

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL  
BOARD OF EASTERN  
ONTARIO**

Year ended August 31, 2017

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Year ended August 31, 2017

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Management Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Financial Statements

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## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

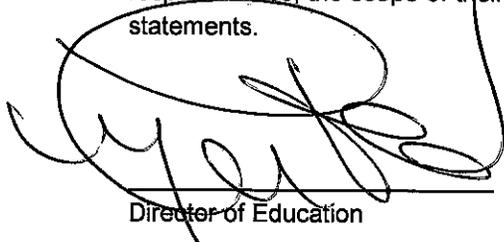
The accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario 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.

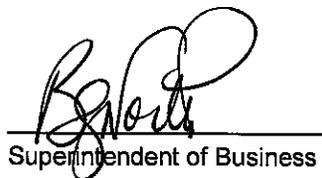
The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by 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

November 7, 2017



Superintendent of Business



KPMG LLP  
150 Elgin Street, Suite 1800  
Ottawa ON K2P 2P8  
Canada  
Telephone 613-212-5764  
Fax 613-212-2896

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Catholic District School Board of Eastern Ontario

We have audited the accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario, which comprise the consolidated statement of financial position as at August 31, 2017, 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 is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements of the Catholic District School Board of Eastern Ontario as at August 31, 2017 and for the year then ended, 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*

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Chartered Professional Accountants, Licensed Public Accountants

November 7, 2017

Ottawa, Canada

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

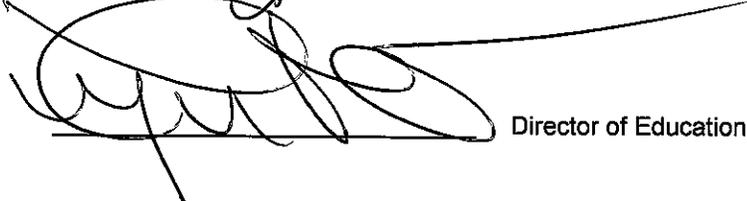
Consolidated Statement of Financial Position

August 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets:</b>		
Cash	\$ 3,216,585	\$ 3,917,428
Temporary investments	27,447	28,930
Amounts receivable:		
Municipalities	2,184,408	3,410,362
Other	4,862,700	1,496,953
Approved capital funding - Government of Ontario (note 2)	67,176,672	65,335,314
Assets held for sale	450,000	180,110
<b>Total financial assets</b>	<b>77,917,812</b>	<b>74,369,097</b>
<b>Liabilities:</b>		
Temporary borrowing (note 4)	1,125,000	52,000
Accounts payable and accrued liabilities	12,220,623	7,936,281
Net long-term liabilities (note 4)	60,490,527	62,080,383
Deferred revenue (note 5)	5,015,040	4,133,205
Employee future benefits liability (note 6)	5,541,367	6,356,517
Deferred capital contributions (note 7)	141,990,209	140,547,242
<b>Total financial liabilities</b>	<b>226,382,766</b>	<b>221,105,628</b>
<b>Net debt</b>	<b>(148,464,954)</b>	<b>(146,736,531)</b>
<b>Non-financial assets:</b>		
Prepaid expenses	4,431,161	4,510,160
Tangible capital assets (note 8)	146,367,968	144,259,938
<b>Total non-financial assets</b>	<b>150,799,129</b>	<b>148,770,098</b>
<b>Commitments and contingent liabilities (note 12)</b>		
<b>Accumulated surplus</b>	<b>\$ 2,334,175</b>	<b>\$ 2,033,567</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Chair of the Board  
  
 \_\_\_\_\_ Director of Education

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2017, with comparative information for 2016

