

Consolidated financial statements of

Toronto District School Board

August 31, 2014

Toronto District School Board

August 31, 2014

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Management Report

Year ended August 31, 2014

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Toronto 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(a) 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 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 Deloitte 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 consolidated financial statements.

A blue ink signature of Donna Quan.

Donna Quan
Director of Education

A blue ink signature of Carla Kisko.

Carla Kisko
Associate Director

December 17, 2014

Independent Auditor's Report

To the Board of Trustees of
The Toronto District School Board

We have audited the accompanying consolidated financial statements of Toronto District School Board, which comprise the consolidated statement of financial position as at August 31, 2014 and the consolidated statements of operations, change 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 Note 1(a) to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus and cash flows from operating activities for the years ended August 31, 2014 and 2013, financial assets as at August 31, 2014 and 2013 and accumulated deficit as at September 1 and August 31 for both the 2014 and 2013 fiscal years. Our opinion was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Toronto District School Board for the year ended August 31, 2014 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
December 17, 2014

Toronto District School Board
 Consolidated statement of financial position
 as at August 31, 2014
 (In thousands of dollars)

	2014	2013
	\$	\$
Financial assets		
Cash	125,052	47,387
Due from City of Toronto	282,083	260,862
Accounts receivable (net of allowance of \$6,684 (2013 - \$4,851))	22,192	21,303
Accounts receivable - Province of Ontario (Note 2)	505,062	538,147
Mortgage receivable (Note 3)	5,200	4,700
Funds on deposit (Note 4(f))	112,702	104,722
Properties held for sale (Note 5)	17	1,625
Total financial assets	1,052,308	978,746
Liabilities		
Short-term borrowing (Note 6)	44,296	73,637
Accounts payable and accrued liabilities	206,218	186,457
Due to Province of Ontario	12,276	16,619
Accrued vacation pay	15,622	15,890
Deferred revenue (Note 7)	165,107	123,756
Deferred capital contributions (Note 8)	1,871,048	1,781,998
Retirement and other employee future benefits payable (Note 4)	442,621	459,871
Net long term debt (Note 9)	473,526	471,896
Total liabilities	3,230,714	3,130,124
Net debt	(2,178,406)	(2,151,378)
Non-financial assets		
Tangible capital assets (Note 10)	1,969,824	1,909,455
Prepaid expenses and supplies	6,823	7,680
Total non-financial assets	1,976,647	1,917,135
Accumulated deficit (Note 11)	(201,759)	(234,243)

Commitments and contingencies (Notes 12 and 13)

Approved by

Director of Education and Secretary Treasurer

Chair of the Board

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

Toronto District School Board

Consolidated statement of operations year ended August 31, 2014 (In thousands of dollars)

	Budget	2014	2013
	\$	\$	\$
Revenues			
Provincial grants			
Grants for student needs (Note 15)	2,587,986	2,581,251	2,604,560
Other	187,624	192,458	135,154
Federal grants and fees	24,000	22,601	22,737
Other fees and revenues	73,705	96,591	93,209
School fundraising	40,000	41,975	35,100
Amortization of deferred capital contributions	103,675	100,212	93,516
Total revenues	3,016,990	3,035,087	2,984,276
Expenses (Note 14)			
Instruction	2,343,172	2,347,156	2,304,252
Administration	77,835	85,701	79,404
Transportation	55,294	55,826	54,017
School operations and maintenance	315,584	324,819	304,608
Pupil accommodation	158,112	144,122	131,543
Other programs	2,506	2,997	3,968
School funded activities	40,000	41,982	35,366
Total expenses	2,992,503	3,002,603	2,913,158
Annual surplus	24,487	32,484	71,118
Accumulated deficit, beginning of year	(254,884)	(234,243)	(305,361)
Accumulated deficit, end of year	(230,397)	(201,759)	(234,243)

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

Toronto District School Board
 Consolidated statement of change in net debt
 year ended August 31, 2014
 (In thousands of dollars)

	2014	2013
	\$	\$
Annual surplus	32,484	71,118
Acquisition of tangible capital assets	(166,850)	(158,777)
Amortization of tangible capital assets	101,639	96,480
Net book value of tangible capital assets reclassified as properties held for sale during the year (Note 5)	4,842	5,989
	(27,885)	14,810
Acquisition of inventories of supplies	(7,900)	(8,178)
Acquisition of prepaid expenses	(4,676)	(5,330)
Consumption of inventories of supplies	8,103	9,048
Use of prepaid expenses	5,330	5,473
Change in net debt	(27,028)	15,823
Net debt, beginning of year	(2,151,378)	(2,167,201)
Net debt, end of year	(2,178,406)	(2,151,378)

