

Consolidated Financial Statements of

**HAMILTON-WENTWORTH DISTRICT
SCHOOL BOARD**

Year ended August 31, 2015

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Manny Figueiredo
Director of Education & Secretary



Stacey Zucker
Superintendent of Business & Treasurer

November 16, 2015



KPMG LLP
21 King Street West Suite 700
Hamilton ON L8P 4W7

Telephone (905) 523-8200
Fax (905) 523-2222
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Hamilton-Wentworth District School Board:

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements of the Hamilton-Wentworth District School Board as at August 31, 2015 and for the year then ended, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Basis of Accounting

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

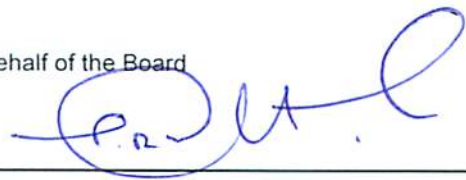
November 16, 2015
Hamilton, Canada


HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT AUGUST 31, 2015 (with comparative information for 2014)

	2014-15 (\$000's)	2013-14 (\$000's)
FINANCIAL ASSETS		
Cash and Cash Equivalents	51,510	59,270
Accounts Receivable - Other	30,206	32,075
Accounts Receivable - Government of Ontario (note 4)	158,335	161,810
Investments (note 3)	6,250	1,250
TOTAL FINANCIAL ASSETS	246,301	254,405
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	38,791	35,357
Net Debenture Debt, Capital Loans and Leases (note 8)	152,694	158,202
Deferred Revenue (note 5)	23,644	27,289
Employee Benefits Payable (note 7)	71,357	72,727
Deferred Capital Contributions (note 6)	497,093	485,958
TOTAL FINANCIAL LIABILITIES	783,579	779,533
NET DEBT	(537,278)	(525,128)
NON-FINANCIAL ASSETS		
Prepaid Expenses	1,404	1,202
Tangible Capital Assets (note 11)	565,580	537,286
TOTAL NON-FINANCIAL ASSETS	566,984	538,488
ACCUMULATED SURPLUS (note 12)	29,706	13,360

Commitments (note 15)
 Subsequent Events (note 18)

On behalf of the Board


 _____ Chair


 _____ Director of Education & Secretary

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2015 (with comparative information for 2014)**

	2014-15 Budget (\$000's)	2014-15 Actual (\$000's)	2013-14 Actual (\$000's)
REVENUES			
Provincial Grants - Grants for Student Needs	556,082	528,202	487,982
Provincial Grants - Other	5,385	9,913	34,301
Federal Grants and Fees	-	958	974
School Generated Funds	10,548	11,943	12,063
Investment Income	450	516	618
Other Fees and Revenues	17,651	13,715	8,646
Amortization of Deferred Capital Contributions (note 6)	-	28,083	27,110
TOTAL REVENUES	590,116	593,330	571,694
EXPENDITURES			
Instruction	443,518	445,095	433,945
Administration	12,283	13,693	14,311
Transportation	14,722	14,758	14,073
Pupil Accommodation	86,695	88,898	86,972
School Generated Funds	10,548	11,953	12,336
Other	3,274	2,587	2,619
TOTAL EXPENDITURES (note 10)	571,040	576,984	564,256
ANNUAL SURPLUS	19,076	16,346	7,438
Accumulated Surplus at Beginning of Year	13,360	13,360	5,922
ACCUMULATED SURPLUS AT END OF YEAR (note 12)	32,436	29,706	13,360

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED AUGUST 31, 2015 (with comparative information for 2014)**

