

Financial Statements of

**MOOSONEE DISTRICT
SCHOOL AREA BOARD**

Year ended August 31, 2016

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Moosonee District School Area Board are the responsibility of the Board's management and have been prepared in accordance with generally accepted accounting principles as prescribed for Ontario School Boards and in compliance with the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The 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 financial statements.


Business Administrator and Treasurer

April 25, 2017



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Moosonee District School Area Board

We have audited the accompanying financial statements Moosonee District School Area Board, which comprise the statement of financial position as at August 31, 2016, the statements of operations and accumulated surplus, change in net financial assets 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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, total revenues, financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Moosonee District School Area Board as at August 31, 2016 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

April 25, 2017
Sudbury, Canada

MOOSONEE DISTRICT SCHOOL AREA BOARD

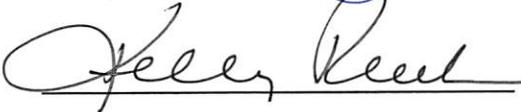
Statement of Financial Position

August 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Restricted cash	\$ 24,607	24,521
Cash and short term investments (note 2)	116,372	215,743
Accounts receivable (note 3)	691,539	546,406
Total financial assets	832,518	786,670
Financial liabilities		
Temporary borrowing (note 10)	180,073	-
Deferred revenue (note 4)	40,835	61,912
Accounts payable and accrued liabilities	305,979	359,556
Employee future benefits liability (note 5)	1,818	41,176
Total financial liabilities	528,705	462,644
Net financial assets	303,813	324,026
Non-financial assets		
Prepaid expenses	11,269	-
Tangible capital assets (note 6)	2,766,599	2,943,223
Accumulated surplus (note 7)	\$ 3,081,681	3,267,249

The accompanying notes are an integral part of these financial statements.

 Director of Education

 Chair of the Board

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Operations and Accumulated Surplus

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

	2016 Budget	2016 Actual	2015 Actual
Revenues:			
Municipal grants	\$ 182,768	\$ 186,871	182,195
Government of Ontario grants:			
- Grants for Student Needs	3,881,899	3,962,244	4,288,639
- Other	89,342	70,877	166,763
Other fees and revenues	268,577	229,260	224,073
Investment income	-	-	1,308
School fundraising and other revenues	91,140	82,626	95,874
Total revenues	4,513,726	4,531,878	4,958,852
Expenses (note 8):			
Instruction	3,227,326	3,240,597	3,257,731
Administration	378,331	418,393	436,631
Transportation	145,508	139,731	145,875
School operations and maintenance	429,944	395,178	418,196
Teacherages	123,100	141,123	135,998
Other - non-operating	107,430	301,040	285,519
School funded activities	102,689	81,384	101,187
Total expenses	4,514,328	4,717,446	4,781,137
Annual surplus (deficit)	(602)	(185,568)	177,715
Accumulated surplus, beginning of year	3,267,249	3,267,249	3,089,534
Accumulated surplus, end of year	\$ 3,266,647	3,081,681	3,267,249

The accompanying notes are an integral part of these financial statements.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Change in Net Financial Assets

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

	2016	2015
Annual surplus (deficit)	\$ (185,568)	\$ 177,715
Tangible capital assets:		
Acquisition of tangible capital assets	(11,597)	(138,952)
Amortization of tangible capital assets	188,221	185,523
	176,624	46,571
Prepaid expenses:		
Acquisition of prepaid expenses	(11,269)	-
Increase (decrease) in net financial assets	(20,213)	224,286
Net financial assets, beginning of year	324,026	99,740
Net financial assets, end of year	\$ 303,813	\$ 324,026

The accompanying notes are an integral part of these financial statements.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Cash Flows

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

	2016	2015
Cash flows provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (185,568)	\$ 177,715
Item not involving cash:		
Amortization of tangible capital assets	188,221	185,523
	2,653	363,238
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(145,133)	(323,795)
Increase (decrease) in accounts payable and accrued liabilities	(53,577)	188,230
Decrease in deferred revenue	(21,077)	(226,574)
Decrease in employee future benefits	(39,358)	(8,859)
Increase in prepaid expenses	(11,269)	-
Net change in cash from operating activities	(267,761)	(7,760)
Capital activities:		
Cash used to acquire tangible capital assets	(11,597)	(138,952)
Net change in cash from capital activities	(11,597)	(138,952)
Decrease in cash	(279,358)	(146,712)
Cash, beginning of year	240,264	386,976
Cash (bank indebtedness), end of year	\$ (39,094)	240,264
Cash comprised of:		
Restricted cash	\$ 24,607	24,521
Cash and short term investment	116,372	215,743
Bank indebtedness	(180,073)	-
	\$ (39,094)	240,264

The accompanying notes are an integral part of these financial statements.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

1. Significant accounting policies:

The financial statements of the Moosonee District School Area Board (the "Board") have been prepared by management in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity:

The 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, expenses and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the financial statements.

