

**Near North District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2014**

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Consolidated Financial Statements  
For the year ended August 31, 2014**

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## Management Report

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

The accompanying consolidated financial statements of the Near North District School Board are the responsibility of the Board's management and have been prepared in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

A summary of the significant accounting policies are attached to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Geof Botting  
Director of Education



Elizabeth Therrien  
Superintendent of Business

North Bay, Ontario  
November 25, 2014



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## Independent Auditor's Report

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### To the Board of Trustees of the Near North District School Board

We have audited the accompanying consolidated financial statements of the Near North District School Board, which comprise the consolidated statement of financial position as at August 31, 2014, the consolidated statements of operations, changes in net 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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 Near North District School Board as at and for the year ended August 31, 2014 are prepared in all material respects, in accordance with the financial reporting provisions described in the summary of significant accounting policies attached to the consolidated financial statements.

### Emphasis of Matters

Without modifying our opinion, we draw attention to the summary of significant accounting policies attached 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 the Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
November 25, 2014

## Near North District School Board Consolidated Statement of Financial Position

August 31

2014

2013

**Financial Assets**

Cash and cash equivalents	\$ 2,261,368	\$ 6,108,617
Accounts receivable	9,344,042	9,347,902
Accounts receivable - Government of Ontario (Note 2)	58,191,113	56,323,007
Assets held for sale (Note 3)	1,483,332	-
	<b>71,279,855</b>	<b>71,779,526</b>

**Financial Liabilities**

Accounts payable and accrued liabilities	5,573,667	6,725,499
Net debenture debt and capital loans (Note 7)	52,554,826	51,960,708
Deferred revenue (Note 4)	6,673,004	5,121,148
Deferred capital contributions (Note 5)	109,522,532	108,341,863
Employee future benefits payable (Note 6)	14,278,746	15,925,350
	<b>188,602,775</b>	<b>188,074,568</b>

**Net Debt**

**(117,322,920) (116,295,042)**

**Non-Financial Assets**

Prepaid expenses	362,790	373,120
Tangible capital assets (Note 1)	114,849,678	112,500,560

**Total Non-Financial Assets**

**115,212,468 112,873,680**

**Accumulated Deficit (Note 9)**

**\$ (2,110,452) \$ (3,421,362)**

**Contingent Liabilities (Note 13)**

On behalf of the Board:

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

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

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

## Near North District School Board Consolidated Statement of Operations

For the year ended August 31	Budget 2014	Actual 2014	Actual 2013
<b>Revenues</b>			
Provincial legislative grants (Note 10)	\$ 124,725,120	\$ 123,911,276	\$ 128,058,754
Provincial grants - other	5,075,460	7,621,781	5,403,021
Federal grants and fees	2,701,476	2,352,049	2,506,250
Other fees and revenues	562,564	2,832,829	2,408,113
Other revenues - school boards	174,700	176,462	88,676
Investment income	-	75,218	34,731
School generated funds	2,848,234	2,732,800	2,366,893
Amortization of deferred capital contributions	5,724,866	6,272,800	6,091,911
<b>Total Revenues</b>	<b>141,812,420</b>	<b>145,975,215</b>	<b>146,958,349</b>
<b>Expenses</b>			
Instruction	100,645,145	103,293,504	105,296,425
Administration	4,022,041	4,085,208	4,236,256
Transportation	10,384,041	10,743,312	10,824,375
Pupil accommodation	21,609,211	22,007,820	21,966,213
Other	393,202	1,791,650	1,115,572
School generated funds	2,742,852	2,742,811	2,394,854
<b>Total Expenses (Note 11)</b>	<b>139,796,492</b>	<b>144,664,305</b>	<b>145,833,695</b>
<b>Annual surplus</b>	<b>2,015,928</b>	<b>1,310,910</b>	<b>1,124,654</b>
<b>Accumulated deficit, beginning of year</b>	<b>(3,933,918)</b>	<b>(3,421,362)</b>	<b>(4,546,016)</b>
<b>Accumulated deficit, end of year (Note 9)</b>	<b>\$ (1,917,990)</b>	<b>\$ (2,110,452)</b>	<b>\$ (3,421,362)</b>