	2014-15	2013-14
	(\$000's)	(\$000's)
OPERATING TRANSACTIONS		
Annual Surplus	16,346	7,438
Sources and (Uses):		
Non-cash items including Amortization, Write-downs and (Gain) Loss on disposal of TCA and excluding deferred gain on disposal of restricted assets	29,771	27,462
Deferred Capital Contributions Revenue	(28,083)	(27,110)
Deferred Gain on Disposal of Restricted Assets	(19,462)	(2,039)
Decrease (Increase) in Accounts Receivable	1,869	(1,140)
Increase in Accounts Payable and Accrued Liabilities	3,434	3,134
Increase (Decrease) in Deferred Revenue - Operating	508	(2,033)
Decrease in Employee Benefits Payable	(1,370)	(6,228)
Decrease in Prepaid Expense	(202)	(217)
CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS	2,811	(733)
CAPITAL TRANSACTIONS		
Proceeds on Sale of Tangible Capital Assets	20,936	2,074
Cash used to Acquire Tangible Capital Assets	(59,539)	(42,716)
CASH PROVIDED BY (APPLIED TO) CAPITAL TRANSACTIONS	(38,603)	(40,642)
INVESTING TRANSACTIONS		
Increase in long-term investments	(5,000)	(250)
CASH PROVIDED BY (APPLIED TO) INVESTING TRANSACTIONS	(5,000)	(250)
FINANCING TRANSACTIONS		
Long Term Debt Issued	-	1,583
Debt Repayments	(5,508)	(5,217)
Decrease in Accounts Receivable - Government of Ontario	3,475	8,677
Additions to Deferred Capital Contributions	39,218	29,068
Decrease in Deferred Revenues - Capital	(4,153)	(6,065)
CASH PROVIDED BY (APPLIED TO) FINANCING TRANSACTIONS	33,032	28,046
CHANGE IN CASH AND CASH EQUIVALENTS	(7,760)	(13,579)
Opening Cash and Cash Equivalents	59,270	72,849
CLOSING CASH AND CASH EQUIVALENTS	51,510	59,270

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED AUGUST 31, 2015 (with comparative information for 2014)**

	2014-15	2013-14
	(\$000's)	(\$000's)
ANNUAL SURPLUS / (DEFICIT)	16,346	7,438
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of Tangible Capital Assets	(59,539)	(42,716)
Amortization of Tangible Capital Assets	28,410	27,456
Loss on Sale of Tangible Capital Assets	1,361	6
Proceeds on Sale of Tangible Capital Assets	20,936	2,074
Gain on Sale Allocated to Deferred Revenue	(19,462)	(2,039)
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	(28,294)	(15,219)
OTHER NON-FINANCIAL ASSET ACTIVITY		
Use of Prepaid Expenses	(202)	(217)
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	(202)	(217)
(INCREASE) DECREASE IN NET DEBT	(12,150)	(7,998)
Net Debt at Beginning of Year	(525,128)	(517,130)
NET DEBT AT END OF YEAR	(537,278)	(525,128)

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Hamilton-Wentworth District School Board (the "Board") are prepared by management 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 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 the use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of the 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 statement of operations and certain related deferred revenues, and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Reporting Entity

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

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

Consolidated entities -

- Hamilton-Wentworth District School Board
- The Hamilton-Wentworth District School Board Foundation
- School Generated Funds

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Proportionately consolidated entities -

- Hamilton-Wentworth Student Transportation Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(c) Trust Funds

Trust funds for teacher funded leave under the “four over five plan” and of the Hamilton School Boards Energy Consortium are not included in the consolidated financial statements, as these funds are not controlled by the Board.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(e) Investments

Temporary investments consist of marketable securities that are liquid short-term investments with maturities 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.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.

(f) Deferred Revenue

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

(g) Deferred Capital Contributions

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

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

(h) Retirement and other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, sick leave, and workers' compensation. 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.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AUGUST 31, 2015
 (All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and year of service based on August 31, 2012 information and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining life of the employee group.

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

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

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

(i) Tangible Capital Assets

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

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

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

Asset	Estimated Useful Life in Years
Land Improvement with Finite Lives	15
Buildings and Building Improvements	40
Portable Structures	20
Other Buildings	20
First-Time Equipping of Schools	10
Furniture	10
Equipment	5-15
Computer Hardware	5
Computer Software	5
Vehicles	5-10
Leasehold Improvements	Over the lease term

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(j) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

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

(k) Investment Income

Investment income is reported as revenue in the period earned.

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

(l) 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.

