

Consolidated Financial Statements of

**THE LIMESTONE
DISTRICT SCHOOL BOARD**

Year ended August 31, 2015

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2015

Management Report

Independent Auditors' Report

Consolidated Financial Statements

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

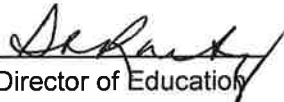
The accompanying consolidated financial statements of The Limestone District School Board are the responsibility of Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11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


The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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.


Director of Education



Superintendent of Business Services
and Treasurer

November 11, 2015



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INDEPENDENT AUDITORS' REPORT

To the Trustees of Limestone District School Board

We have audited the accompanying consolidated financial statements of The Limestone District School Board, which comprise the consolidated statement of financial position as at August 31, 2015, the consolidated statements of operations and accumulated surplus, 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 Limestone District School Board as at August 31, 2015, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of Matter

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 11, 2015

Kingston, Canada

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2015, with comparative figures for 2014

	2015	2014
Financial assets:		
Cash	\$ 29,310,769	\$ 31,264,459
Accounts receivable:		
Municipalities	5,281,120	5,163,722
Government of Ontario (note 3)	92,646,740	98,090,948
Other	2,605,607	2,447,770
Investments	1,329,897	1,525,702
Total financial assets	131,174,133	138,492,601
Financial liabilities:		
Temporary borrowing (note 4)	1,149,000	23,090,503
Accounts payable and accrued liabilities	17,324,998	21,786,966
Net long-term liabilities (note 9)	90,941,732	71,572,703
Deferred revenue (note 6)	8,405,026	9,395,683
Funds held in trust (note 13)	1,437,502	1,351,154
Employee benefit liability (note 5(d))	14,552,871	15,921,804
Deferred capital contributions (note 7)	171,537,567	167,421,089
Total financial liabilities	305,348,696	310,539,902
Net debt	(174,174,563)	(172,047,301)
Non-financial assets:		
Prepaid expenses	530,465	522,588
Tangible capital assets (note 15)	176,679,018	172,631,796
Total non-financial assets	177,209,483	173,154,384
Contingent liabilities and commitments (notes 11 and 12)		
Accumulated surplus	\$ 3,034,920	\$ 1,107,083

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

On Behalf of the Board:




Director of Education

Chair of the Board

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2015, with comparative figures for 2014

	Budget	2015	2014
Revenues:			
Provincial grants:			
Grants for student needs	\$ 240,209,850	\$ 240,345,312	\$ 223,324,425
Other	3,573,493	3,367,867	13,711,751
Federal grants and fees	196,981	186,063	131,171
Investment income	479,037	462,978	473,011
Other	3,715,304	6,290,547	6,929,388
School fundraising	6,000,000	6,163,184	6,073,480
	<u>254,174,665</u>	<u>256,815,951</u>	<u>250,643,226</u>
Expenses (note 17):			
Instruction	184,319,723	185,115,249	181,072,594
Administration	7,417,983	6,912,609	7,806,097
Transportation	14,988,965	14,971,528	14,870,162
Pupil accommodation	39,805,425	40,978,578	40,225,726
Other	457,419	808,026	457,419
School funded activities	6,000,000	6,102,124	5,980,252
	<u>252,989,515</u>	<u>254,888,114</u>	<u>250,412,250</u>
Annual surplus	1,185,150	1,927,837	230,976
Accumulated surplus, beginning of year	1,107,083	1,107,083	876,107
Accumulated surplus, end of year (note 19)	\$ 2,292,233	\$ 3,034,920	\$ 1,107,083

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2015, with comparative figures for 2014

	2015	2014
Annual surplus	\$ 1,927,837	\$ 230,976
Acquisition of tangible capital assets	(14,939,010)	(23,831,135)
Amortization of tangible capital assets	10,891,788	9,554,058
Loss (gain) on sale of tangible capital assets	(2,000)	317,349
Proceeds on sale of tangible capital assets	1,105,478	958,109
Gain on sale allocated to deferred revenue	(1,103,478)	(774,980)
	(2,119,385)	(13,545,623)
Acquisition of prepaid expenses	(7,877)	(66,338)
Increase in net debt	(2,127,262)	(13,611,961)
Net debt, beginning of year	(172,047,301)	(158,435,340)
Net debt, end of year	\$ (174,174,563)	\$ (172,047,301)