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

## Near North District School Board Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2014	Actual 2014	Actual 2013
Annual surplus	\$ 2,015,928	\$ 1,310,910	\$ 1,124,654
<b>Tangible capital asset activity</b>			
Acquisition of tangible capital assets	(15,706,636)	(10,214,170)	(7,253,160)
Amortization of tangible capital assets	5,724,866	6,381,729	6,154,440
Gain/loss on sale of tangible capital assets	-	-	-
Proceeds on sale of tangible capital assets	-	-	-
Write-down of tangible capital assets	-	-	-
Transfer to assets held for sale		1,483,332	-
<b>Total tangible capital asset activity</b>	<b>(9,981,770)</b>	<b>(2,349,109)</b>	<b>(1,098,720)</b>
<b>Other non-financial asset activity</b>			
Acquisition of prepaid expenses	-	(362,799)	(373,120)
Use of prepaid expenses	-	373,120	469,900
	-	10,321	96,780
<b>Change in net debt</b>	<b>(7,965,842)</b>	<b>(1,027,878)</b>	<b>122,714</b>
<b>Net debt, beginning of year</b>		<b>(116,295,042)</b>	<b>(116,417,756)</b>
<b>Net debt, end of year</b>		<b>\$(117,322,920)</b>	<b>\$(116,295,042)</b>

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

## Near North District School Board Consolidated Statement of Cash Flows

For the year ended August 31

2014

2013

### Operating transactions

Annual surplus	\$ 1,310,910	\$ 1,124,654
Non cash items:		
Amortization of tangible capital assets	6,381,729	6,154,440
Amortization of deferred capital contributions	(6,272,800)	(6,091,911)

### Change in non-cash operating balances

Accounts receivable	(1,864,232)	(273,792)
Accounts payable and accrued liabilities	(1,151,832)	(55,756)
Deferred revenues	1,551,856	1,759,966
Employee future benefits payable	(1,646,604)	(620,747)
Prepaid expenses	10,305	96,780

### Cash (applied to) provided by operating transactions

(1,680,668)	2,093,634
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### Capital transactions

Cash used to acquire tangible capital assets	(10,214,170)	(7,253,160)
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### Financing transactions

Issuance of long term debt	2,297,077	10,479,216
Repayment of long term debt	(1,702,959)	(1,382,682)
Increase (decrease) in temporary borrowing	-	(5,462,456)
Deferred capital contributions received	7,453,471	5,935,835

### Cash provided by financing transactions

8,047,589	9,569,913
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### (Decrease) increase in cash and equivalents during the year

(3,847,249)	4,410,387
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### Cash and cash equivalents, beginning of year

6,108,617	1,698,230
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### Cash and cash equivalents, end of year

\$ 2,261,368	\$ 6,108,617
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The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.



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## Near North District School Board Summary of Significant Accounting Policies

August 31, 2014

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**Nature of Organization**            The principal activity of the Board is to administer the operations of the English public elementary and secondary schools in the Districts of Nipissing and Parry Sound.

**Accounting Principles**            The consolidated financial statements have been prepared by the Board in accordance with the basis of accounting described below:

**a) 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 with memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations at an amount equal to amortization charged on the related depreciable tangible capital assets. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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## Near North District School Board Summary of Significant Accounting Policies

**August 31, 2014**

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**a) Basis of Accounting  
(continued)**

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

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

As a result, revenue recognized in the statement of operations and certain related deferred revenue 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, expenditures and fund balances 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. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

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## Near North District School Board Summary of Significant Accounting Policies

August 31, 2014

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**b) Reporting Entity  
(continued)**

School generated funds, which include the assets, liabilities, revenues, expenditures and fund balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

**Consolidated entities include:**

Near North District School Board Charity Works  
Nipissing-Parry Sound Student Transportation Services/  
Services de Transport Scolaire Nipissing-Parry Sound  
(NPSSTS)

The NPSSTS statement of financial position and statement of operations are consolidated on a proportionate basis.

**c) Trust Funds**

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

**d) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on hand, short term investments, bank balances and bank overdraft, all of which have short maturity terms.