	2016-2017 Budget	2016-2017 Actual	2015-2016 Actual
<b>Revenues:</b>			
Government of Ontario grants:			
Grants for Student Needs	\$ 137,686,588	\$ 140,667,902	\$ 136,701,637
Provincial legislative grant	20,639,219	19,039,186	21,339,551
Other	1,198,861	1,331,210	2,003,447
Ontario Youth Apprenticeship Program	122,594	122,594	122,594
Amortization of deferred capital contributions (note 7)	8,453,382	8,672,507	8,160,346
Investment income	66,093	(4,018)	142,291
Federal grants and fees	–	–	1,566
Other - school boards	–	5,040	6,846
Other fees and revenue	375,100	1,533,326	746,255
School generated funds (note 14)	5,031,873	4,676,613	4,942,273
<b>Total revenue</b>	<b>173,573,710</b>	<b>176,044,360</b>	<b>174,166,806</b>
<b>Expenses (note 10):</b>			
Instruction	124,103,651	127,150,484	125,260,181
Administration	4,582,170	4,527,815	4,422,751
Transportation	13,940,148	13,690,519	13,336,970
Pupil accommodation	24,915,079	25,271,490	24,933,505
Other	595,083	384,017	575,462
School generated funds (note 14)	5,115,064	4,719,427	4,835,785
<b>Total expenses</b>	<b>173,251,195</b>	<b>175,743,752</b>	<b>173,364,654</b>
<b>Annual surplus</b>	<b>322,515</b>	<b>300,608</b>	<b>802,152</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,559,176</b>	<b>2,033,567</b>	<b>1,231,415</b>
<b>Accumulated surplus, end of year (note 13)</b>	<b>\$ 1,881,691</b>	<b>\$ 2,334,175</b>	<b>\$ 2,033,567</b>

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

## Consolidated Statement of Change in Net Debt

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 300,608	\$ 802,152
Tangible capital assets:		
Acquisition of tangible capital assets	(11,250,899)	(4,628,994)
Amortization of tangible capital assets	8,465,377	8,172,878
Write-down of tangible capital assets	227,492	-
Transfer to assets held for sale	450,000	180,110
	(2,108,030)	3,723,994
Prepaid expenses:		
Acquisition of prepaid expenses	(4,664,979)	(4,842,847)
Use of prepaid expenses	4,743,978	4,658,091
	78,999	(184,756)
Decrease (increase) in net debt	(1,728,423)	4,341,390
Net debt, beginning of year	(146,736,531)	(151,077,921)
Net debt, end of year	\$ (148,464,954)	\$ (146,736,531)

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

## Consolidated Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Operating transaction		
Annual surplus	\$ 300,608	\$ 802,152
Items not involving cash:		
Amortization of tangible capital assets	8,465,377	8,172,878
Write-down of tangible capital assets	227,492	-
Transfer to assets held for sale	450,000	-
Amortization of deferred capital contributions	(8,672,507)	(8,160,346)
Change in non-cash assets and liabilities:		
Decrease (increase) in temporary investments	1,483	(82)
Decrease (increase) in amounts receivable - municipalities and other	(2,139,793)	164,876
Decrease (increase) in prepaid expenses	78,999	(184,756)
Increase in assets held for sale	(269,890)	-
Increase (decrease) in accounts payable and accrued liabilities	4,284,342	(1,508,813)
Increase in deferred revenue	881,835	645,652
Decrease in employee future benefits liability	(815,150)	(539,558)
Cash provided by (applied to) operating transactions	2,792,796	(607,997)
Capital transactions:		
Cash used to acquire tangible capital assets	(11,250,899)	(4,628,994)
Financing transactions:		
Increase (decrease) in temporary borrowing	1,073,000	(748,000)
Net debt principal repayments and sinking fund contributions	(1,589,856)	(3,255,510)
Decrease (increase) in amounts receivable – approved capital funding	(1,841,358)	3,849,912
Additions to deferred capital contributions	10,115,474	4,448,884
Cash provided by financing transactions	7,757,260	4,295,286
Change in cash	(700,843)	(941,705)
Opening cash	3,917,428	4,859,133
Closing cash	\$ 3,216,585	\$ 3,917,428

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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## 1. Significant accounting policies:

The consolidated financial statements of the Catholic District School Board of Eastern Ontario (the "Board") are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

### (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 and accumulated surplus over the periods during which the asset is used to provided 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 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 included 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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

- 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.