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2015, with comparative figures for 2014

	2015	2014
Operating transactions:		
Annual surplus	\$ 1,927,837	\$ 230,976
Non-cash items including:		
Amortization, write downs and gain/loss on disposal	10,889,788	9,871,407
Deferred capital contributions revenue	(10,822,532)	(9,484,803)
Deferred gain on disposal of tangible capital assets	(1,103,478)	(774,980)
Increase in accounts receivable	(275,234)	(613,135)
Increase (decrease) in accounts payable and accrued liabilities	(4,461,967)	2,824,511
Increase (decrease) in deferred revenue	(1,377,155)	35,503
Increase (decrease) in funds held in trust	86,348	(12,729)
Decrease in employee benefit liability	(1,368,934)	(999,900)
Increase in prepaid expenses	(7,876)	(66,338)
	(8,441,040)	779,536
Cash provided by (applied to) operating transactions	(6,513,203)	1,010,512
Capital transactions:		
Cash used to acquire tangible capital assets	(14,939,010)	(23,831,135)
Proceeds on sale of tangible capital assets	1,105,478	958,109
Cash applied to capital transactions	(13,833,532)	(22,873,026)
Investing transactions:		
Decrease (increase) in investments	195,805	(25,702)
Financing transactions:		
Long-term liabilities issued	21,571,170	189,874
Increase (decrease) in temporary borrowing	(21,941,503)	8,590,503
Debt repayment	(2,202,141)	(1,747,744)
Decrease (increase) in accounts receivable - Government of Ontario	5,444,207	(9,596,965)
Increase in deferred capital contributions	14,939,010	23,330,657
Increase in deferred capital revenue	386,497	432,410
Net increase in cash from financing	18,197,240	21,198,735
Decrease in cash	(1,953,690)	(689,481)
Cash, beginning of year	31,264,459	31,953,940
Cash, end of year	\$ 29,310,769	\$ 31,264,459

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2015

1. Significant accounting policies:

These consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) 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 Limestone District School Board ("Board") and which are controlled by the Board.

These consolidated financial statements include:

- The Limestone District School Board Charitable Trust
- The Board's proportionate share of Tri-Board Student Transportation Services ("Tri-Board")

Tri-Board is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements.

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

(b) Basis of accounting:

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Statement of Operations and Accumulated Surplus 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 LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, 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 requires that:

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

As a result, revenue recognized in the Statement of Operations and Accumulated Surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(c) Investments:

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are recorded on the Consolidated Statement of Financial Position at the lower of cost or market value.

Investments are recorded at lower of cost plus or minus amortization of bond discounts or premiums or market. Interest on the investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of sale. Amortization of bond discounts or premiums are accrued over the term of the investment.

(d) Non-financial assets:

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

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(e) 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.

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

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	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

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

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

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

(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 expenses are incurred or services performed.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

(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 contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. 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 transfer 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, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee 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 costs 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 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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting policies (continued):

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

(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) 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 the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(g).

(j) Accumulated surplus – available for compliance, internally appropriated:

Certain amounts, as approved by the Board of Trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

(k) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on restricted funds forms part of the respective deferred revenue balances.

(l) 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 Grant.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

1. Significant accounting principles (continued):

(m) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees. The budget approved by the Board of 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. Given differences between the funding model and the basis of accounting used by the Board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

(n) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(b) requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these current estimates. These estimates are reviewed annually and, as adjustments become necessary, they are reported in the Consolidated Statement of Operations and Accumulated Surplus in the period in which they become known. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee benefit liabilities.

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 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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

3. Accounts receivable - Government of Ontario:

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2010. The 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 accounts receivable.

The Board has an account receivable from the Province of \$92,646,740 as at August 31, 2015 (2014 - \$98,090,948) with respect to capital grants.

4. Temporary borrowing:

The Board's financing agreement with its bank provides for an operating credit facilities as follows:

The Board has a revolving term loan of up to \$21,800,000 to finance capital expenses under the Ministry's "New Pupil Places and Good Places to Learn Other" Program, with \$21,074,503 utilized as at August 31, 2014 under the facility by way of a demand revolving loan or by a bankers' acceptance having terms not less than 30 days and not more than 365 days and a stamping fee of 0.75% per annum. During the year, the amount has been transferred to OFA long term liability.