**e) Deferred Revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

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## Near North District School Board Summary of Significant Accounting Policies

August 31, 2014

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**f) Deferred Capital  
Contributions**

Contributions received or receivable for the purposes of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

**g) Retirement and  
Other Employee  
Future Benefits**

The Board provides defined retirement and other benefits to specified employee groups. These benefits include pension, retirement gratuity, worker's compensation and sick leave. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care 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. 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. Actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group.

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## Near North District School Board Summary of Significant Accounting Policies

August 31, 2014

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**g) Retirement and Other  
Employee Future Benefits  
(continued)**

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

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

- (ii) The costs of multi-employer defined pension 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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## Near North District School Board Summary of Significant Accounting Policies

August 31, 2014

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### h) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15*
Buildings and building improvements	40*
Portable structures	20*
Computer hardware	5
Computer software	5
Equipment	5-15
Furniture	10
First-time equipping of schools	10
Vehicles	5-10

\* Amortized based on declining balance.

Assets under construction are not amortized until the asset is available for productive use.

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

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

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## Near North District School Board Summary of Significant Accounting Policies

**August 31, 2014**

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- i) Government Transfers** Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.
- Government transfers for capital that meet the definition of a liability are referred to as deferred capital contribution (DCC). Amounts are recognized into revenues as the liability is extinguished over the useful life of the asset.
- j) 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 retrospective deferred revenue balance.
- k) 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.
- l) Use of Estimates** The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) 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 year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the Board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

# Near North District School Board Notes to Consolidated Financial Statements

August 31, 2014

## 1. Tangible Capital Assets

	2014														
	Land	Land Improvements	Buildings	Other Buildings	Portable Structures	Construction in Progress	Computer Hardware	Computer Software	Equipment - 5 year	Equipment - 10 year	Equipment - 15 year	Furniture	New School Equipping	Vehicles	Total
Cost, beginning of year	\$ 3,099,552	\$ 5,675,102	\$ 151,305,651	\$ -	\$ 67,300	\$ 548,257	\$ 2,946,585	\$ 140,301	\$ 60,698	\$ 864,131	\$ 30,771	\$ 134,792	\$ 556,642	\$ 112,655	\$ 165,542,437
Additions	1,243,193	236,278	5,014,458	271,467	-	2,586,009	742,001	-	-	29,626	-	8,666	82,472	-	10,214,170
Disposals	-	-	-	-	-	-	(92,502)	(46,059)	(7,653)	(94,240)	-	(13,655)	-	(45,824)	(299,933)
Reallocations	(851)	(1,125)	(2,629,701)	-	-	-	-	-	-	-	-	-	-	-	(2,631,677)
Cost, end of year	\$ 4,341,894	\$ 5,910,255	\$ 153,690,408	\$ 271,467	\$ 67,300	\$ 3,134,266	\$ 3,596,084	\$ 94,242	\$ 53,045	\$ 799,517	\$ 30,771	\$ 129,803	\$ 639,114	\$ 66,831	\$ 172,824,997
Accumulated amortization, beginning of year	\$ -	\$ 1,357,213	\$ 49,193,781	\$ -	\$ 55,344	\$ -	\$ 1,290,708	\$ 83,943	\$ 29,425	\$ 647,858	\$ 2,225	\$ 109,098	\$ 203,163	\$ 69,108	\$ 53,041,866
Amortization	-	427,850	5,252,281	6,787	3,417	-	472,880	24,915	11,491	91,904	2,033	12,972	58,208	16,991	6,381,729
Disposals	-	-	-	-	-	-	(92,501)	(46,058)	(7,653)	(94,240)	-	(13,655)	-	(45,824)	(299,931)
Reallocations	-	(675)	(1,147,670)	-	-	-	-	-	-	-	-	-	-	-	(1,148,345)
Accumulated amortization, end of year	\$ -	\$ 1,784,388	\$ 53,298,392	\$ 6,787	\$ 58,761	\$ -	\$ 1,671,087	\$ 62,800	\$ 33,263	\$ 645,522	\$ 4,258	\$ 108,415	\$ 261,371	\$ 40,275	\$ 57,975,319
Net carrying amount, end of year	\$ 4,341,894	\$ 4,125,867	\$ 100,392,016	\$ 264,680	\$ 8,539	\$ 3,134,266	\$ 1,924,997	\$ 31,442	\$ 19,782	\$ 153,995	\$ 26,513	\$ 21,388	\$ 377,743	\$ 26,556	\$ 114,849,678

