Sudbury Catholic District School Board

Management Report,
Independent Auditor's Report and
Consolidated Financial Statements

August 31, 2017

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Sudbury Catholic District School Board are the responsibility of the Board's 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, except for the effect of adjustments, if any, which the auditors may have determined to be necessary had they been able to obtain sufficient audit evidence to form an opinion with respect to the completeness of school generated funds.

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

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

The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the board's approval of the consolidated financial statements.

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

Joanne Bénard

Director of Education
November 21, 2017

Superintendent of Business and Finance

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Independent Auditor's Report

To the Board of Trustees of the
Sudbury Catholic District School Board

We have audited the accompanying consolidated financial statements of Sudbury Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2017, the consolidated statements of operations and accumulated surplus, cash flows and change in net debt 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 Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 and fair presentation 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (Continued)

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fund-raising activities held throughout the year, which, by their nature, are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fund-raising revenue, annual surplus, financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Sudbury Catholic District School Board as at and for the year ended August 31, 2017 are prepared, in all material respects, 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.

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.

Collins Barrow SNT LLP

Sudbury, Ontario
November 21, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

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Sudbury Catholic District School Board

Consolidated Financial Statements
August 31, 2017

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Sudbury Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2017

	2017	2016
Financial Assets		
Cash	$ 7,703,631	$ 9,383,418
Accounts receivable (note 2)	3,853,011	3,449,014
Accounts receivable - Government of Ontario - approved capital (note 3)	35,900,931	34,071,006
	47,457,573	46,903,438
Financial Liabilities		
Accounts payable and accrued liabilities (note 6)	7,780,562	5,628,212
Net long-term debt (note 7)	30,554,823	31,709,267
Deferred revenue (note 8)	4,850,961	4,843,736
Deferred capital contributions (note 9)	82,698,737	80,102,357
Retirement and other employee future benefits (note 10)	3,238,200	3,942,694
	129,123,283	126,226,266
Net Debt	(81,665,710)	(79,322,828)
Non-Financial Assets		
Prepaid expenses	345,794	210,150
Tangible capital assets (note 11)	88,907,647	85,717,884
	89,253,441	85,928,034
Accumulated Surplus (note 12)	$ 7,587,731	$ 6,605,206

Contingent Liabilities (note 13)

Commitments (note 14)

Approved by the Board:

Joanne Bénard ________________ Director of Education

________________ Chair of the Board

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

Sudbury Catholic District School Board

Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended August 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenues			
Local taxation	**$ 12,056,505**	**$ 12,117,157**	$ 12,483,225
Provincial grants - grants for student needs	**66,240,364**	**65,114,958**	64,251,524
Provincial grants - other	**1,253,144**	**2,142,877**	2,549,970
Federal grants and fees	**607,714**	**666,494**	539,348
Other revenues - school boards	**-**	**31,729**	74,019
Other fees and revenues	**571,716**	**1,005,530**	1,038,797
Investment income	**84,000**	**110,043**	78,332
School fund-raising and other revenues	**2,549,785**	**2,853,694**	2,507,812
Amortization of deferred capital contributions	**4,633,004**	**4,405,379**	4,130,679
	87,996,232	**88,447,861**	87,653,706
Expenditures			
Instruction	**62,389,848**	**62,062,376**	60,265,226
Administration	**4,112,917**	**4,373,024**	4,115,125
Transportation	**5,863,668**	**5,522,447**	5,786,262
Pupil accommodation	**12,425,067**	**12,897,224**	12,113,663
School funded activities	**2,474,538**	**2,610,265**	2,365,296
Other	**-**	**-**	80,947
	87,266,038	**87,465,336**	84,726,519
Annual surplus	**730,194**	**982,525**	2,927,187
Accumulated Surplus, Beginning of year	**6,605,206**	**6,605,206**	3,678,019
Accumulated Surplus, End of year	**$ 7,335,400**	**$ 7,587,731**	$ 6,605,206

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

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Sudbury Catholic District School Board