### (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.

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario ("STEO"): STEO 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 financial statements. The Board is a member of STEO with the Upper Canada District School Board. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.
- (ii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

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

### (c) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on externally appropriated funds such as pupil accommodation, special education, energy efficient schools capital and proceeds of disposition, when required by the funding government or related Act, is added to the fund balance and forms part of the respective deferred revenue balances.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (d) Temporary 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. Investments are recorded at cost which approximates market value. Temporary investments have interest rates that range from 0.25% to .75%.

### (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. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical cost records were not available, other methods were used to estimate the cost and accumulated amortization.

Tangible capital assets, excluding 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 to 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 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. 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. Cost includes amounts for improvements to prepare the land for sale or servicing. Other assets permanently removed from service cease to be amortized and the carrying value is written down to the residual 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (e) Tangible capital assets (continued):

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

### (f) Deferred revenue:

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

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

### (h) 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 of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

### (i) 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, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (i) Retirement and other employee future benefits (continued):

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: OECTA. The ELHT's provide health, life and dental benefits to teachers (excluding occasional teachers), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting April 1<sup>st</sup>, 2017 the Board is no longer responsible to provide certain (life, health and dental) benefits to OECTA active employees. Beginning in the 2016-2017 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.

The Board continues to provide health, dental and life insurance benefits for retired individuals and the following employee groups (CUPE and non-unionized employees) 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, 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 services 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (i) Retirement and other employee future benefits (continued):

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.

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

Certain amounts, as approved by the Board 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) 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 Board approves its budget annually. The approved operating budget for 2016-2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 21, 2016.

### (l) Long-term debt:

Long-term debt is recorded net of related sinking fund asset balances.

### (m) Property tax revenue:

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 1. Significant accounting policies (continued):

### (n) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 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. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

## 2. Accounts receivable - approved capital funding - Government of Ontario:

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 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 \$67,176,669 (2016 - \$65,335,314) as at August 31, 2017 with respect to capital grants.

## 3. Assets held for sale:

During the year, one school property with a carrying value of \$180,110 was sold. Net proceeds of \$245,631 were received on the sale of the property, resulting in a gain of \$65,521. The proceeds was deferred for future capital asset purchases according to Ontario Regulation 193/10.

As of August 31, 2017, \$450,000 (2016 - \$180,110) relating to one building was recorded as an asset held for sale. Subsequent to year end, the property held for sale was sold for proceeds of \$421,555 and a resulting in a loss of \$28,445. The proceeds was deferred for future capital asset purchases according to Ontario Regulation 193/10.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 4. Long-term debt:

### (a) Net long-term liabilities:

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

	2017	2016
Debtures	\$ 29,928,892	\$ 31,847,591
Sinking fund debenture	1,318,430	1,318,430
Loans	29,243,205	30,629,753
	60,490,527	63,795,774
Less sinking fund assets	–	(1,715,391)
	\$ 60,490,527	\$ 62,080,383

The respective interest rates on the loan and debtures range from 4.5% to 7.2% and the respective maturity dates on the loans and debtures range from October 11, 2017 to March 9, 2038.

Principal payments relating to the net long-term liabilities outstanding as at August 31, 2017 are due as follows:

	Principal	Interest	Total
2017-2018	\$ 4,831,684	\$ 3,178,422	\$ 8,010,106
2018-2019	3,680,388	2,947,938	6,628,326
2019-2020	3,884,111	2,744,515	6,628,626
2020-2021	4,099,447	2,529,179	6,628,626
2021-2022	4,326,860	2,301,549	6,628,409
Thereafter	39,668,037	10,615,825	50,283,862
	\$ 60,490,527	\$ 24,317,428	\$ 84,807,955

### (b) Temporary borrowing:

The Board has credit facilities available to a maximum of \$10,000,000 to address operating requirements and to bridge capital expenditures.

Interest on the operations facilities is charged at the bank's prime lending rate minus 0.7% or the banker's acceptance rate plus 0.2%. All loans are unsecured, due on demand.