The Board has a revolving term loan of up to \$12,800,000 to finance capital expenses under the Ministry's "Full Day Kindergarten" Program with \$1,149,000 utilized as at August 31, 2015 (2014 - \$2,016,000) under the facility by way of a demand revolving loan or by a bankers' acceptance having terms not less than 30 days and not more than 365 days and a stamping fee of 0.75% per annum.

5. Employee benefits liability:

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation:

The Board provides retirement gratuities and benefits and post-retirement benefits to various employees. An independent actuarial study of the retirement gratuities and benefits and post-retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed as at August 31, 2015.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

5. Employee benefits liability (continued):

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation continued):

(i) Retirement gratuities and benefits:

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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service as at August 31, 2012.

Effective June 30, 2015, the ETFO, OPSBA and Crown reached a Settlement of the Limestone Gratuity Issue. The Settlement provided for actuarially reduced individual member entitlements to be paid to elementary teachers on October 23, 2015 except for members who retired by June 30, 2015. Members retiring by June 30, 2015 received their full August 31, 2012 retirement benefits without any reduction.

As at August 31, 2015, the Board calculated Retirement Gratuity Settlement payments of \$1,340,068 payable on October 23, 2015 but no later than December 31, 2016 for employees on statutory leave at June 3, 2015.

The Board has a liability related to these retirement gratuities and benefits. At August 31, 2015, the Board's accrued benefit liability relating to retirement gratuities and benefits is \$11,987,123 (2014 - \$13,379,579). Accumulated surplus has been internally appropriated for these liabilities, which amounted to \$1,845,101 for retirement gratuities and benefits respectively as at August 31, 2015 (2014 - \$474,665).

(ii) Post-retirement benefits:

The Board offers its permanent employees extended health and dental benefits and pays the costs of the benefits provided. The Board also offers life insurance and accidental death and dismemberment to its permanent employees and pays a share of the costs of the benefit provided which will vary depending on the collective agreement of the employee.

Early retirees are allowed to continue their coverage under the Board sponsored extended health, dental care and insurance plans until age 65. Most employees are required to reimburse the Board for the full cost of the benefits. The post-retirement benefit costs and liabilities are included in the Board's consolidated financial statements. Effective September 1, 2013, employee retiring on or after this date, will no longer qualify for Board subsidized premiums.

At August 31, 2015, the Board's accrued benefit liability relating to post-retirement benefits is \$17,065 (2014 - \$29,997).

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

5. Employee benefits liability (continued):

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation continued):

Retirement gratuities and benefits and other post-retirement benefit expenses:

	2015		2014	
	Retirement gratuities and benefits	Other post- retirement benefit expenses	Total retirement and post- retirement benefits	Total retirement and post- retirement benefits
Accrued benefit liability September 1	\$ 13,379,579	\$ 29,997	\$ 13,409,576	\$ 14,569,988
Decrease due to plan curtailment amendment	(537,359)	–	(537,359)	–
Amortization of actuarial loss (gain)	78,617	134	78,751	(45,542)
Interest on accrued benefit obligation	370,611	659	371,270	455,231
Benefit payments	(1,304,325)	(13,725)	(1,318,050)	(1,570,101)
Accrued benefit liability August 31	11,987,123	17,065	12,004,188	13,409,576
Net employee future benefit expenses	\$ (88,131)	\$ 793	\$ (87,338)	\$ 409,690
Accrued employee future benefit obligations at August 31	\$ 12,583,945	\$ 17,065	\$ 12,601,010	\$ 13,686,021
Unamortized actuarial loss	(596,822)	–	(596,822)	(276,445)
Accrued benefit liability at August 31	\$ 11,987,123	\$ 17,065	\$ 12,004,188	\$ 13,409,576

(iii) Sick leave benefits:

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 the year. The benefit costs expensed in the financial statements are \$145,111 (2014 - \$148,508).

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.