Consolidated Statement of Cash Flows
For The Year Ended August 31, 2017

	2017	2016
Operations		
Annual surplus	**$ 982,525**	$ 2,927,187
Cash provided by (used for):		
Non-cash items including amortization, write-downs and loss (gain) on disposal	**4,412,762**	4,140,903
Deferred capital contributions revenue	**(4,405,379)**	(4,130,679)
Decrease (increase) in accounts receivable	**(403,997)**	1,052,318
Increase (decrease) in accounts payable and accrued liabilities	**2,152,350**	(3,005,973)
Increase (decrease) in deferred revenue	**98,524**	(749,245)
Increase (decrease) in retirement and other employee future benefits	**(704,494)**	28,445
Decrease (increase) in prepaid expenses	**(135,644)**	669,663
Cash provided by operating transactions	**1,996,647**	932,619
Capital		
Acquisition of tangible capital assets	**(7,602,525)**	(12,045,277)
Financing		
Decrease in temporary borrowing	**-**	(5,740,575)
Net long-term debt repayments	**(1,154,444)**	(1,104,138)
Decrease (increase) in accounts receivable - Government of Ontario - approved capital	**(1,829,925)**	6,703,289
Additions to deferred capital contributions	**7,001,759**	11,610,983
Increase (decrease) in deferred revenue	**(91,299)**	26,924
Cash provided by financing transactions	**3,926,091**	11,496,483
Increase (Decrease) in Cash	**(1,679,787)**	383,825
Cash, Beginning of Year	**9,383,418**	8,999,593
Cash, End of Year	**$ 7,703,631**	$ 9,383,418

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

Sudbury Catholic District School Board

Consolidated Statement of Change In Net Debt
For The Year Ended August 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Annual Surplus	$ 730,194	$ 982,525	$ 2,927,187
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(3,579,679)	(7,602,525)	(12,045,277)
Amortization of tangible capital assets	4,633,004	4,412,762	4,138,061
Transfer to assets held for sale	-	-	2,841
Total Tangible Capital Asset Activity	1,053,325	(3,189,763)	(7,904,375)
Other Non-Financial Asset Activity			
Change in prepaid expenses	(135,644)	(135,644)	669,663
Decrease (Increase) in Net Debt	1,647,875	(2,342,882)	(4,307,525)
Net Debt, Beginning of Year	(79,322,828)	(79,322,828)	(75,015,303)
Net Debt, End of Year	$ (77,674,953)	$ (81,665,710)	$ (79,322,828)

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies

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

(a) 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 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 Canadian public sector accounting standard PS3410;

Sudbury Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian public sector accounting standard PS3510.

As a result, revenue recognized in the consolidated 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.

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Sudbury District Catholic School Board "the Board" and which are controlled by the Board. There are no consolidated entities.

School generated funds, which include the assets, liabilities, revenues and expenditures that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions are eliminated in this consolidated financial statements.

(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) 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.

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(e) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets 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:

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

(f) 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, workers' compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the OECTA employee group. ELHTs for the following employee groups will be established in 2017-18: CUPE and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a school board’s participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Once employees transition to the ELHT, the Board is no longer responsible to provide benefits to the above mentioned groups. Beginning in the 2016-17 school year, school boards whose employee groups transitioned their health, dental and life benefits to the ELHT are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(f) Retirement and Other Employee Future Benefits (Continued)

The Board continues to provide health, dental and life insurance benefits for retired individuals and the following employee groups: CUPE and non-unionized employees including principals and vice-principals, and continues to have a liability for payment of benefits for those who are on long-term disability and for some who are retired under these plans.

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 (if applicable) and years of service 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.

(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.

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(g) Non-Financial Assets

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

(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	15
Buildings	40
First-time equipping of schools	10
Furniture and equipment	5-15
Vehicles	5-10
Computer hardware	5
Computer software	5

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 net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Building 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.

Sudbury Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(g) Non-Financial Assets (Continued)

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

(ii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(h) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

(i) Investment Income

Investment income is reported as revenue in the period earned.