	2013													
	Land	Land Improvements	Buildings	Portable Structures	Construction in Progress	Computer Hardware	Computer Software	Equipment - 5 year	Equipment - 10 year	Equipment - 15 year	Furniture	New School Equipping	Vehicles	Total
Cost, beginning of year	\$ 2,207,551	\$ 5,220,259	\$ 146,453,403	\$ 297,300	\$ 319,564	\$ 2,770,794	\$ 283,748	\$ 92,848	\$ 920,018	\$ 7,305	\$ 146,358	\$ 490,681	\$ 92,243	\$ 159,302,072
Additions	891,989	454,843	4,852,248	-	228,694	685,595	-	14,356	15,597	23,466	-	65,961	20,412	7,253,161
Disposals	-	-	-	(230,000)	-	(509,804)	(143,447)	(46,506)	(71,484)	-	(11,566)	-	-	(1,012,807)
Cost, end of year	\$ 3,099,540	\$ 5,675,102	\$ 151,305,651	\$ 67,300	\$ 548,258	\$ 2,946,585	\$ 140,301	\$ 60,698	\$ 864,131	\$ 30,771	\$ 134,792	\$ 556,642	\$ 112,655	\$ 165,542,426
Accumulated amortization, beginning of year	\$ -	\$ 961,456	\$ 44,263,798	\$ 281,926	\$ -	\$ 1,225,683	\$ 183,074	\$ 57,148	\$ 617,786	\$ 974	\$ 106,545	\$ 152,413	\$ 49,429	\$ 47,900,232
Amortization	-	395,757	4,929,983	3,417	-	574,830	44,316	18,784	101,555	1,251	14,118	50,750	19,679	6,154,440
Disposals	-	-	-	(230,000)	-	(509,804)	(143,447)	(46,507)	(71,483)	-	(11,565)	-	-	(1,012,806)
Accumulated amortization, end of year	\$ -	\$ 1,357,213	\$ 49,193,781	\$ 55,343	\$ -	\$ 1,290,709	\$ 83,943	\$ 29,425	\$ 647,858	\$ 2,225	\$ 109,098	\$ 203,163	\$ 69,108	\$ 53,041,866
Net carrying amount, end of year	\$ 3,099,540	\$ 4,317,889	\$ 102,111,870	\$ 11,957	\$ 548,258	\$ 1,655,876	\$ 56,358	\$ 31,273	\$ 216,273	\$ 28,546	\$ 25,694	\$ 353,479	\$ 43,547	\$ 112,500,560



## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

### 2. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. Near North District School Board will receive a one-time grant that recognizes capital debt as of August 31, 2014 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$58,191,113 as at August 31, 2014 (2013 - \$56,323,007) with respect to this one-time grant.

### 3. Assets Held For Sale

As of August 31, 2014, \$1,482,031 (2013 - \$Nil) related to buildings and \$1,301 (2013 - \$Nil) related to land were reclassified as assets held for sale.

### 4. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2014 is comprised of:

	Balance August 31, 2013	Externally Restricted Revenue	Transfers to Deferred Capital Contributions	Revenue recognized in period	Balance August 31, 2014
Provincial legislative grants	\$ 2,752,506	\$ 26,276,858	\$ (3,409,148)	\$ (21,600,733)	\$ 4,019,483
Provincial grants - other	1,598,545	5,830,788	-	(6,555,288)	874,045
Energy efficient schools	194,812	-	(20,828)	(1,000)	172,984
Assets held for sale	-	1,482,481	-	-	1,482,481
Proceeds of disposition	494,593	5,001	(499,594)	-	-
Other	80,692	152,540	(93,347)	(15,874)	124,011
	<b>\$ 5,121,148</b>	<b>\$ 33,747,668</b>	<b>\$ (4,022,917)</b>	<b>\$ (28,172,895)</b>	<b>\$ 6,673,004</b>