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

Toronto District School Board

Consolidated statement of cash flows

year ended August 31, 2014

(In thousands of dollars)

	2014	2013
	\$	\$
Operating activities		
Annual surplus	32,484	71,118
Items not involving cash		
Amortization	101,639	96,480
Net book value of tangible capital assets reclassified as properties held for sale during the year (Note 5)	4,842	5,989
Net transfer from deferred capital contributions to deferred revenue (Note 8)	(1,836)	(5,649)
Deferred capital contributions recognized (Note 8)	(100,212)	(93,516)
Change in non-cash assets and liabilities		
Increase in due from City of Toronto	(21,221)	(93,679)
Increase in accounts receivable	(889)	(281)
Decrease (increase) in accounts receivable - Province of Ontario	16,446	(5,828)
Decrease in prepaid expenses and supplies	857	1,012
Decrease in properties held for sale	1,608	300
Increase in accounts payable and accrued liabilities and accrued vacation pay	19,493	3,777
(Decrease) increase in due to Province of Ontario	(4,343)	12,379
(Decrease) increase in deferred revenues - operating	(3,289)	1,622
Decrease in retirement and other employee future benefits payable	(17,250)	(40,337)
	28,330	(46,613)
Capital activity		
Acquisition of tangible capital assets	(166,850)	(158,777)
Investing activities		
Issuance of mortgage receivable	(500)	-
(Increase) decrease in funds on deposit	(7,980)	14,008
	(8,480)	14,008
Financing activities		
Capital grant contributions (Note 8)	191,098	157,571
Increase in deferred revenue - capital	44,640	55,702
Decrease (increase) in accounts receivable - Province of Ontario Capital	16,639	(41,166)
Short term borrowing - net	(29,341)	(3,375)
Long-term debt repayments	(17,026)	(16,492)
Issuance of long-term debt	18,656	37,825
	224,666	190,065
Net increase (decrease) in cash	77,665	(1,317)
Cash, beginning of year	47,387	48,704
Cash, end of year	125,052	47,387

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

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

1. Significant accounting policies

The consolidated financial statements are the representations of management and are prepared in accordance with the basis of accounting as described in Note 1a) below.

Significant accounting policies adopted are as follows:

(a) *Basis of accounting*

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

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

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

- Government transfers, including amounts previously recognized as tax revenue, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian public sector accounting standard PS 3410; and
- 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 Canadian public sector accounting standard PS 3100.

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.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity includes all organizations which are controlled by the Toronto District School Board (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 included in the consolidated financial statements.

The Board established the Toronto Lands Corporation (TLC) in 2008, a wholly owned subsidiary. Its mandate is to manage designated real estate holdings of the Board to maximize rental income and dispose of surplus sites. This entity which is controlled by the Board is included in the consolidated financial statements.

The Board is a unit owner in Toronto Standard Condominium Corporation No. 2234, which was established for the management of common elements (consisting of the separation walls, sprinkler system, and fire alarm system) of the property located at 840 Coxwell and 555 Mortimer Avenues, which is jointly owned by the Board and Toronto East General Hospital. The Board's share of activities relating to this entity is included in the consolidated financial statements.

All inter-departmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

(c) Trust funds

Trust funds and their related operations administered by the Board amounting to \$9.0 million (2013 - \$8.1 million) are not included in the consolidated financial statements.

(d) 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 will be recognized as revenue in the fiscal year the related qualifying expenditures are incurred or services are performed.

(e) 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 for use in providing services, is 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; and
- Amounts previously recognized as property taxation revenues which were historically used to fund capital assets.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(f) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, sick leave credit gratuity, workers' compensation and long-term disability benefits. 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 cost trends, disability recovery rates, long-term inflation rates 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. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for 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 obligations for workers' compensation are recognized immediately in the period they arise.

Actuarial gains and losses related to obligations for long-term disability are amortized over the expected average service life of the employee group.

- (ii) The Board's contributions to multi-employer defined benefit pension plans, such as the Ontario Municipal Employees Retirement System (OMERS) pensions, are recorded in the period in which they become payable.
- (iii) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

(g) Tangible capital assets

Tangible capital assets are recorded at cost which includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

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.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

Tangible capital assets, except land, are amortized on a straight-line basis over the estimated useful life of the assets. Amortization rates are as follows:

<u>Asset class</u>	<u>Estimated useful life</u>
Buildings	40 years
Other buildings	20 years
Land improvements with finite lives	15 years
Portable structures	20 years
First time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years
Leasehold improvement	Over the lease term

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 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 net realizable value. These assets are recorded as "properties held for sale" on the consolidated statement of financial position.