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.

(j) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the year. Accounts subject to significant estimates include: historical cost of tangible capital assets, useful life of tangible capital assets and related amortization, accrued liabilities and employee future benefits. Actual results could differ from these estimates.

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

1. Significant Accounting Policies (Continued)

(k) Budget Figures

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

2. Accounts Receivable

	2017	2016
Government of Canada	**$ 1,379,262**	$ 1,251,570
Government of Ontario	**675,023**	438,918
Municipalities	**1,390,668**	1,576,475
Other	**408,058**	182,051
	$ 3,853,011	$ 3,449,014

3. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. 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 will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $35,900,931 as at August 31, 2017 (2016 - $34,071,006) with respect to capital grants.

4. Assets Held for Sale

As of August 31, 2017, $ - (2016 - $ -) related to land and buildings was recorded as assets held for sale. During the year, one building was sold. Net proceeds of $382,711 (2016 - $2,645,605) were received on the sale of this property, which had a carrying value of $ - (2016 - $3,000), resulting in a gain of $382,711 (2016 - $2,645,605). $382,711 of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

Sudbury Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2017

5. Temporary Borrowing

The Board has an operating line of credit available to a maximum of $3,500,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate, is unsecured and is due on demand.

The Board has an authorized revolving term credit available to a maximum of $8,500,000 to bridge ongoing capital expenditures. This credit facility bears interest at the bank's prime lending rate less 0.75% and is unsecured.

As at August 31, 2017, the amount drawn from the operating line of credit was $ - (2016 - $ -). The amount drawn from the revolving term credit was $ - (2016 - $ -).

The Board has various letters of credit outstanding totalling $261,230 (2016 - $292,230).

6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade and accrued liabilities	**$ 6,939,792**	$ 4,221,902
Payroll related	**840,770**	1,406,310
	$ 7,780,562	$ 5,628,212

7. Net Long-Term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position comprises the following:

	2017	2016
Debentures - Amortizing, payable in semi-annual instalments of $1,260,805 including interest at rates ranging from 3.56% to 5.80%, final instalment due between November 2028 and March 2038	**$ 30,554,823**	$ 31,709,267

Sudbury Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2017

7. Net Long-Term Debt (Continued)

Principal and interest payments relating to the net long-term debt of $44,079,465 outstanding as at August 31, 2017 are due as follows:

	Principal	Interest	Total
2018	$ 1,207,118	$ 1,314,493	$ 2,521,611
2019	1,262,275	1,259,336	2,521,611
2020	1,320,036	1,201,575	2,521,611
2021	1,380,528	1,140,965	2,521,493
2022	1,443,884	1,077,727	2,521,611
Thereafter	23,940,982	7,530,546	31,471,528
Net Long-Term Debt	$ 30,554,823	$ 13,524,642	$ 44,079,465

8. 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, 2017 is comprised of:

	2017	2016
Internal audit	**$ 725,321**	$ 705,051
Proceeds of disposition	**1,095,303**	1,183,386
Special education	**1,585,413**	1,923,192
School renewal	**760,898**	764,115
Other	**684,026**	267,992
	$ 4,850,961	$ 4,843,736

9. 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.

Sudbury Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2017

9. Deferred Capital Contributions (Continued)

	2017	2016
Balance, beginning of year	**$ 80,102,357**	$ 72,622,053
Additions to deferred capital contributions	**7,001,759**	11,610,983
Revenue recognized in the period	**(4,405,379)**	(4,130,679)
Balance, end of year	**$ 82,698,737**	$ 80,102,357

10. Retirement and Other Employee Future Benefits

	2017			2016
Retirement and Other Employee Future Benefit Liabilities	**Retirement Benefits**	**Other Employee Future Benefits**	**Total Employee Future Benefits**	Total Employee Future Benefits
Accrued employee future benefit obligations	**$ 1,163,207**	**$ 2,207,858**	**$ 3,371,065**	$ 4,123,543
Unamortized actuarial gains/(losses)	**(132,865)**	**-**	**(132,865)**	(180,849)
Employee Future Benefit Liabilities	**$ 1,030,342**	**$ 2,207,858**	**$ 3,238,200**	$ 3,942,694