At August 31, 2015, the Board's accrued benefit liability relating to sick leave top-up benefits is \$126,229 (2014 - \$111,861)

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

5. Employee benefit liability (continued):

(a) Retirement gratuities and benefits, post-retirement benefits and workers' compensation (continued):

(iv) Workplace Safety and Insurance Board ("WSIB"):

This Board is a Schedule 2 employer with the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act up to the amount of its insurance deductibility. 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. Plan changes made in 2012, requires the Board to provide a salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreements included such provision. The Board recognizes WSIB payments on a claim basis rather than on a premium basis and reports such claims as expenses in the year in which the payments are made.

The Board carries catastrophic risk insurance and accumulated surplus has been internally appropriated for these liabilities which amounted to \$2,504,889 as at August 31, 2015 (2014 - \$3,964,805).

The amount of the obligation for WSIB that was actuarially determined as at August 31, 2015 is \$2,422,454 (2014 - \$2,400,367).

Information with respect to the Board's Workplace Safety and Insurance Board future payments is as follows:

	2015	2014
Accrued benefit obligation, beginning of year	\$ 2,400,367	\$ 2,278,099
Expense recognized for the period	(75,062)	461,328
Benefits paid for the period	97,149	(339,060)
Accrued benefit obligation, end of year	\$ 2,422,454	\$ 2,400,367

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

5. Employee benefit liability (continued):

(b) The Board has the following liabilities relating to employee benefits described in (a):

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2015. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2015
Discount rate	2.45% per annum
Salary escalation	0% per annum
Dental benefits escalation	4.25% per annum in 2015, decreasing by 0.25% per annum to an ultimate rate of 3.0%
Health benefits escalation	8.25% per annum in 2015, decreasing by 0.25% per annum to an ultimate rate of 4.0%
Inflation rate	1.5% per annum
	2014
Discount rate	2.85% per annum
Salary escalation	0% per annum
Dental benefits escalation	4.5% per annum in 2014, decreasing by 0.25% per annum to an ultimate rate of 3.0%
Health benefits escalation	8.5% per annum in 2014, decreasing by 0.25% per annum to an ultimate rate of 4.0%
Inflation rate	2.0% per annum

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as at August 31, 2015 amount to \$1,571,426 (2014 - \$1,553,452) and are reported as part of the accounts payable and accrued liabilities.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

5. Employee benefit liability (continued):

(d) Employee benefit liability:

	2015	2014
Employee benefit liabilities are comprised of:		
Retirement gratuities	\$ 11,987,123	\$ 13,379,579
Post-retirement benefits	17,065	29,997
Sick leave top-up benefit	126,229	111,861
Workplace safety and insurance	2,422,454	2,400,367
	<u>14,552,871</u>	<u>15,921,804</u>
Vacation credits	1,571,426	1,553,452
	<u>\$ 16,124,297</u>	<u>\$ 17,475,256</u>

6. 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 by legislation, regulation or agreement.

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

	Balance as at August 31, 2014	Externally restricted revenue and investment income	Revenue recognized in the period	Transferred to deferred capital contributions	Balance as at August 31, 2015
Special education	\$ 1,968,399	\$ 31,571,291	\$ 31,572,291	\$ -	\$ 1,968,399
Capital funds	838,827	1,239,617	-	106,251	1,972,193
Other	6,588,457	20,373,234	13,691,091	8,806,166	4,464,434
Total deferred revenue	<u>\$ 9,395,683</u>	<u>\$ 53,184,142</u>	<u>\$ 45,263,382</u>	<u>\$ 8,912,417</u>	<u>\$ 8,405,026</u>

(a) Special education:

The Province has provided a specific operating grant to be used for the provision of instruction and support to special education students. Any amount not spent by year end must be deferred for use for this specific purpose in future years.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

6. Deferred revenue (continued):

(b) Capital funds:

Capital funds include proceeds of disposition deferred revenue which pertains to the gains on disposal of instructional and administrative buildings and property.

(c) Other:

Other deferred revenue includes many specific program amounts, both capital and operating, from Provincial ministries, primarily the Ministry of Education.