As at August 31, 2017, the amount drawn on the credit facility was \$1,125,000 (2016 - \$52,000).

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 5. 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 is comprised of:

	2017	2016
By legislation, regulation or agreement:		
School Renewal	\$ 1,420,991	\$ 1,243,146
Child Care Capital Retrofit	498,494	508,306
Specialized Equipment Per Pupil Amount (SEA)	817,536	817,536
Learning Opportunities - Student Achievement	45,269	33,588
Assets Held for Sale	425,000	180,110
Proceeds on disposition - School Buildings	541,158	295,331
	<u>3,748,448</u>	<u>3,078,017</u>
Amounts restricted by external funder	1,266,592	1,055,188
	<u>\$ 5,015,040</u>	<u>\$ 4,133,205</u>

### (a) School Renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

### (b) Child Care Capital Retrofit:

The Province provides specific capital funding to repurpose existing child care spaces or space not required for instruction purposes in schools, to serve children aged 0 to 3.8 years under the Schools-First Child Care Capital Retrofit Policy.

### (c) Specialized Equipment Per Pupil Amount (SEA):

Specific funding is provided by the Province to support computers, software, computer-related devices and required supporting furniture identified for use by students with special education needs as well as all training and technician costs for all SEA equipment.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 5. Deferred revenue (continued):

### (d) Learning Opportunities - Student Achievement:

Starting from 2015-16, six components of the student achievement allocations in the Learning Opportunities Grant are enveloped as a group:

- (i) Literacy and Math Outside the School Day Allocation
- (ii) Student Success, Grade 7 to 12 Allocation
- (iii) Grade 7 & 8 Literacy and Numeracy and Student Success Teachers
- (iv) School Effectiveness Framework Allocation
- (v) Ontario Focused Intervention Partnership (OFIP) Tutoring Allocation
- (vi) Specialist High Skills Major (SHSM) Allocation

These allocation components are associated with improving student achievement. The enveloping applies to the sum of the six allocations, not to each allocation separately.

### (e) Assets held for sale:

Transferred from deferred capital contribution, the funding of the asset held for sale will be transferred to the proceeds on disposition deferred revenue when the property is sold.

### (f) Proceeds on disposition - School Buildings:

The gains on disposition of deferred revenue are composed of gains generated from the sale of schools. The Board intends to use this amount to fund future capital costs related to Board facilities.

## 6. 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, service awards, worker's compensation and long-term disability benefits.

### (a) 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 6. Retirement and other employee future benefits (continued):

### (a) Retirement benefits (continued):

#### (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, 2017, the Board contributed \$1,975,441 (2016 - \$1,992,788) 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 gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specific 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.

In 2016, OECTA ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided OECTA members the option of receiving discounted frozen retirement gratuity benefit payments by August 31, 2016. This provision was also made available to all non-unionized school board employees, including principals and vice-principals. All payments were accrued at August 31, 2016.

### (b) Other employee future benefits:

#### (i) Workplace Safety and Insurance Board (WSIB) 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 require 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 previously negotiated collective agreements included such provision.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 6. Retirement and other employee future benefits (continued):

### (b) Other employee future benefits (continued):

#### (ii) 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 \$127,809 (2016 - \$95,050).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2017. This actuarial valuation is based on assumptions about future events.

#### (iii) Long-term disability life insurance and health care benefits:

The Board provides life insurance, dental and health benefits to employees on long-term disability leave to employees who are not yet members of ELHT. The Board is responsible for the payment of life insurance premiums under this plan. The Board provides these benefits 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.

#### (iv) Post-employment life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the age of 65. The premiums are based on the Board's 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, will no longer qualify for board subsidized premiums or contributions.