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

(h) 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, all eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

(i) Investment income

Investment income is reported as revenue in the period earned.

Interest income earned on monies invested specifically for externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balances.

(j) Long term debt

Long term debt includes debentures and Ontario Financing Authority (OFA) loans which were arranged for financing Board's capital projects or high priority renewal projects. Long term debt is recorded net of related sinking fund balances.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(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 financial statements in conformity with the basis of accounting described in Note 1a) 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 financial statements, and the reported amounts of revenues and expenses during the year. Estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in the period in which they became known. Accounts subject to estimates include allowance for doubtful accounts receivable, certain accrued liabilities, employee future benefits, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions. Actual results could differ from these estimates.

2. Accounts receivable - Province of Ontario

The account receivable from the Province of Ontario is comprised mainly of amounts related to capital grants in the amount of \$505.1 million (2013 - \$521.7 million).

The Province of Ontario has replaced variable capital funding with a one-time debt support grant. The Board recorded a one-time grant that recognizes capital debt as of August 31, 2010 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.

3. Mortgage receivable

	2014	2013
	\$	\$
Mortgage relating to the sale of Alderwood Public School, principal of \$2.25 million repaid on November 14, 2014 and remainder extended to January 31, 2015	4,700	4,700
Mortgage relating to the sale of Pine River Outdoor Education Centre, due June 30, 2015	500	-
Total	5,200	4,700

4. Retirement and other employee future benefits

(a) Plan changes and description

The Board provides certain benefits to employees and retirees the majority of which are unfunded and will require funding in future periods.

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. 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 were eliminated as of September 1, 2012, and were replaced with a new short term leave and disability plan.

In 2013 further changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top up benefits received under the short-term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

(a) *Plan changes and description (continued)*

A brief overview of the Board's benefit plans is set out below.

Pension benefits

(i) Supplementary War Veterans Allowance

The Supplementary War Veterans Allowance Plan (the "Plan") consists of allowances to be paid to retired employees of the former Board of Education for the City of Toronto. The Plan is closed to new members. The Plan includes survivor benefits of 66 2/3% for the surviving spouse. The pension is subject to indexing at 100% of the increase in CPI. This Plan is unfunded. The benefit costs and liability related to this plan are recorded in the Board's consolidated financial statements.

Retirement benefits

(i) Sick leave credit 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 recorded 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

Employees are able to continue coverage for life insurance, dental and health care benefits after retirement until the members reach 65 years of age; however, the retirees pay the full premium associated with this coverage. For those employees retiring before September 1, 2004 the premiums are partially subsidized by the Board, as the retirees are in the same experience group as the active employees. These future benefits are unfunded. All retirees on or after September 1, 2004 are not subsidized by the Board.

Other employee future benefits

(i) Workplace safety and insurance board obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and actuarially determined liabilities related to this plan based on management's best estimate are recorded in the Board's consolidated financial statements. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

(a) Plan changes and description (continued)

Other employee future benefits (continued)

(ii) Long-term disability benefits

The Board provides long term disability insurance coverage for non-teaching employees. The benefit costs and actuarially determined liabilities related to this plan are included in the Board's consolidated financial statements. The Board has an internally restricted reserve to fund these liabilities.

Teaching staff have their own long term disability plans through their Federations and are responsible for the entire cost. Accordingly, no costs or liabilities related to these plans are included in the Board's consolidated financial statements.

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carriers waive the life insurance premiums for employees on long-term disability; however, the Board and employee are responsible for the payment of the costs of health care benefits under this plan under the same cost-sharing arrangements to which the employee would be entitled as an active employee. Continuation of dental coverage is also available subject to the employee paying the full cost.

(iii) Sick Leave Top up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short term leave and disability plan in that year.