(m) Use of Estimates

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

(n) Property Tax Revenue

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of the Provincial Grants – Grants for Student Needs.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

2. CHANGES IN ACCOUNTING POLICIES

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

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

3. INVESTMENTS

Investments consist of marketable securities are recorded at cost and are comprised as follows:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates:				
Meridian Credit Union	\$ 525	\$ 525	\$ 1,250	\$ 1,250
Meridian Credit Union	5,725	5,725	-	-
	\$ 6,250	\$ 6,250	\$ 1,250	\$ 1,250

These investments are assessed regularly for impairment and are written down if a permanent impairment exists.

4. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Hamilton Wentworth 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 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 \$ 158,335 (2014 - \$161,810) as at August 31, 2015 with respect to this capital grant.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

5. DEFERRED REVENUE

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

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

	Balance as at August 31, 2014	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance as at August 31, 2015
Proceeds of Disposition	\$ 4,298	\$ 21,046	\$ (6,441)	\$ (6,454)	\$ 12,449
Special Education	-	63,801	(63,801)	-	-
School Renewal	17,121	8,144	(4,366)	(15,665)	5,234
Retrofit for Child Care	1,987	31	-	(448)	1,570
Other	3,883	42,695	(33,969)	(8,218)	4,391
Total Deferred Revenue	\$ 27,289	\$ 135,717	\$ (108,577)	\$ (30,785)	\$ 23,644

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2015	2014
Balance at Beginning of Year	\$ 485,958	\$ 484,000
Additions to Deferred Capital Contributions	9,449	7,283
Transfers from Deferred Revenue	30,785	21,791
Disposals/Transfers to Financial Assets	(1,016)	(6)
Revenue Recognized in period	(28,083)	(27,110)
Balance at end of year	\$ 497,093	\$ 485,958

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities			2015	2014
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Benefit Liabilities – Opening Balance	\$ 66,470	\$ 7,075	\$ 73,545	\$ 76,768
Current Year Benefit Expense	-	2,911	2,911	1,569
Changes Due to Plan Amendment	-	-	-	(2,490)
Interest on Accrued Benefit Obligation	1,823	213	2,036	2,370
Benefits Expenses ¹	1,823	3,124	4,947	1,449
Actuarial Loss	2,624	12	2,636	2,986
Benefits Payment	(5,024)	(1,425)	(6,449)	(7,659)
	(577)	1,711	1,134	(3,224)
Accrued Benefit Obligation – Closing Balance	\$ 65,893	\$ 8,786	\$ 74,679	\$73,544
Unamortized Actuarial Loss	(3,322)	-	(3,322)	(817)
Accrued Benefit Liability – Ending	\$ 62,571	\$ 8,786	\$ 71,357	\$72,727

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Pension Plans:

(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 the 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 \$ 6,732 (2014 – \$ 6,862) 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.

The OMERS pension plan had a deficit of \$7.1 billion as at December 31, 2014 (2013 - \$8.6 billion) based on the actuarial valuation of the pension benefit obligation. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

Employee Future Benefits:

(i) 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. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days and years of service at August 31, 2012.

(ii) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age; the retired members are required to pay 100% of the costs. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

(iii) Workplace Safety and Insurance Board Plan Obligations

The Board is a Schedule 2 employer under the *Ontario Workplace Safety and Insurance Act*, and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such a provision.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AUGUST 31, 2015
 (All amounts in thousands of dollars)**

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

(iv) 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 and the employees are required to pay 100% of the premium costs. The Board provides these benefits through an unfunded defined benefit plan. The benefits costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(v) Sick Leave Benefit

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations was eliminated.

(vi) Sick Leave Top-Up Benefits

A maximum of eleven 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 cost expensed in the financial statements are \$348 (2014 - \$ 343).

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.