(b) Government transfers:

Government transfers, which include legislative grants, are recognized 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.

(c) Non-financial assets:

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

(d) Tangible capital assets:

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

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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

	Useful Life - Years
School buildings and building improvements	40
Other buildings	20
Land improvements	10
Computers	5
Vehicles	5

Amortization is taken at 50% of the above rates in the year of acquisition.

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

(e) Deferred revenue:

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

(f) Investment income:

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

(g) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include retirement gratuity, worker's compensation, long-term disability benefits and a contribution to pension.

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

1. Significant accounting policies (continued):

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

- (i) For those unfunded benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation 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.

The measurement date of the accrued benefit obligation coincides with the Board's fiscal year. The most recent actuarial valuation of the benefit plan was as of August 31, 2013.

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

(h) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board on December 21, 2015. The approved operating budget for 2015 - 2016 is reflected on the statement of operations and accumulated surplus.

The budget approved by the Board 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.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known. Significant estimates include assumptions used in:

- (i) estimating provisions for accrued liabilities, and
- (ii) performing actuarial valuations of employee future benefits liabilities

(j) 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 Provincial Legislative Grants.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

2. Cash and short-term investments:

The short-term investments consisting of guaranteed investment certificates recorded at cost earn a rate of return of 0.5% per annum.

3. Accounts receivable:

	2016	2015
Government of Canada HST	\$ 171,260	98,644
The Town of Moosonee	119,115	115,011
Other school boards	73,984	46,949
Province of Ontario	304,906	223,805
Other	22,274	61,997
	\$ 691,539	546,406

4. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

	Balance at August 31, 2015	Externally restricted revenue	Revenue recognized in the period	Balance at August 31, 2016
Ministry of Education:				
Other grants for specific purposes	\$ 61,262	2,010	\$ (23,037)	40,235
Other	650	–	(50)	600
Total deferred revenue	\$ 61,912	2,010	(23,087)	40,835

5. Employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, worker's compensated absences, worker's compensation and long-term disability benefits.

(a) Plan Changes:

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 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

5. Employee future benefits (continued):

(b) Retirement Benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's 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, 2016, the Board contributed \$101,468 (2015 – \$104,130). 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 financial statements.

(iii) Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements. The amount of gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service as at August 31, 2016.

1. Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, Ontario Secondary School Teachers' Federation (OSSTF), and Elementary Teacher's Federation of Ontario (ETFO) ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided members the option of receiving a discounted frozen gratuity benefit payment by August 31, 2016.

This provision was also made available to all non-unionized school board employees, including principals and vice-principals. These payments will be made by August 31, 2016.

Some employees took early payout, which were discounted from the current financial statement carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity payout was accompanied by actuarial losses in the boards 2015 – 16 year financial statements.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

5. Employee future benefits (continued):

(c) Other Employee Future Benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2016 were \$23,683 (2015 - \$23,334) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. The plan changes made in 2012 now requires school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision.

	2016	2015
	%	%
Inflation	2.0	1.5
Wage and salary escalation	N/A	N/A
Discount on accrued benefit obligations	N/A	2.45

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

	2016	2015
Accrued benefit liability, beginning of year	\$ 41,176	50,035
Expense recognized for the year:		
Current service cost	1,818	1,442
Amortized of actuarial gains and losses	426	6,567
Interest cost	468	1,321
	43,888	59,365
Benefits for the year	(42,070)	(19,659)
Changes due to plan curtailment / amendment	-	1,470
Accrued benefit liability, end of year	\$ 1,818	41,176
Accrued future benefit obligation, end of year	\$ 1,818	40,150
Net unamortized actuarial gain	-	1,026
Accrued benefit liability, end of year	\$ 1,818	41,176