(b) Retirement and other employee future benefits liabilities

	2014			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Accrued benefit obligation				
Balance, beginning of year	4,845	302,331	143,933	451,109
Employer current service cost net of employee contribution	-	-	17,203	17,203
Interest cost	148	8,982	4,737	13,867
Benefit paid	(601)	(25,081)	(18,767)	(44,449)
Actuarial losses	7	4,676	931	5,614
Balance, end of year	4,399	290,908	148,037	443,344
Unfunded accrued benefit obligation	4,399	290,908	148,037	443,344
Unamortized net actuarial gains (losses)	-	482	(1,205)	(723)
Accrued benefit liability	4,399	291,390	146,832	442,621

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

(b) Retirement and other employee future benefits liabilities (continued)

	2013			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Accrued benefit obligation				
Balance, beginning of year	5,424	343,278	139,770	488,472
Employer current service cost net of employee contribution	-	-	16,557	16,557
Interest cost	153	9,377	4,243	13,773
Benefit paid	(662)	(27,815)	(18,080)	(46,557)
Actuarial (gains) losses	(70)	(22,509)	1,443	(21,136)
Balance, end of year	4,845	302,331	143,933	451,109
Unfunded accrued benefit obligation	4,845	302,331	143,933	451,109
Unamortized net actuarial gain	-	5,607	3,155	8,762
Accrued benefit liability	4,845	307,938	147,088	459,871

(c) Retirement and other employee future benefits expenses

	2014			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Current year benefit costs	-	-	17,203	17,203
Interest on accrued benefit obligation	148	8,982	4,737	13,867
Recognition of actuarial losses (gains)	7	(448)	(3,429)	(3,870)
Employee future benefits expenses	155	8,534	18,511	27,200

	2013			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Current year benefit costs	-	-	16,557	16,557
Interest on accrued benefit obligation	153	9,377	4,243	13,773
Recognition of actuarial gains	(70)	(16,903)	(7,137)	(24,110)
Employee future benefits expenses	83	(7,526)	13,663	6,220

These amounts are included in the respective expense categories on the consolidated statement of operations.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

(d) Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2014 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2013 with an extrapolation to August 31, 2014. 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:

	2014	2013
	%	%
Estimated inflation		
Health	7.90	8.10
Dental	4.50	4.90
War veterans	2.10	2.00
North York pension	N/A	N/A
WSIB	1.00	1.00
LTDI	1.00	1.00
Wages and salary calculation	0.00	0.00
Discount on accrued benefit obligations		
Sick leave credit gratuity	3.00	3.25
Life, health and dental	3.00	3.25
War veterans	3.00	3.25
North York pension	N/A	N/A
WSIB	3.00	3.25
LTDI	3.00	3.25
Sick leave accumulation	N/A	N/A

(e) Multi-employer pension plans

(i) Ontario Teachers' Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

Non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System, 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's contributions equal the employees' contributions to the Plan. During the year ended August 31, 2014, the Board contributed \$48.5 million (2013 - \$48.5 million) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses and are included in the respective expense categories on the consolidated statement of operations. No pension liability for this type of plan is included in the Board's consolidated statement of financial position.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

(f) Funds held on deposit for employee benefit plans are represented by the following:

(i) Health and dental funds on deposit

The Board has funds held on deposit with Sunlife and Manulife to fund current liabilities for the health and dental plans of the Board in the amount of \$26.5 million (2013 - \$21.6 million). These funds primarily cover estimated current period claims yet to be submitted by employees.

(ii) Group Life Funds on Deposit

The Board has funds held on deposit with Great West Life to fund current liabilities for the group life insurance plans of the Board in the amount of \$ 10.8 million (\$2013 - \$9.4 million).

(iii) Long term disability funds on deposit

The Board has funds held on deposit with Sunlife and CIBC to fund the long term disability plan of the Board in the amount of \$75.3 million (2013 - \$73.7 million). These funds primarily cover the actuarially determined liabilities of the Plan and cover reduced Board premiums otherwise required by the Plan.

5. Properties held for sale

As of August 31, 2014, \$Nil (2013 - \$1.6 million) related to buildings and \$0.02 million (2013 - \$0.02 million) related to land were recorded as properties held for sale (PHFS). The net book value of properties reclassified to properties held for sale during the year was \$4.8 million (2013 - \$5.9 million). During the year, a number of school properties were sold. Net proceeds of \$94.9 million (2013 - \$65.7 million) were received on the sale of these properties, which had a carrying value of \$6.4 million (2013 - \$6.3 million), resulting in a gain on sale of \$88.5 million (2013 - \$59.4 million). The proceeds from the sale of these properties have been used to fund in-year capital projects, as well as \$2.2 million recognized as revenue mainly to fund in-year land purchases, with an amount remaining in deferred revenue of \$96.9 million, in accordance with Ontario Regulation 193/10.