Actuarial Assumptions

The accrued benefit obligations for long-term disability life insurance and health care benefit plans as at August 31, 2015 are based on 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
Inflation	1.5%	2.0%
Wage and Salary Escalation	0%	0%
Health Care Cost Escalation	8.5% decreasing by ¼% each year to 4.0%	8.75% decreasing by ¼% each year to 4.0%
Dental Cost Escalation	4.5% decreasing by ¼% each year to 3.0%	4.75% decreasing by ¼% each year to 3.0%
Discount on Accrued Benefit Obligations	2.45%	2.85%

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

8. NET LONG TERM DEBT

The net long-term liabilities reported on the Consolidated Statement of Financial Position of \$152,694 consists of debentures of \$903 (2014 - \$1,750) loans of \$151,259 (2014 – \$155,808) and Capital Lease \$532 (2014 - \$644). The debentures have a retractable feature, exercisable on specific dates only, at the option of the debenture holders. Details of the net long-term debt are as follows:

	2015	2014
Serial Debenture, due July 19, 2016	\$ 903	\$ 1,750
Ontario Financing Authority Loan due Nov 15, 2031, 4.56%	8,863	9,217
Ontario Financing Authority Loan due Mar 3, 2033, 4.90%	27,394	28,341
Ontario Financing Authority Loan due Mar 13, 2034, 5.062%	9,963	10,274
Ontario Financing Authority Loan due Apr 13, 2035, 5.232%	21,535	22,139
Ontario Financing Authority Loan due Mar 11, 2036, 4.833%	9,677	9,942
Ontario Financing Authority Loan due Nov 15, 2036, 3.970%	11,358	11,688
Ontario Financing Authority Loan due Mar 9, 2037, 3.564%	17,477	17,999
Ontario Financing Authority Loan due Mar 19, 2038, 3.799%	43,447	44,625
Ontario Financing Authority Loan due Mar 11, 2039, 4.003%	1,545	1,583
Capital Lease Matures, June 1, 2019	532	644
	\$ 152,694	\$ 158,202

The principal and interest payments required in each of the next five fiscal years and thereafter in respect of the outstanding net long-term debt are as follows:

	Principal	Interest	Total
2016	5,813	6,640	12,453
2017	5,123	6,367	11,490
2018	5,345	6,146	11,491
2019	5,473	5,914	11,387
2020	5,660	5,671	11,331
Thereafter	125,280	48,138	173,418
Total	\$ 152,694	\$ 78,876	\$ 231,570

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

9. DEBT CHARGES

The expenditure for debt charges and capital loans includes principal and interest payments made on debentures and interest on capital fund as follows:

	2015	2014
Principal payments on debentures	\$ 5,508	\$ 5,217
Interest payment on debentures	6,834	7,094
Total	\$ 12,342	\$ 12,311

10. EXPENDITURES BY OBJECT

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

	2015 Budget note 1(l)	2015 Actual	2014 Actual
Current Expenditures:			
Salary and Wages	\$ 395,075	\$ 400,306	\$ 393,857
Employee Benefits	60,773	61,232	57,161
Staff Development	5,966	1,757	1,866
Supplies and Services	38,282	38,159	38,216
Interest Charges on Capital	6,900	6,834	7,051
Rental Expenditures	244	1,736	2,412
Fees & Contractual Services	21,141	22,487	21,488
Other	3,729	2,700	2,397
Transfer to Other Boards	0	49	10
Amortization of Tangible Capital Assets and Loss on Disposal	28,382	29,771	27,462
School Funded Activities	10,548	11,953	12,336
Total	\$ 571,040	\$ 576,984	\$ 564,256

11. TANGIBLE CAPITAL ASSETS

(a) Assets Under Construction

Assets under construction having a value of \$1,670 (2014 - \$ 28,964) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of Tangible Capital Assets

There were no write-downs of tangible capital assets during the year. (2014 – Nil)

(c) Asset Inventories for Resale (Assets Permanently Removed from Service)

There were no assets inventoried for resale or assets permanently removed from service during the year. (2014 – Nil)

