Keewatin
Patricia
DISTRICT SCHOOL BOARD

FINANCIAL

STATEMENTS

2012 - 2013

Keewatin Patricia
DISTRICT SCHOOL BOARD

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

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 BDO Canada 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.

Sean Monteith
Director of Education

Dean Carrie
Chief Financial Officer

December 10, 2013

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BDO Canada LLP
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Independent Auditor's Report

To the Board of Trustees of Keewatin-Patricia District School Board

We have audited the accompanying consolidated financial statements of Keewatin-Patricia District School Board, which comprise the consolidated statement of financial position as at August 31, 2013, the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Keewatin-Patricia District School Board as at and for the year ended August 31, 2013 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.

BDO Canada LLP

Chartered Accountants, Licenced Public Accountants

Kenora, Ontario
December 10, 2013

(in thousands of dollars)

Keewatin Patricia
DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position
As at August 31

	2013	2012
FINANCIAL ASSETS		
Cash and cash equivalents	**10,984**	6,157
Accounts receivable (Note 3)	**28,734**	30,599
Investments (Note 2)	**12,034**	2,002
Other	**134**	89
TOTAL FINANCIAL ASSETS	**51,886**	38,847
LIABILITIES		
Temporary borrowing (Note 8)	**94**	74
Accounts payable and accrued liabilities	**5,562**	6,347
Long term debt (Note 7)	**40,033**	29,433
Deferred revenue (Note 4)	**4,190**	1,996
Employee benefits payable (Note 6)	**7,494**	7,871
Deferred capital contributions (Note 5)	**57,070**	59,611
TOTAL LIABILITIES	**114,443**	105,332
NET DEBT	**(62,557)**	(66,485)
NON-FINANCIAL ASSETS		
Prepaid expenses	**61**	54
Tangible capital assets (Note 12)	**78,201**	80,689
TOTAL NON-FINANCIAL ASSETS	**78,262**	80,743
ACCUMULATED SURPLUS (Note 13)	**15,705**	14,258

Signed On Behalf Of The Board On December 10, 2013

Signature of Chief Executive Officer

Signature of Chair of the Board

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

(in thousands of dollars)

Consolidated Statement of Operations
For the year ended August 31

	2013 Budget	2013 Actual	2012 Actual
REVENUES			
Provincial grants - Grants for Student Needs	59,072	**58,882**	58,561
Provincial grants - Other	2,364	**3,397**	2,338
Local taxation	15,319	**14,641**	14,680
School generated funds	2,464	**1,913**	2,411
Federal grants and fees	5,085	**5,189**	5,436
Investment income	38	**250**	173
Other revenues - school boards	109	**209**	172
Other fees and revenues	773	**1,390**	1,351
TOTAL REVENUE	85,224	**85,871**	85,122
EXPENSES			
Instruction	61,468	**60,092**	57,741
Administration	3,498	**3,828**	3,380
Transportation	4,245	**3,983**	3,990
Pupil accommodation	14,220	**13,542**	12,832
School generated funds	2,464	**1,937**	2,252
Other	942	**1,042**	1,097
TOTAL EXPENSES	86,837	**84,424**	81,292
Annual Surplus/(Deficit)	(1,613)	**1,447**	3,830
Accumulated Surplus at beginning of year	12,749	**14,258**	10,428
Accumulated Surplus at end of year	11,136	**15,705**	14,258

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

(in thousands of dollars)