6. Short-term borrowing

	2014	2013
	\$	\$
70 day Bankers Acceptances bearing interest at 2.01% maturing on October 31, 2013	-	73,637
95 day Bankers Acceptances bearing interest at 2.02% maturing on September 30, 2014	44,296	-
	44,296	73,637

The Board has incurred short term borrowing at August 31, 2014 in the amount of 44.3 million (2013 - \$73.6 million), to provide interim financing for various capital programs including the following Ministry of Education initiatives: Primary Class Size (PCS) - \$3.5 million, Full Day Kindergarten (FDK) - \$28.8 million, Capital Priority Programs - \$8.2 million, and Capital Enveloping - \$3.8 million.

The Ministry is funding the interest cost incurred on the short term financing. Further, the Ministry will periodically arrange for the permanent financing, under a long term financing arrangement (see also Note 10 (d), (e), (f), (g), (h), (l), (j) and (k)).

The Board has a \$50 million line of credit with a Canadian chartered bank for operating purposes. The amount outstanding as at August 31, 2014 was \$Nil (2013 - \$Nil).

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

7. Deferred revenue

The continuity of deferred revenue including those set aside for specific purposes by legislation, regulation or agreement as at August 31, 2014 is as follows:

	Balance, August 31, 2013	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to/(from) deferred capital contributions	Balance, August 31, 2014
	\$	\$	\$	\$	\$
Special Education	3,540	311,637	312,297	-	2,880
Other Ministry of Education grants	7,118	156,502	160,968	-	2,652
Other Provincial grants	2,086	31,750	31,490	-	2,346
Tuition fees	16,253	19,631	17,719	-	18,165
Other (operation)	6,213	37,050	37,436	-	5,827
Minor TCA	-	64,164	54,534	9,630	-
School renewal	12,686	45,108	18,877	26,282	12,635
Interest on capital	-	25,144	25,144	-	-
Temporary accommodation	-	900	-	900	-
School condition improvement	7,021	17,105	120	15,122	8,884
Retrofitting school space for child care	8,897	5,293	-	522	13,668
Renewable energy	219	25	-	-	244
Ministry of Health - Pool grants	31	-	-	-	31
Proceeds of disposition	57,011	92,188	2,183	50,072	96,944
Proceeds of disposition - PHFS	1,601	(3,301)	-	(1,700)	-
Other	1,080	10,321	-	10,570	831
Total	123,756	813,517	660,768	111,398	165,107

8. 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 spent by year end. The contributions are amortized into revenue at the rate used to amortize the related asset over its useful life.

	2014	2013
	\$	\$
Balance, beginning of year	1,781,998	1,723,591
Additions to deferred capital contributions	191,098	157,571
Revenue recognized in the period	(100,212)	(93,516)
Transfers to deferred revenue relating to properties held for sale	(1,836)	(5,649)
Balance, end of year	1,871,048	1,781,998

Additions to deferred capital contributions includes net proceeds from disposition of properties held for sale in the amount of \$24.2 million (2013 - \$31.6 million).

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

9. Net long-term debt

- (a) Net long-term debt reported in the consolidated statement of financial position is comprised of the following:

				2014	2013
		Interest rate	Maturity date		
		%		\$	\$
Critical renewal debenture	Note 9(b)	5.07	December 17, 2024	25,853	27,678
Sinking Fund (City of Toronto)	Note 9(c)	6.10	December 12, 2017	75,846	75,846
Less: sinking fund assets	Note 9(c)	-	-	(54,545)	(51,131)
Ontario Financing Authority	Note 9(d)	4.56	November 15, 2031	86,970	90,161
Ontario Financing Authority	Note 9(e)	4.90	March 3, 2033	88,251	91,061
Ontario Financing Authority	Note 9(f)	5.06	March 13, 2034	77,927	80,171
Ontario Financing Authority	Note 9(g)	5.23	April 13, 2035	49,111	50,383
Ontario Financing Authority	Note 9(h)	4.83	March 11, 2036	45,097	46,243
Ontario Financing Authority	Note 9(i)	3.59	March 9, 2037	23,014	23,659
Ontario Financing Authority	Note 9(j)	3.66	June 25, 2038	37,346	37,825
Ontario Financing Authority	Note 9(k)	4.00	March 11, 2039	18,656	-
Balance as at August 31				473,526	471,896