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

11. TANGIBLE CAPITAL ASSETS (continued):

Year ended August 31, 2015

	Cost (in 000's)					Accumulated Amortization (in 000's)					
	Balance at August 31, 2014	Additions, transfers and adjustments	Disposals and Write Offs	Transfers to-from CIP	Balance at August 31, 2015	Balance at August 31, 2014	Amortization and adjustment	Disposals and Write Offs	Balance at August 31, 2015	Net Book Value August 31, 2015	Net Book Value August 31, 2014
Land	\$ 32,401	\$ 20,333	\$ (1,818)	\$ -	\$ 50,916	\$ -	\$ -	\$ -	\$ -	\$ 50,916	\$ 32,401
Land Improvements	5,327	884	-	-	6,211	1,202	424	-	1,626	4,585	4,125
Buildings	751,597	32,074	(2,800)	30,631	811,502	297,707	23,989	(1,783)	319,913	491,589	453,890
Portable Structures	8,289	-	(1,196)	-	7,093	4,905	328	(1,196)	4,037	3,056	3,384
Furniture and Equipment	11,782	737	(455)	-	12,064	5,348	1,131	(455)	6,024	6,040	6,434
Computer Hardware and Software	17,084	2,174	(6,152)	-	13,106	10,768	2,208	(6,152)	6,824	6,282	6,316
Vehicles	961	-	(277)	-	684	810	88	(277)	621	63	151
Construction in Progress	28,964	3,337	-	(30,631)	1,670	-	-	-	-	1,670	28,964
Leasehold Improvements	2,306	-	-	-	2,306	685	242	-	927	1,379	1,621
	\$ 858,711	\$ 59,539	\$ (12,698)	\$ -	\$ 905,552	\$ 321,425	\$ 28,410	\$ (9,863)	\$ 339,972	\$ 565,580	\$ 537,286

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

12. ACCUMULATED SURPLUS (DEFICIT)

	2015	2014
Unappropriated	\$ 8,068	\$5,233
Amounts Restricted for Future Use of the Board		
School Budgets	874	895
Computer Technology	1,171	1,171
Board Initiatives	2,111	2,318
Capital Planning Capacity	241	-
Cafeteria Equipment Replacement	169	181
Amounts Restricted for Capital Construction		
Administrative Building	17,039	17,255
Available for Compliance	29,673	27,053
Amounts to be Recovered		
Employee Future Benefits	(41,202)	(44,410)
Interest Accrual	(2,196)	(2,261)
Other		
School Generated Funds	3,850	3,859
Revenues Recognized for Land	39,581	29,119
Balance at August 31, 2015	\$ 29,706	\$ 13,360

13. 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 the Board for general public liability, property damage and vehicles. The membership period is for five years, ending December 31, 2016.

14. CONTINGENT LIABILITIES

The Board has been named in personal injury and property damage claims. The amounts specified in the claims are within the Board's insurance coverage. The Board, as well as its insurers, has instructed legal counsel to act on behalf of the Board to defend against these claims. No provision has been made in the financial statements for these claims.

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

15. COMMITMENTS

The Board has outstanding contractual obligations at August 31, 2015 of approximately \$ 23,989 (2014 - \$12,831) for the construction of new schools and for other capital projects.

The Board has long-term lease commitments with various expiry dates. The minimum payments are as follows:

2016	\$ 948
2017	857
2018	678
2019	681
2020	713
Thereafter	1,366
Total	\$ 5,243

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

On April 1, 2009, the Board entered into an agreement with the Hamilton-Wentworth 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 Hamilton-Wentworth Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

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

The Hamilton-Wentworth District School Board does not control any assets of the Hamilton-Wentworth Student Transportation Services. The Board has recorded its share of revenue and expenses in the Consolidated Statement of Operations.

17. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$16,675 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 re-finance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

**HAMILTON-WENTWORTH DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015
(All amounts in thousands of dollars)**

18. SUBSEQUENT EVENTS

Subsequent to August 31, 2015, the following groups ratified agreements at the central level, which include a voluntary retirement gratuity early payout provision:

- OSSTF (Secondary Teachers)
- ETFO (Elementary Teachers)

This provision may have a future impact on the board's employee future benefit liability. There is no impact to the 2014-15 fiscal year. To be effective, the collective agreements must be ratified at both the central and local level. At the reporting date of these financial statements, local ratification has not occurred for any bargaining groups.

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