#### (v) Service awards:

The Board provides a one-time service award to teachers, principals and vice-principals upon achievement of the service requirements. Effective September 1, 2012 only teachers, principals and vice-principals that have met the required three consecutive years of service as of August 31, 2013 are eligible for the one-time service award benefit.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 6. Retirement and other employee future benefits (continued):

### (c) Accrued benefit liability:

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

	2017	2016
Discount rate	2.55%	2.05%
Salary growth	0%	0%
Dental benefits escalation	3.75% for 2017/18 reducing by ¼% in each year to an ultimate rate of 3.0%	4% for 2016/17 reducing by ¼% in each year to an ultimate rate of 3.0%
Health benefits escalation	7.75% for 2017/18 reducing by ¼% in each year to an ultimate rate of 4.0%	8% for 2016/17 reducing by ¼% in each year to an ultimate rate of 4.0%

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

	2017	2016
Accrued benefit liability, beginning of year	\$ 6,356,517	\$ 6,896,075
Expense recognized for the year:		
Current service cost	11,049	365,687
Amortization of actuarial gains and losses	65,215	24,157
Interest cost	125,150	164,255
Change due to voluntary early payout	–	(56,249)
	201,414	497,850
Benefits paid for the year	(1,016,564)	(1,037,408)
Accrued benefit liability, end of year	\$ 5,541,367	\$ 6,356,517

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 6. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability (continued):

Accrued benefit obligation:

	2017	2016
Retirement gratuity	\$ 2,820,288	\$ 3,140,747
Sick leave top-up benefits	113,467	105,112
Post-employment benefits	411,251	563,741
Long-term disability benefit	668,746	981,727
WSIB	1,758,601	1,918,561
Accrued benefit obligation, end of year	5,772,353	6,709,888
Net unamortized actuarial loss	(230,986)	(353,371)
Accrued benefit liability, end of year	\$ 5,541,367	\$ 6,356,517

## 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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2017	2016
Opening balance, September 1	\$ 140,547,242	\$ 144,258,704
Additions to deferred capital contributions	10,540,474	4,628,994
Transfer to financial asset	(425,000)	(180,110)
Revenue/adjustments recognized in the period	(8,672,507)	(8,160,346)
Ending balance, August 31	\$ 141,990,209	\$ 140,547,242

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 8. Tangible capital assets:

Cost	Balance at August 31, 2016	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2017
Land	\$ 3,626,932	\$ –	\$ (25,000)	\$ 3,601,932
Land improvements	2,919,017	125,866	–	3,044,883
Buildings	211,165,608	7,475,661	(1,717,800)	216,923,469
Construction-in-progress	–	3,321,409	–	3,321,409
Portable structures	8,832,519	138,793	(1,324,200)	7,647,112
First-time equipping of schools	1,120,259	–	(7,269)	1,112,990
Furniture	274,574	–	(44,502)	230,072
Equipment	1,158,012	49,467	(131,134)	1,076,345
Computer hardware	1,649,672	87,946	(538,176)	1,199,442
Computer software	105,469	1,842	–	107,311
Vehicles	255,909	49,915	–	305,824
<b>Total</b>	<b>\$ 231,107,971</b>	<b>\$ 11,250,899</b>	<b>\$ (3,788,081)</b>	<b>\$ 238,570,789</b>

Accumulated amortization	Balance at August 31, 2016	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2017
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	1,111,657	253,676	–	1,365,333
Buildings	78,719,684	7,184,413	(1,065,308)	84,838,789
Construction-in-progress	–	–	–	–
Portable structures	4,459,520	420,037	(1,324,200)	3,555,357
First-time equipping of schools	511,376	111,662	(7,269)	615,769
Furniture	168,440	33,062	(44,502)	157,000
Equipment	693,888	124,971	(131,134)	687,725
Computer hardware	1,014,142	284,911	(538,176)	760,877
Computer software	11,558	21,278	–	32,836
Vehicles	157,768	31,367	–	189,135
<b>Total</b>	<b>\$ 86,848,033</b>	<b>\$ 8,465,377</b>	<b>\$ (3,110,589)</b>	<b>\$ 92,202,821</b>

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 8. Tangible capital assets (continued):