- (b) On December 17, 2004 the Board issued a \$40 million debenture to fund an equivalent amount of major renovation projects. The debenture bears interest at 5.071% and has a 20-year amortization with semi-annual interest and principal payments of \$1.6 million. The annual debt service of \$3.2 million is funded from the annual Facility Renewal Grant.
- (c) City of Toronto Debenture in the amount of \$75.8 million maturing December 12, 2017, with an interest rate of 6.1%. Sinking fund assets in the amount of approximately \$54.5 million (2013 - \$51.1 million) have been set aside to retire the long-term City of Toronto debenture. The market value of sinking fund assets as at August 31, 2014 was \$63.7 million (2013 - \$56.7 million).
- (d) On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$107.7 million of the GPL program. The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.56%. The annual principal and interest costs are funded by the Ministry of Education.
- (e) On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$103.2 million (GPL of \$93.9 million and PCS of \$9.3 million). The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.90%. The annual principal and interest costs are funded by the Ministry of Education.
- (f) On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$88.1 million (GPL of \$81.1 million and PCS of \$7.0 million). The loan is repayable by semi-annual installments of principal and interest of \$3.1 million based on a 25 year amortization schedule and bears interest of 5.06%. The annual principal and interest costs are funded by the Ministry of Education.
- (g) On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$53.8 million (GPL of \$51.7 million and PCS of \$2.1 million). The loan is repayable by semi-annual installments of principal and interest of \$1.9 million based on a 25 year amortization schedule and bears interest of 5.23%. The annual principal and interest costs are funded by the Ministry of Education.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

9. Net long-term debt (continued)

- (h) On March 11, 2011, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$48.4 million (GPL of \$33.9 million and PCS of \$14.5 million). The loan is repayable by semi-annual installments of principal and interest of \$1.7 million based on a 25 year amortization schedule and bears interest of 4.83%. The annual principal and interest costs are funded by the Ministry of Education.
- (i) On March 9, 2012, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$24.3 million (GPL of \$23.9 million and PCS of \$0.4 million). The loan is repayable by semi-annual installments of principal and interest of \$0.7 million based on a 25 year amortization schedule and bears interest of 3.59%. The annual principal and interest costs are funded by the Ministry of Education.
- (j) On June 26, 2013, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$37.8 million (GPL of \$21.2 million and Capital Enveloping (ARC) of \$16.6 million). The loan is repayable by semi-annual installments of principal and interest of \$1.2 million based on a 25 year amortization schedule and bears interest of 3.66%. The annual principal and interest costs are funded by the Ministry of Education.
- (k) On March 12, 2014, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$18.7 million (Prohibit to Repair of \$14.1 million and Capital Priority Program of \$4.6 million). The loan is repayable by semi-annual installments of principal and interest of \$0.6 million based on a 25 year amortization schedule and bears interest of 4.003%. The annual principal and interest costs are funded by the Ministry of Education.
- (l) Principal and sinking fund payments relating to net long-term liabilities of \$461.4 million outstanding as at August 31, 2014 are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2015	17,505	25,679	43,184
2016	18,234	24,950	43,184
2017	18,997	24,187	43,184
2018	19,798	21,073	40,871
2019	18,343	17,921	36,264
Thereafter	368,523	146,180	514,703
	<u>461,400</u>	<u>259,990</u>	<u>721,390</u>

In addition, debenture interest on sinking fund contributions estimated to amount to approximately \$12.1 million is expected to be earned during the remaining life of the City of Toronto debenture. This interest together with the sinking fund contributions will fund the total outstanding City of Toronto debenture principal of \$75.8 million.

- (m) Interest on long-term debt amounted to \$25.3 million (2013 - \$24.6 million).

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

10. Tangible capital assets

(a) Opening and closing balances with activities for the year ended August 31, 2014

	Gross book value					Accumulated amortization					Net book value	
	Balance at September 1, 2013	Additions	Transfers to/from CIP	Transfers to held for sale	Disposal	Balance at August 31, 2014	Balance at September 1, 2013	Amortization	Transfers to held for sale	Disposals, write-offs	Balance at August 31, 2014	Balance at August 31, 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	74,090	3,430	-	(3,007)	-	74,513	-	-	-	-	-	74,513
Land improvements	67,214	4,592	-	(180)	-	71,626	20,229	5,123	(44)	-	25,308	46,318
Buildings (40 years)	2,743,066	136,704	41,747	(3,488)	-	2,918,029	1,049,628	84,674	(1,789)	-	1,132,513	1,785,516
Buildings (20 years)	22	-	-	-	-	22	-	1	-	-	1	21
Portable structures	28,589	2,948	-	-	-	31,537	6,549	1,513	-	-	8,062	23,475
Construction in Progress (CIP)	43,954	4,510	(41,747)	-	-	6,717	-	-	-	-	-	6,717
Pre-acquisition building	526	84	-	-	-	610	-	-	-	-	-	610
Equipment (5 years)	6,661	19	-	-	-	6,680	3,600	1,333	-	-	4,933	1,747
Equipment (10 years)	4,302	383	-	-	(515)	4,170	2,459	428	-	(515)	2,372	1,798
Equipment (15 years)	2,995	349	-	-	-	3,344	1,733	190	-	-	1,923	1,421
First time equipping (10 years)	5,321	1,851	-	-	(70)	7,102	1,351	580	-	(70)	1,861	5,241
Furniture (10 years)	1,136	56	-	-	(7)	1,185	534	115	-	(7)	642	543
Computer hardware	30,069	7,778	-	-	(8,001)	29,846	17,178	5,984	-	(8,001)	15,161	14,685
Computer software	10,071	611	-	-	(8,285)	2,397	8,630	808	-	(8,285)	1,153	1,244
Vehicles (< 10,000 pounds)	1,556	552	-	-	-	2,108	1,216	131	-	-	1,347	761
Vehicles (> 10,000 pounds)	4,503	197	-	-	-	4,700	3,529	286	-	-	3,815	885
Leasehold improvement - building	2,733	2,786	-	-	-	5,519	1,045	441	-	-	1,486	4,033
Leasehold improvement - land	379	-	-	-	-	379	51	32	-	-	83	296
	3,027,187	166,850	-	(6,675)	(16,879)	3,170,484	1,117,732	101,639	(1,833)	(16,879)	1,200,660	1,969,824