7. 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, beginning of year	\$ 167,421,089	\$ 153,575,235
Additions to deferred capital contributions	14,939,010	23,831,135
Revenue recognized in the period	(10,822,532)	(9,985,281)
Balance, end of year	\$ 171,537,567	\$ 167,421,089

8. Debt charges on capital borrowing:

The expenditure for capital loan interest and interest on unfinanced capital expenses and capital leases reported on the Consolidated Statement of Operations and Accumulated Surplus includes:

	2015	2014
Interest payments on long-term debt	\$ 3,200,820	\$ 3,051,874
Accrued interest charges on long-term debt	168,273	41,341
Total interest expenses	\$ 3,369,093	\$ 3,093,215

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

9. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2015	2014
Bank Credit Facility, maturing November 2017	\$ 4,365,454	\$ 4,608,539
Ontario Financing Authority, maturing November 2031	4,631,667	4,816,587
Ontario Financing Authority, maturing March 2033	9,968,748	10,313,442
Ontario Financing Authority, maturing March 2034	10,345,279	10,668,129
Ontario Financing Authority, maturing April 2035	3,188,057	3,277,406
Ontario Financing Authority, maturing March 2036	3,325,283	3,416,349
Ontario Financing Authority, maturing March 2037	5,960,216	6,138,412
Ontario Financing Authority, maturing June 2038	27,400,569	28,143,965
Ontario Financing Authority, maturing March 2039	185,289	189,874
Ontario Financing Authority, maturing March 2040	21,571,170	-
	<u>\$ 90,941,732</u>	<u>\$ 71,572,703</u>

The Board entered into a long-term financing agreement with its bank in 2008 in the amount of \$5,942,000 (\$4,365,454 is outstanding as at August 31, 2015) to fund part of the cost of additions at two secondary schools. The loan has a fixed interest rate of 5.51% for ten years, will be amortized over twenty years, and is being repaid in equal monthly payments, combining principal and interest of \$40,911.

The Board entered into a loan agreement effective November 3, 2006 with the Ontario Financing Authority in the amount of \$5,967,000 (\$4,631,667 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative (see note 12(c)). The loan has a fixed interest rate of 4.56% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$201,236. The loan will be fully repaid by November 2031.

The Board entered into a second loan agreement effective March 3, 2008 with the Ontario Financing Authority in the amount of \$12,065,240 (\$9,968,748 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" and "Primary Class Size" initiatives (see note 12(c)). The loan has a fixed interest rate of 4.90% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$422,941. The loan will be fully repaid by March 2033.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

9. Net long-term liabilities (continued):

The Board entered into a third loan agreement effective March 3, 2009 with the Ontario Financing Authority in the amount of \$12,061,042 (\$10,345,279 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative (see note 12(c)). The loan has a fixed interest rate of 5.062% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$429,418. The loan will be fully repaid by March 2034.

The Board entered into a fourth loan agreement effective April 2010 with the Ontario Financing Authority in the amount of \$3,592,034 (\$3,188,057 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative (see note 12(c)). The loan has a fixed interest rate of 5.232% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$129,835. The loan will be fully repaid by April 2035.

The Board entered into a fifth loan agreement effective March 2011 with the Ontario Financing Authority in the amount of \$3,664,849 (\$3,325,283 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative (see note 12(c)). The loan has a fixed interest rate of 4.833% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$127,545. The loan will be fully repaid by March 2036.

The Board entered into a sixth loan agreement effective March 2012 with the Ontario Financing Authority in the amount of \$6,476,464 (\$5,960,216 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "Good Places to Learn" initiative (see note 12(c)). The loan has a fixed interest rate of and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$197,698. The loan will be fully repaid by March 2037.

The Board entered into a seventh loan agreement effective June 2013 with the Ontario Financing Authority in the amount of \$28,505,666 (\$27,400,569 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "New Pupil Places and Good Places to Learn" initiatives (see note 12(c)). The loan has a fixed interest rate of 3.663% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$883,782. The loan will be fully repaid by June 2038.

The Board entered into an eighth loan agreement effective March 2014 with the Ontario Financing Authority in the amount of \$189,874 (\$185,289 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "New Pupil Places" initiatives (see note 12(c)). The loan has a fixed interest rate of 4.003% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$6,070. The loan will be fully repaid by March 2039.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

9. Net long-term liabilities (continued):

The Board entered into an eighth loan agreement effective March 2014 with the Ontario Financing Authority in the amount of \$21,571,170 (\$21,571,170 is outstanding as at August 31, 2015) to finance capital improvement projects under the Ministry's "New Pupil Places" initiatives (see note 12(c)). The loan has a fixed interest rate of 2.993% and will be repaid over twenty-five years in equal semi-annual instalments combining principal and interest of \$618,943. The loan will be fully repaid by March 2040.

