principal and interest in the amount of \$79,107 each. Matures in 2038.	2,401,516	2,466,635
	\$ 24,835,183	\$ 25,608,328

The long-term debt of the Board is subject to debt covenants. At August 31, 2015, the Board is in compliance with all debt covenants.

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**Rainy River District School Board  
Notes to Consolidated Financial Statements**

August 31, 2015

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**8. Net Long-term Debt (continued)**

Principal repayments relating to net long-term debt of \$24,835,183 outstanding are due as follows:

	Principal Repayments	Interest	Total
2016	\$ 3,476,379	\$ 976,580	\$ 4,452,959
2017	694,685	924,422	1,619,107
2018	725,324	893,783	1,619,107
2019	757,340	861,767	1,619,107
2020	790,794	828,313	1,619,107
Thereafter	18,390,661	7,305,874	25,696,535
	<u>\$ 24,835,183</u>	<u>\$ 11,790,739</u>	<u>\$ 36,625,922</u>

The gross interest paid relating to the above long-term debt was \$1,114,861 (2014 - \$1,147,855).



**Rainy River District School Board  
Notes to Consolidated Financial Statements**

August 31, 2015

**9. Tangible Capital Assets**

	Balance August 31, 2014	Additions and transfers	Disposals	COST		ACCUMULATED AMORTIZATION			Net book value August 31, 2015	Net book value August 31, 2014
				Balance August 31, 2015	Balance August 31, 2014	Amorti- zation and transfers	Disposals, write-offs, adjustments	Balance August 31, 2015		
Buildings	\$ 67,594,107	\$ 719,278	\$ -	\$ 68,313,385	\$ 16,452,580	\$ 1,902,733	\$ -	\$ 18,355,313	\$ 49,958,072	\$ 51,141,527
Construction in progress	15,528	1,663,705	-	1,679,233	-	-	-	-	1,679,233	15,528
Portable structures	609,635	-	-	609,635	193,806	29,937	-	223,743	385,892	415,829
Other buildings	335,816	-	-	335,816	68,296	17,849	-	86,145	249,671	267,520
Land	324,145	35,257	-	359,402	-	-	-	-	359,402	324,145
Land improvements	2,696,048	170,252	-	2,866,300	511,619	190,539	-	702,158	2,164,142	2,184,429
Furniture	72,494	27,793	-	100,287	36,374	8,639	-	45,013	55,274	36,120
First-time equipping	127,693	-	-	127,693	33,455	12,769	-	46,224	81,469	94,238
Equipment 5 years	216,999	7,560	(90,522)	134,037	117,608	35,103	(90,522)	62,189	71,848	99,391
Equipment 10 years	801,510	97,068	(8,267)	890,311	332,307	84,591	(8,267)	408,631	481,680	469,203
Equipment 15 years	1,399,707	27,175	-	1,426,882	293,978	104,922	-	398,900	1,027,982	1,105,729
Computer hardware	2,717,416	1,484,123	(1,321,735)	2,879,804	1,673,286	559,722	(1,321,735)	911,273	1,968,531	1,044,130
Computer software	18,466	224,547	-	243,013	7,399	26,148	-	33,547	209,466	11,067
Vehicles 5 years	312,704	110,985	-	423,689	244,242	36,129	-	280,371	143,318	68,462
<b>Total</b>	<b>\$ 77,242,268</b>	<b>\$ 4,567,743</b>	<b>\$ (1,420,524)</b>	<b>\$ 80,389,487</b>	<b>\$ 19,964,950</b>	<b>\$ 3,009,081</b>	<b>\$ (1,420,524)</b>	<b>\$ 21,553,507</b>	<b>\$ 58,835,980</b>	<b>\$ 57,277,318</b>

The net book value of tangible capital assets not being amortized because they are under construction or have been removed from service is \$1,679,232 (2014 - \$15,528). Of this amount, \$1,679,232 (2014 - \$15,528) relates to tangible capital assets that are under construction and \$NIL (2014 - \$NIL) in tangible capital assets that have been permanently removed from service. No interest was capitalized to tangible capital assets during the year (2014 - \$NIL).

## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

### 10. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2015	2014
Total operating accumulated surplus - unappropriated	<u>\$ 9,613,780</u>	<u>\$ 8,677,921</u>
Available for budget compliance - internally appropriated		
Retirement gratuities	4,360,842	4,337,318
School renewal grant	582,389	579,247
Manulife benefits	408,741	406,536
Professional development	57,886	60,180
Mine Centre	378,053	376,313
Reinvestment #2 - March 2011	120,651	328,928
Reinvestment #3 - May 2012	-	713,520
Reinvestment #4 - June 2013	-	465,559
Unsupported capital	5,163,630	4,164,424
Capital	2,159,721	2,148,071
Capital reinvestment - May 2012	-	657,855
	<u>13,231,913</u>	<u>14,237,951</u>
Total accumulated surplus available for budget compliance	<u>22,845,693</u>	<u>22,915,872</u>
Unavailable for budget compliance		
Employee future benefits	(3,549,413)	(3,998,706)
Interest to be accrued	(281,587)	(296,854)
Revenues recognized for land	359,402	324,145
School generated funds	841,321	1,024,195
	<u>(2,630,277)</u>	<u>(2,947,220)</u>
Total accumulated surplus	<u>\$ 20,215,416</u>	<u>\$ 19,968,652</u>

**Rainy River District School Board  
Notes to Consolidated Financial Statements**

**August 31, 2015**

**11. Expenses by Object**

	Budget 2015	2015	2014
Salaries and wages	\$ 30,399,664	\$ 30,171,153	\$ 28,746,077
Employee benefits	4,795,798	4,504,807	4,486,695
Staff development	459,573	328,665	447,918
Supplies and services	6,190,097	6,387,140	5,568,747
Interest charges on capital	1,122,342	1,114,861	1,147,855
Rental	88,000	48,231	47,286
Fees and contract services	3,955,029	3,892,176	3,602,560
Other	1,187,396	1,626,912	1,186,006
Amortization of tangible capital assets	2,710,123	3,009,081	3,061,769
	<b>\$ 50,908,022</b>	<b>\$ 51,083,026</b>	<b>\$ 48,294,913</b>

**12. Debt Charges and Capital Loans Interest**

	2015	2014
Principal payment on long-term liabilities including contributions to sinking funds	\$ 773,145	\$ 739,849
Interest payments on long-term liabilities	1,114,861	1,147,855
	<b>\$ 1,888,006</b>	<b>\$ 1,887,704</b>

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# Rainy River District School Board

## Notes to Consolidated Financial Statements

August 31, 2015

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### 13. Revolving Credit Facility

The Board has an unused revolving demand credit facility available with a limit of \$4,000,000. This credit facility carries an interest rate at the bank's prime rate and is secured by a current expenditure borrowing resolution.

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### 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. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

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

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### 15. Contractual Obligations

Leasing of other equipment

The Board routinely acquires or replaces photocopying equipment, telephone equipment and other equipment by way of leasing through a bank or a supplier.

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## Rainy River District School Board Notes to Consolidated Financial Statements

August 31, 2015

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### 16. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$13,256,442 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the Trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating Boards who are beneficiaries of the Trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt.

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

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### 17. Segment Information

The Rainy River District School Board is a government institution that provides primarily education services. No additional disclosure on a segmented basis was considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

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### 18. Partnership in Rainy River District Transportation Services Consortium

On April 30, 2012, the Rainy River District School Board entered into an agreement with the Northwest Catholic District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Rainy River District Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the Rainy River District School Board's pro-rata share of the expenses.

The Rainy River District Transportation Services Consortium has total expenses of \$3,202,916 for the year ended August 31, 2015 (2014 - \$3,137,003). The Rainy River District School Board's pro-rata share of these expenses is \$2,833,774 (2014 - \$2,782,853).