	2017			2016
Retirement and Other Employee Future Benefit Expenses	**Retirement Benefits**	**Other Employee Future Benefits**	**Total Employee Future Benefits**	Total Employee Future Benefits
Current year benefit cost	**$ 25,832**	**$ 17,730**	**$ 43,562**	$ 101,178
Interest on accrued benefit obligation	**24,645**	**51,303**	**75,948**	90,430
Recognized actuarial (gains) losses	**10,054**	**(21,181)**	**(11,127)**	724,429
Change due to voluntary early payout	**-**	**-**	**-**	(34,363)
Employee Future Benefit Expenses [1]	**$ 60,531**	**$ 47,852**	**$ 108,383**	$ 881,674

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

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
August 31, 2017

10. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits

(a) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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 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, 2017, the Board contributed $1,108,751 (2016 - $1,048,743) 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.

On January 1, 2017, the yearly maximum pension earnings increased to $55,300 from $54,900 in 2016. The contributions are calculated at a rate of 9.0% (2016 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2016 - 14.6%) for the amount above the yearly maximum pension earnings.

(c) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board’s consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(d) Retirement Life Insurance, Dental and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees’ premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board’s consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, no longer qualify for board subsidized premiums or contributions.

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August 31, 2017

10. Retirement and Other Employee Future Benefits (Continued)

Other Employee Future Benefits

(a) 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.

(b) Long-term Disability Benefits

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not yet members of an ELHT. 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.

(c) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $11,671 (2016 - $42,717).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2017. This actuarial valuation is based on assumptions about future events determined as at August 31, 2017 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

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10. Retirement and Other Employee Future Benefits (Continued)

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2016. 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:

	2017	2016
	%	%
Inflation	**1.5**	1.5
Insurance and health care cost escalation	**4.0 - 8.0**	4.0 - 8.0
Discount on accrued benefit obligations	**2.55**	2.05

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11. Tangible Capital Assets

	Cost				Accumulated Amortization					
	Balance at August 31, 2016	**Additions**	**Disposals, Write offs, Transfers and Adjustments**	**Balance at August 31, 2017**	**Balance at August 31, 2016**	**Amortization**	**Disposals, Write offs, Transfers and Adjustments**	**Balance at August 31, 2017**	**Net Book Value August 31, 2017**	Net Book Value August 31, 2016
Land	**$ 5,535,522**	**$ -**	**$ -**	**$ 5,535,522**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,535,522**	$ 5,535,522
Land improvements	**1,602,737**	**55,204**	**703,824**	**2,361,765**	**377,029**	**124,149**	**-**	**501,178**	**1,860,587**	1,225,708
Buildings	**102,171,370**	**2,067,220**	**7,888,043**	**112,126,633**	**33,728,282**	**3,673,657**	**-**	**37,401,939**	**74,724,694**	68,443,088
First time equipping of schools	**1,057,900**	**11,814**	**-**	**1,069,714**	**226,786**	**111,019**	**-**	**337,805**	**731,909**	831,114
Furniture and equipment	**652,267**	**9,109**	**-**	**661,376**	**374,631**	**61,919**	**-**	**436,550**	**224,826**	277,636
Vehicles	**126,245**	**-**	**-**	**126,245**	**126,245**	**-**	**-**	**126,245**	**-**	-
Computer hardware	**2,216,752**	**217,782**	**-**	**2,434,534**	**1,658,113**	**315,904**	**-**	**1,974,017**	**460,517**	558,639
Computer software	**640,075**	**-**	**-**	**640,075**	**391,522**	**126,114**	**-**	**517,636**	**122,439**	248,553
Construction in progress	**8,597,624**	**5,241,396**	**(8,591,867)**	**5,247,153**	**-**	**-**	**-**	**-**	**5,247,153**	8,597,624
Capital leased assets - computer hardware	**1,097,521**	**-**	**-**	**1,097,521**	**1,097,521**	**-**	**-**	**1,097,521**	**-**	-
Total	**$ 123,698,013**	**$ 7,602,525**	**$ -**	**$ 131,300,538**	**$ 37,980,129**	**$ 4,412,762**	**$ -**	**$ 42,392,891**	**$ 88,907,647**	$ 85,717,884