Payments due on long-term debt over the next five years and subsequent payments to maturity are as follows:

	Principal	Interest	Total
For the year ended August 31			
2016	\$ 2,898,010	\$ 3,627,863	\$ 6,525,873
2017	3,019,766	3,506,107	6,525,873
2018	6,697,498	3,227,271	9,924,769
2019	2,976,701	3,058,235	6,034,936
2020	3,098,133	2,936,803	6,034,936
Future years	72,251,624	26,393,116	98,644,740
	\$ 90,941,732	\$ 42,749,395	\$ 133,691,127

10. Pension plan costs:

(a) Ontario Teacher's Pension Plan:

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

(b) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal 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 \$3,142,715 (2014 - \$3,116,878) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expense. No pension liability for this type of plan is included in the Board's consolidated financial statements.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

11. Contingent liabilities:

- (a) The Board is a member of the Ontario School Board Insurance exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

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

- (b) The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

12. Commitments:

- (a) The Board has entered into contract commitments for \$11,221,305 related to the Kingston North Elementary School (Molly Brant PS). \$627,583 in expenses have been incurred as of August 31, 2015.
- (b) The Board has entered into contract commitments for \$13,076,826 related to accommodating full day kindergarten students at 15 elementary schools. \$12,576,827 in expenses have been incurred as of August 31, 2015 (2014 - \$8,067,162).
- (c) On June 1, 2003, the Board received \$6,139,800 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 the future provincial grants payable of the Board in respect of the NPF debt. Provincial funds in the amount of \$457,419 (2014 - \$457,419) flowed through the provincial grants for student needs revenues and other expenses on the Consolidated Statement of Operations and Accumulated Surplus to reflect the principal and interest repayments for the year ended August 31, 2015.

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.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

12. Commitments (continued):

- (d) The Ministry initiated a capital improvement program in 2005, "Good Places to Learn Renewal" and in 2009 "New Pupil Places and Good Places to Learn Other". The Board incurred costs of \$0 for projects under these programs during the year ended August 31, 2015 (2014 - \$6,652,568). Costs for projects under these programs are being deferred for financing to future years pending Ministry direction concerning the financing of these programs. In 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015 the Board did obtain long-term financing for some costs through the Ontario Financing Authority, a Crown agency of the Province of Ontario, as directed by the Ministry of Education (see note 9). As at August 31, 2015, \$0 of expenses remain deferred for financing to future years (2014 - \$21,571,169).

13. Funds held in trust:

The Board held certain trust and donated funds as at December 31, 2014 amounting to \$1,437,502 (\$1,351,154 as at December 31, 2013) in the Limestone District School Board Charitable Trust which have been included in the Board's consolidated financial statements.

14. Trust funds:

- (a) The Board was the trustee for \$2,642,744 (2014 - \$2,048,766) held for employees' self-funded leave plans. These amounts are not included in the consolidated financial statements.
- (b) The Limestone Learning Foundation, a registered charity, holds donated funds, the benefits of which are to be used for purchases of specific educational opportunities for students solely in the Limestone District School Board. As at December 31, 2014, the Foundation held assets of \$1,729,362 (2013 - \$1,656,258). These amounts are not included in the consolidated financial statements.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

15. Tangible capital assets:

Cost	Balance at August 31, 2014	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2015
Land	\$ 2,545,889	\$ -	\$ -	\$ 2,545,889
Land improvements	2,684,524	883,385	-	3,567,909
Buildings	228,887,976	8,193,719	6,553,265	243,634,960
Buildings permanently removed from service	1,503,473	-	352,438	1,855,911
Portable structures	4,176,729	-	(136,000)	4,040,729
Equipment	4,874,163	101,008	(240,161)	4,735,010
Computer hardware	3,409,357	438,680	(346,836)	3,501,201
Computer software	677,109	-	(163,658)	513,451
Vehicles	1,423,534	40,967	-	1,464,501
Construction-in-progress	3,799,611	5,281,251	(7,464,829)	1,616,033
Total	\$ 253,982,365	\$ 14,939,010	\$ (1,445,781)	\$ 267,475,594