Consolidated Statement of Cash Flows
For the year ended August 31

	2013	2012
OPERATING TRANSACTIONS		
Annual Surplus	**1,447**	3,830
Items not involving cash		
Amortization of tangible capital assets	**3,367**	3,288
Deferred capital contributions revenue	**(2,640)**	(2,581)
Net loss on disposal of tangible capital assets	**681**	14
Change in non-cash assets and liabilities		
Accounts receivable	**(322)**	272
Other financial assets	**(44)**	(42)
Accounts payable and accrued liabilities	**(787)**	(78)
Deferred revenue	**340**	366
Employee future benefits payable	**(377)**	(6,059)
Prepaid expenses	**(7)**	1
	1,658	(989)
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	**1,428**	7
Acquisition of tangible capital assets	**(2,988)**	(3,219)
Cash provided by (applied to) capital transactions	**(1,560)**	(3,212)
INVESTING TRANSACTIONS		
Investments	**(10,032)**	2,001
Cash provided by (applied to) investing transactions	**(10,032)**	2,001
FINANCING TRANSACTIONS		
Long term liabilities issued	**14,776**	992
Temporary borrowing	**21**	(28)
Debt repaid	**(4,175)**	(1,063)
Accounts receivable - Government of Ontario - Approved Capital	**2,186**	(1,439)
Net deferred capital contributions	**99**	2,898
Deferred revenues - capital	**1,854**	336
Cash provided by (applied to) financing transactions	**14,761**	1,696
Decrease in Cash and Cash Equivalents	**4,827**	(504)
Opening Cash and Cash Equivalents	**6,157**	6,661
Closing Cash and Cash Equivalents	**10,984**	6,157

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

(in thousands of dollars)

Consolidated Statement of Change in Net Debt
For the year ended August 31

	2013	2012
Annual Surplus	**1,447**	3,830
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of tangible capital assets	**(2,988)**	(3,219)
Amortization of tangible capital assets	**3,367**	3,288
Loss on disposal of tangible capital assets	**681**	14
Proceeds on sale of tangible capital assets	**1,428**	7
Total tangible capital asset activity	**2,488**	90
OTHER NON-FINANCIAL ASSET ACTIVITY		
Acquisition of prepaid expenses	**(61)**	(54)
Use of prepaid expenses	**54**	55
Total other non-financial asset activity	**(7)**	1
Decrease in net debt	**3,928**	3,921
Net debt at beginning of year	**(66,485)**	(70,406)
Net debt at end of year	**(62,557)**	(66,485)

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

All amounts referenced in these notes and financial statements are in thousands (000's) of Canadian dollars unless otherwise noted.

a) Basis of Accounting

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

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for 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, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

b) Reporting Entity

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

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

Northwestern Ontario Student Services Consortium is accounted for on a proportional consolidated basis, whereby each participating board reports its pro-rata share of the assets, liabilities, revenues and expenses of the consortium that are subject to shared control, combined on a line-by-line basis with similar line items.

Consolidated entities –
Northwestern Ontario Student Services Consortium
School Generated Funds

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

c) Trust Funds

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

d) Cash and Cash Equivalents

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

e) Investments

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

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

f) Deferred Revenue

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

g) Deferred Capital Contributions

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

a. Government transfers received or receivable for capital purpose
b. Other restricted contributions received or receivable for capital purpose
c. 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, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. 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 were 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 service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2012.

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

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period;

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

i) Tangible Capital Assets

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

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

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

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

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as “assets held for sale” on the consolidated statement of financial position.

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

j) Government Transfers

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

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

k) Investment Income

Investment income is reported as revenue in the period earned.

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

l) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 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 consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include useful lives of tangible capital assets and liabilities for retirement and other employee future benefits. Actual results could differ from these estimates.

2. INVESTMENTS

Investments are comprised as follows:

			2013		2012	
	Maturity Date	Rate	Cost	Market Value	Cost	Market Value
TD Canada Trust term deposit	17-Nov-14	2.45%	2,000	2,002	2,000	2,002
Copperfin Credit Union term deposit	27-Jun-14	1.75%	10,000	10,032	0	0
			12,000	**12,034**	**2,000**	**2,002**

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

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $22,296 as at August 31, 2013 (2012 - $24,482) with respect to capital grants.

4. DEFERRED REVENUE

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2013 is comprised of:

	Balance as at August 31, 2012	**Increase**	**Decrease**	**Balance as at August 31, 2013**
Proceeds of Disposition	358	1,398	0	1,756
School Condition Improvement - Capital	759	991	924	826
Retrofitting school space for child care	0	465	109	356
Other - Capital	5	33	0	38
Other - Operating	874	12,354	12,014	1,214
Total Deferred Revenue	**1,996**	**15,241**	**13,047**	**4,190**

5. 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.