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

10. Tangible capital assets (continued)

(a) Opening and closing balances with activities for the year ended August 31, 2013 (continued)

	Gross book value					Accumulated amortization					Net book value	
	Balance at September 1, 2012	Additions	Transfers to/from CIP	Transfers to held for sale	Disposal	Balance at August 31, 2013	Balance at September 1, 2012	Amortization	Transfers to held for sale	Disposals, write-offs	Balance at August 31, 2013	Balance at August 31, 2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	73,026	1,404	-	(340)	-	74,090	-	-	-	-	-	74,090
Land improvements	61,971	5,791	-	(548)	-	67,214	15,737	4,678	(186)	-	20,229	46,985
Buildings (40 years)	2,594,281	108,392	51,184	(10,791)	-	2,743,066	978,525	76,606	(5,503)	-	1,049,628	1,693,438
Buildings (20 years)	-	22	-	-	-	22	-	-	-	-	-	22
Portable structures	26,247	2,420	-	-	(78)	28,589	5,244	1,383	-	(78)	6,549	22,040
Construction in Progress (CIP)	60,356	34,782	(51,184)	-	-	43,954	-	-	-	-	-	43,954
Pre-acquisition building	423	103	-	-	-	526	-	-	-	-	-	526
Equipment (5 years)	6,656	17	-	-	(12)	6,661	2,280	1,332	-	(12)	3,600	3,061
Equipment (10 years)	4,127	274	-	-	(99)	4,302	2,137	420	-	(98)	2,459	1,843
Equipment (15 years)	2,878	117	-	-	-	2,995	1,552	181	-	-	1,733	1,262
First time equipping (10 years)	3,727	1,594	-	-	-	5,321	928	423	-	-	1,351	3,970
Furniture (10 years)	1,060	88	-	-	(12)	1,136	437	109	-	(12)	534	602
Computer hardware	37,581	2,319	-	-	(9,831)	30,069	20,392	6,618	-	(9,832)	17,178	12,891
Computer software	21,050	341	-	-	(11,320)	10,071	15,905	4,045	-	(11,320)	8,630	1,441
Vehicles (< 10,000 pounds)	1,444	112	-	-	-	1,556	1,117	99	-	-	1,216	340
Vehicles (> 10,000 pounds)	4,451	52	-	-	-	4,503	3,246	283	-	-	3,529	974
Leasehold improvement - building	1,801	932	-	-	-	2,733	775	270	-	-	1,045	1,688
Leasehold improvement - land	362	17	-	-	-	379	18	33	-	-	51	328
	2,901,441	158,777	-	(11,679)	(21,352)	3,027,187	1,048,293	96,480	(5,689)	(21,352)	1,117,732	1,909,455

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

10. Tangible capital assets (continued)

(b) Works of art and historic artifacts

TDSB has an art collection in its possession with an insured value of \$7.4 million (2013 - \$7.4 million). In addition, TDSB also has a number of historic artifacts. In accordance with public sector accounting standards, these works of art and historic artifacts are not recorded as an asset in these consolidated financial statements.