Assets Under Construction

Assets under construction having a value of $5,247,153 (2016 - $8,597,624) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
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12. Accumulated Surplus

Accumulated surplus consists of the following:

	2017	2016
Available for Compliance - Unappropriated		
Operating Accumulated Surplus	**$ 3,970,034**	$ 3,361,800
Available for Compliance - Internally Appropriated		
Reserve for system priorities	**500,000**	935,737
Unavailable for Compliance		
Employee future benefits	**(3,291,319)**	(3,842,519)
Interest to be accrued	**(382,402)**	(397,801)
School generated funds	**1,239,097**	995,668
Revenues recognized for land	**5,552,321**	5,552,321
Total Unavailable for Compliance	**3,117,697**	2,307,669
Total Accumulated Surplus	**$ 7,587,731**	$ 6,605,206

13. Contingent Liabilities

a) Statements of Claim

The Board along with other parties have been served with statements of claim. The Board is of the opinion that the claims are unfounded and that some of the costs attributable to these claims would be covered by insurance. Should any losses result from these claims, the amount would be charged to operations in the period in which the losses are determinable.

b) Subsidies

The Board receives subsidies and contributions from various funding agencies. Pursuant to the related agreements, if the Board does not meet established objectives, the funding agencies could be entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

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Notes to the Consolidated Financial Statements
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14. Commitments

The Board has entered into contracts for various projects. As at August 31, 2017, there was approximately $1,200,000 (2016 - $900,000) of work remaining to be completed.

15. Debt Charges

The expenditure for debt charges includes principal and interest payments as follows:

	2017	2016
Principal payments on long-term debt	**$ 1,154,444**	$ 1,104,138
Interest payments on long-term debt	**1,367,367**	1,417,471
	$ 2,521,811	$ 2,521,609

16. Expenditures by Object

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

	2017 Budget (Unaudited)	**2017 Actual**	2016 Actual
Expenditures			
Salary and wages	**$ 57,661,605**	**$ 55,876,506**	$ 54,972,659
Employee benefits	**8,456,694**	**7,810,701**	8,019,820
Staff development	**292,992**	**608,033**	552,499
Supplies and services	**4,562,501**	**5,638,206**	4,537,082
Interest	**1,427,167**	**1,351,769**	1,516,858
Rentals	**65,000**	**59,562**	44,443
Fees and contract services	**7,616,537**	**8,415,885**	8,369,764
Other	**76,000**	**664,846**	210,037
Transfer to other boards	**-**	**16,801**	-
Amortization of tangible capital assets	**4,633,004**	**4,412,762**	4,138,061
School Funded Activities	**2,474,538**	**2,610,265**	2,365,296
	$ 87,266,038	**$ 87,465,336**	$ 84,726,519

Sudbury Catholic District School Board

Notes to the Consolidated Financial Statements
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17. Ontario School Board Insurance Exchange (OSBIE)

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

Liability insurance is available to a maximum of $24,000,000 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 policy expires December 31, 2017.

18. Transportation Consortium

The Board is a member of the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC"). The SSSC provides student transportation services to students of the four local boards. The SSSC is a separate legal entity.

In the year, the Board incurred expenses totalling $5,435,504 (2016 - $5,786,262) for student transportation services provided by the SSSC. These amounts are included in transportation expenditure on the consolidated statement of operations and accumulated surplus.

At year-end, the Board has a receivable of $179,299 (2016 - $30,722) from SSSC.