	2013	**2012**
Balance, beginning of year	59,611	59,295
Additions to deferred capital contributions	2,178	2,918
Revenue recognized in the period	(2,640)	(2,581)
Transfers (to) deferred revenue	(2,079)	(21)
Balance, end of year	**57,070**	**59,611**

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities	2013			2012
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations (ABO) at August 31	6,687	622	7,309	7,871
Unamortized Actuarial Gains (Losses) at August 31	185	0	185	0
Employee Future Benefits Liability at August 31	**6,872**	**622**	**7,494**	7,871

Retirement and Other Employee Future Benefit Expenses	2013			2012
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Amortized loss	0	12	12	2,926
Change in ABO due to plan amendments/curtailments/data corrections	124	(1)	123	(8,758)
Current Year Benefit Cost (recovery)	0	(88)	(88)	1,077
Interest Accrued	206	19	225	613
Employee Future Benefits Expenses (recovery)[1]	**206**	**(69)**	**137**	1,690

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

Plan Changes

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 a 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.

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who will retire in 2012-13. Effective September 1, 2013, any new retiree accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Actuarial Assumptions

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

	2013	**2012**
	%	%
Inflation	2.0	2.0
Wage and salary escalation	0.0	0.0
WSIB discount rate	2.75	2.75
Insurance, health and dental care cost escalation	4.75-8.75	5.0-9.0
Discount on accrued benefit obligations	3.4	3.0

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2013, the Board contributed $ 1,201 (2012 - $1,104) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(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 consolidated financial statements. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board's obligation of $1,783 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

(iv) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to a certain employee group after retirement until the members reach 65 years of age. 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 premiums are based on the Board experience**.**

The Board provides an allowance for benefits for certain employee groups for 5 years after retirement.

Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time increase to the Board's obligation of $119 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

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 liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 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 the previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of $110 as at August 31, 2012.

(ii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. Employees in receipt of long-term disability benefits are responsible for the payment of the premium on life insurance and deemed premium on health care benefits. The Board is responsible for any costs in excess of the employee contributions through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick Leave Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations was eliminated, resulting in a one-time reduction to the obligation of $4,169 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

(iv) Sick Leave Top-Up Benefits

As a result of new changes made in 2013 to the short term sick leave and disability plan, 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. The benefit costs expensed in the financial statements are $31 (2012 – nil).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2013. This actuarial valuation is based on assumptions about future events.

7. LONG TERM DEBT

Debenture debt and capital loans reported on the Consolidated Statement of Financial Position comprises of the following:

Capital Loans	Maturity Date	Rate	2013	2012
TD Canada Trust				
Loan #5 -monthly payments of $115	09/26/2012	6.330%	0	13,416
Loan #6 - monthly payments of $45	06/30/2013	6.690%	0	5,231
Loan #6a -monthly payments of $34	11/30/2014	5.780%	3,352	3,558
Loan #7 - monthly payments of $146	06/30/2023	3.000%	14,893	0
Ontario Financing Authority				
Loan #1 - semi-annual payment of $142	11/15/2031	4.560%	3,512	3,630
Loan #2 - semi-annual payments of $64	03/03/2033	4.900%	1,598	1,645
Loan #3 - semi-annual payments of $37	03/13/2034	5.062%	936	961
Loan #4 - semi-annual payments of $30	03/09/2037	3.564%	966	992
Loan #5 - semi-annual payments of $462	03/19/2038	3.799%	14,776	0
Balance as at August 31			**40,033**	**29,433**

Principal and interest payments relating to net debenture debt and capital loans of $54,476 outstanding as at August 31, 2013 are due as follows:

	Principal	Interest	Total
2014	2,132	1,492	3,624
2015	5,114	1,284	6,398
2016	2,046	1,173	3,219
2017	2,116	1,103	3,219
2018	2,187	1,032	3,219
Thereafter	26,438	8,359	34,797
Total	**40,033**	**14,443**	**54,476**

8. TEMPORARY BORROWING

The Board has an operating line of credit with a Canadian financial institution. The maximum drawings under the terms of the operating line are $5,000 to address operating requirements and/or to bridge capital expenditures. At year end, nothing was drawn on its operating line.

The Board has temporary borrowing of $94 (2012 - $74) for credit cards as at August 31, 2013.