11. Accumulated deficit

Accumulated deficit consists of the following:

	2014	2013
	\$	\$
Accumulated deficit		
Working funds	9,602	16,172
Reserves and reserve funds	132,825	118,516
Employee future benefits	(428,848)	(453,247)
Interest accrual	(7,065)	(7,002)
School generated funds	17,196	17,204
Capital grants used on land purchases	74,531	74,114
	(201,759)	(234,243)

Internal reserves and reserve funds set aside for specific purposes by the Board of Trustees consist of the following:

	2014	2013
	\$	\$
Special education	698	740
Employee benefit plans	99,230	91,440
School support	18,316	12,399
Sinking fund interest	12,136	12,443
Other	2,445	1,494
	132,825	118,516

12. Contractual obligations and commitments

(a) Capital, facility renewals and renovations

The Board's commitments for approved capital and facility renewal programs as of August 31, 2014 amounted to \$38.3 million (2013 - \$36.3 million).

(b) Other significant obligations

- (i) The Board awarded contracts for student transportation, extended to August 31, 2015. The estimated annual commitment under these contracts is \$48.1 million (2013 - \$46.3 million).
- (ii) The Board is committed to purchase natural gas including transportation through supply contracts with various expiry dates; the latest contract expires on November 1, 2014. The estimated outstanding costs of these contracts are \$ 1.7 million (2013 - \$1.3 million).

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

12. Contractual obligations and commitments (continued)

(b) Other significant obligations (continued)

- (iii) The Board is committed to a Wide Area Network contract which expires December 2020. The estimated annual commitment under this contract is \$5.0 million (2013 - \$5.0 million).
- (iv) The Board is committed to a laptop lease contract which expires August, 2015. The estimated annual commitment under the contract is \$3.9 million (2013 - \$3.9 million).
- (v) The Board is committed to a Multi-Functional Devices contract which expires October 2019. The estimated annual commitment under the contract is \$2.9 million.
- (vi) TDSB and School Solar Limited Partnership (SSLP) entered into a Project Agreement on May 18, 2011 and amended on February 3, 2014. The Agreement involves SSLP providing roof replacements to approximately 4 million square feet of roofs, in return for the right to install solar panels on school roofs and benefit from the associated Feed-in Tariff ("FIT") contracts over a 20-year period. Roof betterment projects will be capitalized at cost as completed, with a corresponding increase in deferred capital contributions in accordance with Ontario Regulation 395/11. During fiscal 2014, approximately 0.5 million square feet of roof betterments were completed and capitalized at a cost of \$5.4 million.

13. Contingent liabilities

Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Where the outcomes of these actions is not determinable as at August 31, 2014, no provision has been made in the consolidated financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or when any likely amounts are measurable.

Pay equity

The Board is continuing to negotiate several pay equity claims with employee groups. Management records any future pay equity settlements in the year in which the claim is settled, or earlier, if the amount is determined to be likely and the liability is measurable.

14. Expenses by object

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

	2014	2013
	\$	\$
Expenses		
Salary and wages	2,194,986	2,177,042
Employee benefits	324,992	288,022
Staff development	2,256	1,633
Supplies and services	182,154	169,479
Interest	26,588	27,323
Rental expenses	15,504	16,650
Fees and contract services	108,063	99,899
Other	4,439	1,264
Amortization of tangible capital assets	101,639	96,480
School activities expenditures	41,982	35,366
	3,002,603	2,913,158

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2014

(Tabular amounts in thousands of dollars)

15. Grants for student needs

Included in grants for student needs is an amount of \$1.461 billion (2013 - \$1.425 billion) raised through local property taxation by the Province and transferred to the Board.

16. Ontario School Board Insurance Exchange (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Boards' Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. Liability insurance is available to a maximum of \$24 million per occurrence.

The ultimate premiums over a five year period are based on both the reciprocals 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 in December 2016.

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$275.1 million from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$20.5 million (2013 - \$20.5 million) in grants in respect of the above agreement for the year ended August 31, 2014, is not recorded in these consolidated financial statements.

18. Financial contribution agreements

During 2001-2002, the Board established three joint trust accounts with the Toronto Catholic District School Board pertaining to Education Development Levy Agreements. These Agreements pertain to building developments that pre-date the passing of the Education Development Charges provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2014 is \$64.8 million (2013 - \$60.8 million). The Board's financial interest in these joint trust accounts has not been reflected in the consolidated statement of financial position, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction. These funds must be used for construction of school facilities in specific designated areas of the City of Toronto.

19. Transportation consortium

In 2011, the Board entered into an agreement with the Toronto Catholic District School Board in order to provide common administration of student transportation in the City. 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 Toronto Transportation group are shared. No partner is in a position to exercise unilateral control.

The Board's portion of transportation expenses has been included in the consolidated statement of operations.