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

6. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 51,750	-	-	51,750
Land improvements	163,558	-	-	163,558
School buildings (40 years)	4,856,077	11,597	-	4,867,674
Other buildings (20 years)	1,407,843	-	-	1,407,843
Computer hardware	79,869	-	-	79,869
Vehicles	61,362	-	-	61,362
Furniture and equipment	14,167	-	-	14,167
Total	\$ 6,634,626	11,597	-	6,646,223

Accumulated Amortization	Balance at December 31, 2015	Disposals and Transfers	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Land improvements	89,958	-	16,356	106,314
School buildings (40 years)	2,710,900	-	121,612	2,832,512
Other buildings (20 years)	770,463	-	41,627	812,090
Computer hardware	55,699	-	6,872	62,571
Vehicles	61,362	-	-	61,362
Furniture and equipment	3,021	-	1,754	4,775
Total	\$ 3,691,403	-	188,221	3,879,624

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 51,750	51,750
Land improvements	73,600	57,244
School buildings (40 years)	2,145,177	2,035,162
Other buildings (20 years)	637,380	595,753
Computer hardware	24,170	17,298
Vehicles	-	-
Furniture and equipment	11,146	9,392
Total	\$ 2,943,223	2,766,599

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

6. Tangible capital assets (continued):

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 51,750	-	-	51,750
Land improvements	163,558	-	-	163,558
School buildings (40 years)	4,771,661	84,416	-	4,856,077
Other buildings (20 years)	1,368,215	39,628	-	1,407,843
Computer hardware	70,462	9,407	-	79,869
Vehicles	61,362	-	-	61,362
Furniture and equipment	8,666	5,501	-	14,167
Total	\$ 6,495,674	138,952	-	6,634,626

Accumulated Amortization	Balance at December 31, 2014	Disposals and Transfers	Amortization	Balance at December 31, 2015
Land	\$ -	-	-	-
Land improvements	73,602	-	16,356	89,958
School buildings (40 years)	2,590,488	-	120,412	2,710,900
Other buildings (20 years)	729,794	(2,046)	42,715	770,463
Computer hardware	49,767	-	5,932	55,699
Vehicles	61,362	-	-	61,362
Furniture and equipment	867	(129)	2,283	3,021
Total	\$ 3,505,880	(2,175)	187,698	3,691,403

	Net book value, December 31, 2014	Net book value, December 31, 2015
Land	\$ 51,750	51,750
Land improvements	89,956	73,600
School buildings (40 years)	2,181,173	2,145,177
Other buildings (20 years)	638,421	637,380
Computer hardware	20,695	24,170
Vehicles	-	-
Furniture and equipment	7,799	11,146
Total	\$ 2,989,794	2,943,223

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

7. Accumulated surplus:

Accumulated surplus consists of the following:

	2016	2015
Unappropriated operating accumulated surplus	\$ 308,323	357,867
Invested in tangible capital assets	2,766,599	2,943,223
Employee future benefits	(1,818)	(41,176)
School generated funds	8,577	7,335
Total accumulated surplus	\$ 3,081,681	3,267,249

8. Expenses by object:

The following is a summary of the current and capital expenses reported on the Statement of Operations and Accumulated Surplus by object:

	2016 Budget	2016 Actual	2015 Actual
Current expenses:			
Salary and wages	\$ 2,870,994	2,835,843	2,832,564
Employee benefits	700,482	603,916	629,598
Staff development	60,839	36,485	53,313
Supplies and services	440,208	562,498	539,881
Rental	20,254	26,674	23,252
Fees and contract services	193,532	239,274	273,081
Other	125,330	143,151	142,738
School generated funds	102,689	81,384	101,187
Amortization of tangible capital assets	–	188,221	185,523
Total accumulated surplus	\$ 4,514,328	4,717,446	4,781,137

9. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24 million per occurrence.

The premiums over a five year period are based on 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 December 31, 2016.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2016

10. Temporary borrowing:

The School Board has available to it a \$500,000 revolving line of credit to finance general operating requirements which bears interest at the Prime Rate plus 1% per annum. The Board utilized this line of credit during the year and had an outstanding balance of \$180,073 (2015 – \$Nil) at year-end.

11. Comparative information:

Certain of the 2015 comparative information have been restated to conform with the 2016 presentation.