9. DEBT CHARGES AND CAPITAL LOANS INTEREST

	2013	2012
Principal payments on long-term liabilities	1,382	1,063
Interest payments on long-term liabilities	1,328	1,757
	2,710	2,820

10. EXPENSES BY OBJECT

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

	2013 Budget	2013 Actual	2012 Actual
Expenses:			
Salary and wages	54,055	54,861	56,713
Employee benefits	8,338	7,977	2,824
Staff development	593	662	697
Supplies and services	11,600	8,929	9,526
Interest charges on capital	2,597	1,328	1,757
Rental expenses	38	35	29
Fees and contract services	5,495	5,757	5,494
Other	820	811	831
Transfer to other boards	0	0	114
Amortization of tangible capital assets	3,301	3,367	3,288
Loss on disposal	0	697	19
	86,837	**84,424**	**81,292**

11. BOARD PERFORMS DUTIES OF A MUNICIPAL COUNCIL

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2013 in respect of performing duties of municipal council is reported by area in a separate statement.

Since January 1, 2009, the City of Thunder Bay collects the taxes in territory without municipal organization on behalf of the Board.

Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

12. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Balance September 1, 2012	Additions and Transfers	Disposals	Balance August 31, 2013	Balance September 1, 2012	Amortization	Disposals, Write-offs, Adjustments	Balance August 31, 2013	Balance August 31, 2013	Balance August 31, 2012
Land	1,202	0	30	1,172	0	0	0	0	1,172	1,202
Land Improvements	1,439	638	0	2,077	163	117	0	280	1,797	1,276
Buildings	112,505	1,740	4,254	109,991	35,537	2,833	2,175	36,195	73,796	76,968
Furniture and Equipment	2,799	578	987	2,390	1,724	354	987	1,091	1,299	1,075
Vehicles	410	32	0	442	242	63	0	305	137	168
Construction In Progress	0	0	0	0	0	0	0	0	0	0
Total	**118,355**	**2,988**	**5,271**	**116,072**	**37,666**	**3,367**	**3,162**	**37,871**	**78,201**	**80,689**

a) Assets under construction

Assets under construction having a value of $0 (2012 - $0) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was $0 (2012 - $0).

c**) Asset inventories for resale (assets permanently removed from service)**

The Board has not identified properties that qualify as “assets permanently removed from service”.

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2013	2012
Surplus		
Operating accumulated surplus	8,567	7,614
Amounts internally designated for future use	11,759	11,934
Employee future benefits	(6,325)	(7,170)
School Generated Funds	1,215	1,239
Other	489	641
Accumulated Surplus	**15,705**	**14,258**

14. TRUST FUNDS

Trust funds administered by the Board amounting to $336 (2012 - $326) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. 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 $24,000 per occurrence.

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

16. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The Board has a contractual obligation through the Northwestern Ontario Student Services Consortium for transportation services with various providers for up to five years ending July 31, 2016. The value of the contract and portion attributable to the Board fluctuates year to year based on ridership and the routes added or subtracted. For 2013 – 2014, the contracts are valued at $5,350 of which $3,615 is estimated to be attributed to the Board.

During the normal course of operations, various proceedings and claims have been filed against the Board. The Board reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the consolidated financial position or future consolidated results of operations of the Board. Accordingly, no provision has been made in these consolidated financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year that the related litigation is settled.

At year end, contracts are in effect for the construction of the following capital projects:

Project	Estimated Cost	Percent Complete
Valleyview Public School	1,089 + net HST	39%

17. SEGMENTED INFORMATION

The Keewatin-Patricia District School Board is a government institution that provides primarily education services. No additional disclosure on a segmented basis was considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

18. PARTNERSHIP IN NORTHWESTERN ONTARIO STUDENT SERVICES CONSORTIUM

Effective the first day of the 2010-11 school year, the Board entered into an agreement with Kenora Catholic District School Board and The Northwest Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boreales in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Northwestern Ontario Student Services Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

The following provides condensed financial information.

	2013		2012	
	Total	**Board Portion**	Total	Board Portion
Financial Position:				
Financial Assets	82	51	30	18
Liabilities	82	51	30	18
Non-Financial Assets	0	0	0	0
Accumulated Surplus/(Deficit)	**0**	**0**	**0**	**0**
Operations:				
Revenues	6,319	3,944	6,255	4,178
Expenses	6,319	3,944	6,255	4,178
Annual Surplus/(Deficit)	**0**	**0**	**0**	**0**

19. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received $9,353 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.

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.