## Near North District School Board Notes to Consolidated Financial Statements

August 31, 2014

### 5. 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.

	2014	2013
Balance, beginning of year	\$ 108,341,863	\$ 108,497,939
Increase in amounts due from Province of Ontario related to deferred capital contributions	3,287,994	858,126
Capital contributions received during the year	5,647,956	5,077,709
Revenue recognized in the year	(6,272,800)	(6,091,911)
Transfer to deferred revenue	(1,482,481)	-
	<b>\$ 109,522,532</b>	<b>\$ 108,341,863</b>

### 6. Retirement and Other Employee Future Benefits

	2014		2013	
Liabilities	Retirement Gratuity and Sick Leave	Other Employee Future Benefits (WSIB)	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31, 2014	\$ 13,590,123	\$ 942,484	\$ 14,532,607	\$ 15,735,039
Unamortized Actuarial (Losses) Gains at August 31, 2014	(253,861)	-	(253,861)	190,311
Employee Future Benefits Liability at August 31, 2014	<b>\$ 13,336,262</b>	<b>\$ 942,484</b>	<b>\$ 14,278,746</b>	<b>\$ 15,925,350</b>

## Near North District School Board Notes to Consolidated Financial Statements

August 31, 2014

### 6. Retirement and Other Employee Future Benefits (continued)

Expenses	2014		2013	
	Retirement Gratuity and Sick Leave Credits	Other Employee Future Benefits(WSIB)	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ (13,071)	\$ (13,071)	\$ (407,393)
Interest on accrued benefit obligation	462,894	-	462,894	452,985
Net amortization of estimation adjustment loss (gain)	(22,181)	-	(22,181)	-
Change due to plan curtailment/enhancement	-	-	-	1,099,153
<b>Employee Future Benefits Expenses <sup>1</sup></b>	<b>\$ 440,713</b>	<b>\$ (13,071)</b>	<b>\$ 427,642</b>	<b>\$ 1,144,745</b>

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below. Actual retirement gratuity and sick leave payments for the year were \$1,957,811 (2013 - \$1,561,458).

#### Plan Changes in Fiscal 2012/2013:

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days under the plan are eliminated as of September 1, 2012 and are replaced with a new sick leave and short term disability plan with no provisions for accumulation of unused days.

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 leave days may be carried forward into the following year only, to be used up 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.

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who retired in 2012-2013. Effective September 1, 2013, any new retiree accessing retirement life insurance and health care benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self funded.

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## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

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### 6. Retirement and Other Employee Future Benefits (continued)

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

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's 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 is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 439,528 active and retired members and approximately 982 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million in respect of benefits accrued for service with actuarial assets at that date of \$64,363 million indicating an actuarial deficit of \$8,641 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organization and their employees. During the year ended August 31, 2014, the Board contributed \$1,838,573 (2013 - \$1,808,761) to the plan.

#### (iii) Retirement Gratuities

The Board provides retirement gratuities to all permanent employees with a minimum of 10 years of service. 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.

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## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

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**6. Retirement and Other Employee Future Benefits (continued)**

**(iv) Workplace Safety and Insurance Board Obligations (WSIB)**

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 financial statements. Contingent liabilities in the amount of \$ 227,345 (2013 - \$Nil) as estimated by the actuary have not been recognized.

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

	2014	2013
<b>Retirement Gratuity plan</b>	%	%
Wage and salary escalation	N/A	N/A
Discount on accrued benefit obligations	2.90	3.40
<b>Workplace Safety and Insurance Board Obligations</b>		
Discount on accrued benefit obligations	2.85	2.75
Inflation	2.00	2.00

## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

### 7. Net Debenture Debt and Capital Loans

Net debenture debt, capital loans and leases reported on the consolidated statement of financial position are comprised of the following:

	2014	2013
Capital Loan - Ontario Financing Authority 1st Issue <sup>(i)</sup>	\$ 4,707,191	\$ 4,879,943
Capital Loan - Ontario Financing Authority 2nd Issue <sup>(ii)</sup>	5,859,210	6,045,782
Capital Loan - Ontario Financing Authority 3rd Issue <sup>(iii)</sup>	2,263,644	2,328,809
Capital Loan - Ontario Financing Authority 4th Issue <sup>(iv)</sup>	10,219,386	10,479,215
Debenture - White Woods <sup>(v)</sup>	2,368,201	2,476,717
Debenture - Vincent Massey & Land of Lakes <sup>(vi)</sup>	4,880,795	5,231,619
Debenture - Almaguin PTR Stage 2 <sup>(vii)</sup>	15,773,657	16,215,667
Debenture - Almaguin Capital Priorities <sup>(viii)</sup>	4,185,665	4,302,956
Debenture - Almaguin PTR Stage 2 <sup>(ix)</sup>	2,297,077	-
	<b>\$ 52,554,826</b>	<b>\$ 51,960,708</b>

Balance as at August 31

- <sup>(i)</sup> interest 4.56% per annum, blended principal and interest payments of \$196,665 semi-annually, matures November 2031.
- <sup>(ii)</sup> interest 4.90% per annum, blended principal and interest payments of \$240,278 semi-annually, matures March 2033.
- <sup>(iii)</sup> interest 5.062% per annum, blended principal and interest payments of \$91,117 semi-annually, matures March 2034.
- <sup>(iv)</sup> interest 3.799% per annum, blended principal and interest payments of \$327,745 semi-annually, matures March 2038.
- <sup>(v)</sup> interest 5.054% per annum, blended principal and interest payments of \$116,168 semi-annually, matures November 2028.
- <sup>(vi)</sup> interest 4.766% per annum, blended principal and interest payments of \$298,016 semi-annually, matures November 2024.
- <sup>(vii)</sup> interest 3.564% per annum, blended principal and interest payments of \$508,017 semi-annually, matures March 2037.
- <sup>(viii)</sup> interest 3.564% per annum, blended principal and interest payments of \$134,806 semi-annually, matures March 2037.
- <sup>(ix)</sup> interest 4.003% per annum, blended principal and interest payments of \$73,438 semi-annually, matures March 2039.

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## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

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**7. Net Debenture Debt and Capital Loans (continued)**

Payments relating to net long-term liabilities as at August 31, 2014 are due as follows:

	Principal	Interest	Total
2014/15	\$ 1,831,542	\$ 2,140,958	\$ 3,972,500
2015/16	1,910,099	2,062,401	3,972,500
2016/17	1,992,092	1,980,408	3,972,500
2017/18	2,077,676	1,895,364	3,973,040
2018/19	2,167,010	1,805,490	3,972,500
Thereafter	42,576,407	15,317,306	57,893,713
<b>Net long-term liabilities</b>	<b>\$ 52,554,826</b>	<b>\$ 25,201,927</b>	<b>\$ 77,756,753</b>

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

	2014	2013
Principal payments on long-term liabilities	\$ 1,702,959	\$ 1,382,681
Interest payments on long-term liabilities	2,138,789	1,848,532
	<b>\$ 3,841,748</b>	<b>\$ 3,231,213</b>

## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

### 9. Accumulated Surplus (Deficit)

Accumulated surplus consists of the following:

	2014	2013
<b>Available for Compliance - Unappropriated</b>		
Operating accumulated surplus	<b>\$ 2,399,786</b>	<b>\$ 4,180,308</b>
<b>Available for Compliance - Internally Appropriated</b>		
Retirement gratuities	-	203,401
Educational assistants shortfall	-	190,932
Employee benefits allocation	-	45,955
Charity	560,778	571,738
Committed capital projects	985,233	1,059,145
Other purposes - capital	13,326	591,862
School Renewal	589,805	589,805
Total Internally Appropriated	<b>2,149,142</b>	<b>3,252,838</b>
<b>Unavailable for Compliance</b>		
Revenues recognized for land	4,342,746	3,099,553
School generated funds	1,005,849	1,015,861
Interest to be accrued	(630,051)	(624,328)
Employee future benefits	(11,377,924)	(14,345,594)
Total Externally Appropriated	<b>(6,659,380)</b>	<b>(10,854,508)</b>
<b>Total Accumulated Surplus (Deficit)</b>	<b>\$ (2,110,452)</b>	<b>\$ (3,421,362)</b>

### 10. Provincial Legislative Grants

Included in Provincial Legislative Grants is \$42,003,211 (2013 - \$41,903,850) of local taxation determined by the Province of Ontario and levied through local municipalities.