Accumulated amortization	Balance at August 31, 2014	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2015
Land improvements	\$ 830,464	\$ 296,590	\$ -	\$ 1,127,054
Buildings	72,898,584	9,042,070	(911,564)	81,029,090
Buildings permanently removed from service	1,503,473	-	352,438	1,855,911
Portable structures	1,725,428	195,061	(136,000)	1,784,489
Equipment	1,880,841	433,267	(240,161)	2,073,947
Computer hardware	1,110,522	690,980	(346,836)	1,454,666
Computer software	336,668	119,056	(163,658)	292,066
Vehicles	1,064,589	114,764	-	1,179,353
Total	\$ 81,350,569	\$ 10,891,788	\$ (1,445,781)	\$ 90,796,576

	Net book value August 31, 2014	Net book value August 31, 2015
Land	\$ 2,545,889	\$ 2,545,889
Land improvements	1,854,060	2,440,855
Buildings	155,989,392	162,605,870
Portable structures	2,451,301	2,256,240
Equipment	2,993,322	2,661,063
Computer hardware	2,298,835	2,046,535
Computer software	340,441	221,385
Vehicles	358,945	285,148
Construction in progress	3,799,611	1,616,033
Total	\$ 172,631,796	\$ 176,679,018

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the revised 2014-2015 original budget that was approved by the Board on June 18, 2014.

17. Expenses by object:

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

	2015 Budget	2015 Actual	2014 Actual
Expenses:			
Salary and wages	\$ 168,156,926	\$ 169,247,579	\$ 165,935,797
Employee benefits	25,680,513	24,656,901	25,731,628
Staff development	471,657	814,636	690,992
Supplies and services	16,881,128	19,060,014	17,042,220
Interest on long-term debt	3,437,542	3,369,093	3,093,215
Rental expenses	340,000	428,988	290,314
Fees and contract services (note 18)	20,650,078	19,366,736	21,113,222
Other	457,419	950,255	480,074
	\$ 236,075,263	\$ 237,894,202	\$ 234,377,462
Amortization	\$ 10,914,252	\$ 10,891,788	\$ 10,054,536
School activities	\$ 6,000,000	\$ 6,102,124	\$ 5,980,252
Total expenses	\$ 252,989,515	\$ 254,888,114	\$ 250,412,250

18. Related entities:

Tri-Board Student Transportation Services:

The Board has a one-third economic interest in Tri-Board Student Transportation Services ("Tri-Board"). Tri-Board's principal activity is to provide student transportation for three school boards including the Limestone District School Board. Related party transactions with Tri-Board Student Transportation Services during the year, not separately disclosed in the consolidated financial statements, include the following:

- (i) The Board purchased student transportation services totalling \$13,759,893 (2014 - \$13,535,184) and administration costs of \$555,626 (2014 - \$620,129).
- (ii) The Board received management fees of \$24,500 (2014 - \$23,000).

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

19. Accumulated surplus:

Accumulated surplus consists of the following:

	2015	2014
Available for compliance:		
Unappropriated	\$ 2,005,127	\$ 1,854,089
Internally appropriated:		
Pupil Accommodation, School Renewal	1,076,859	1,076,859
Committed Capital Projects	2,595,562	2,664,817
School Budget Balances	1,862,631	1,602,414
Technology Infrastructure	525,000	-
Retirement Benefits	1,845,101	474,665
Workers Safety Insurance Board	2,504,889	3,964,805
	12,415,169	11,637,649
Unavailable for compliance:		
Employee Future Benefits	(14,102,125)	(15,359,655)
Accrued Interest	(998,272)	(830,000)
School Generated Funds	3,174,256	3,113,197
Net Tangible Capital Assets	2,545,892	2,545,892
	(9,380,249)	(10,530,566)
Accumulated surplus	\$ 3,034,920	\$ 1,107,083

20. Subsequent events:

Subsequent to August 31, 2015, Ontario Secondary School Teachers Federation ("OSSTF") ratified agreements at the central level which include a voluntary retirement gratuity early payout provision. 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 occurred for OSSTF.

The voluntary retirement gratuity early payout provision provides OSSTF 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 those 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 the liability cannot be estimated since members of OSSTF have until June 30, 2016 to declare their participation in the voluntary retirement gratuity early payout option.

THE LIMESTONE DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

21. Comparative Information:

Certain information has been reclassified to conform to the current year financial statement presentation.