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## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

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### 11. Expenses by Object

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

	2014 Budget	2014 Actual	2013 Actual
<b>Expenses:</b>			
Salary and wages	\$ 92,157,381	\$ 94,683,506	\$ 95,325,679
Employee benefits	12,950,324	12,928,828	14,584,997
Staff development	395,370	613,718	473,413
Supplies and services	12,468,729	11,713,432	11,361,266
Interest	2,122,666	2,144,513	2,500,712
Rental expenditures	705,807	663,657	748,464
Fees and contract services	12,846,147	13,661,471	13,493,089
Other	425,202	1,873,451	1,191,635
Amortization	5,724,866	6,381,729	6,154,440
	<b>\$ 139,796,492</b>	<b>\$ 144,664,305</b>	<b>\$ 145,833,695</b>

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### 12. Ontario School Board Insurance Exchange (OSBIE)

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

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires July 1, 2016.

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### 13. Contingent Liabilities

Various lawsuits have been filed against the Board for incidents which arose from claims ranging from negligence, breach of fiduciary duty, indemnification of certain employees and construction contract litigation. It is the opinion of management and legal counsel, that the outcome of the above lawsuits, now pending, is not determinable. Since the final outcome of the above noted actions cannot be determined as likely and any loss cannot be reasonably estimated, no provision has been made in the financial statements.

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## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

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### 14. Temporary Borrowings

The Board has three separate credit facilities and one lease facility with a Canadian Financial Institution as described below:

Facility one - \$20,000,000 revolving demand facility to finance general operating requirements and bridge capital expenditures. Interest is charged at the bank's prime rate less 0.75%. At year end the Board was using \$Nil (2013 - \$Nil) this facility. The amount reported on the statement of financial position includes outstanding transactions.

Facility two - \$12,572,000 non-revolving term facility to finance acquisition of capital assets. Interest is charged at the bank's prime rate less 0.75%. At year end the Board was using \$Nil (2013 - \$Nil) of this facility.

Facility three - \$12,515,000 non-revolving term facility to finance the construction of a new elementary school in North Bay. Interest is charged at the bank's prime rate less 0.75%. At year end the Board was using \$Nil of this facility.

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### 15. Employee Trust Funds

Under certain collective agreements with its employees, the Board holds trust funds for its employees. As at August 31, 2014 the funds held on behalf of employees total \$224,072 (2013 - \$318,138). These funds are beneficially owned by the employees and as such are not reflected on the Board's balance sheet.

## Near North District School Board Notes to Consolidated Financial Statements

**August 31, 2014**

### 16. Partnership in the Nipissing-Parry Sound Student Transportation Services

In 2003, the Board entered into an agreement with the Nipissing-Parry Sound Catholic District School Board, conseil scolaire public du Nord-Est. de l'Ontario and conseil scolaire catholique Franco-Nord District School Boards, and formed the Nipissing-Parry Sound Student Transportation Services (NPSSTS) to provide common administration of student transportation in the district. The agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the NPSSTS are shared. No partner is in a position to exercise unilateral control.

Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs.

The following provides condensed financial information:

	2014 Total	2014 NND SB Portion	2013 Total	2013 NND SB Portion
<b>Financial Position</b>				
Financial assets	\$ 277,756	\$ 163,793	\$ 282,900	\$ 172,202
Liabilities	(357,637)	(210,899)	(369,039)	(224,634)
Non-financial assets	79,881	47,106	86,139	52,433
Accumulated Surplus/ (Deficit)	\$ -	\$ -	\$ -	-
<b>Operations</b>				
Revenues	\$ 18,221,601	\$ 10,525,034	\$ 18,116,142	\$ 10,700,394
Expenses	(18,221,601)	(10,525,034)	(18,116,142)	(10,700,394)
Annual Surplus/(Deficit)	\$ -	\$ -	\$ -	-