	Net book value August 31, 2017	Net book value August 31, 2016
Land	\$ 3,601,932	\$ 3,626,932
Land improvements	1,679,550	1,807,360
Buildings	132,084,680	132,445,924
Construction-in-progress	3,321,409	-
Portable structures	4,091,755	4,372,999
First-time equipping of schools	497,221	608,883
Furniture	73,072	106,134
Equipment	388,620	464,124
Computer hardware	438,565	635,530
Computer software	74,475	93,911
Vehicles	116,689	98,141
<b>Total</b>	<b>\$ 146,367,968</b>	<b>\$ 144,259,938</b>

Included in the disposals, write-offs and adjustments column are adjustments of \$2,045,281 (2016 - \$2,584,482) for the deemed disposal of assets.

## 9. Debt charges and capital loans interest:

The payments made for debt charges and capital loans include principal and interest payments as follows:

	2017	2016
Debt principal repayments and sinking fund contributions	\$ 3,281,082	\$ 3,255,510
Interest payments on long-term liabilities	3,398,529	3,571,123
	<b>\$ 6,679,611</b>	<b>\$ 6,826,633</b>

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 10. Expenses by object:

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

	2016-2017 Budget	2016-2017 Actual	2015-2016 Actual
Expenses by object:			
Salary and wages	\$ 114,450,473	\$ 115,517,383	\$ 113,998,179
Employee benefits	14,695,601	15,770,566	16,099,026
Staff development	744,185	1,169,023	934,830
Supplies and services	14,394,616	14,429,124	13,928,957
Interest	3,355,958	3,394,964	3,563,169
Rental expenses	73,039	90,525	70,758
Fees and contract services	16,325,817	15,972,331	15,863,923
Other	755,593	706,964	732,934
Amortization of tangible capital assets	8,455,913	8,692,872	8,172,878
	<u>\$ 173,251,195</u>	<u>\$ 175,743,752</u>	<u>\$ 173,364,654</u>

## 11. 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.

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, 2021.

## 12. Commitments and contingent liabilities:

### (a) Litigation:

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 financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 12. Commitments and contingent liabilities (continued):

### (b) Guarantees:

The Board has guaranteed work relating to their capital projects with the respective municipalities in the amount of \$927,933.

### (c) Contractual obligations:

The Board has a total of \$14,555,491 of contractual obligations at year end relating to the construction or renovation of buildings.

## 13. Accumulated surplus:

Accumulated surplus consists of the following:

	2017	2016
<b>Available for compliance - unappropriated</b>		
Total operating accumulated surplus	\$ 532,339	\$ 338,058
<b>Available for compliance - internally appropriated</b>		
Workers' Safety Insurance Board (WSIB)	296,467	296,467
School renewal	-	233,810
School budget carryover	207,433	162,529
Student success	11,814	31,360
ICT WAN	15,000	25,000
Religion	18,348	47,000
Assistive technology	17,589	27,513
ICT Repair Fund	34,862	44,845
Assessment	8,625	54,263
Educational support professional development	50,955	60,905
Sinking Fund Interest - not committed	1,233,132	1,286,348
Sinking Fund Interest - committed	58,232	60,764
Special Incidence Portion - Special Education	351,277	282,948
Great West Life ASO plan	-	266,319
Total accumulated surplus available for compliance	2,836,073	3,218,129
<b>Unavailable for compliance</b>		
Employee future benefits	(4,499,905)	(5,172,631)
Interest to be accrued	(970,049)	(1,022,801)
School generated funds (note 14)	1,341,124	1,383,938
Revenue recognized for land	3,626,932	3,626,932
Total accumulated surplus unavailable for compliance	(501,898)	(1,184,562)
Total accumulated surplus	\$ 2,334,175	\$ 2,033,567

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

## 14. School Generated Funds:

	2016-2017 Budget	2016-2017 Actual	2015-2016 Actual
Revenues:			
School fundraising and other	\$ 5,031,873	\$ 4,676,613	\$ 4,942,273
Expenses:			
School funded activities	5,115,064	4,719,427	4,835,785
Annual surplus (deficit)	(83,191)	(42,814)	106,488
Opening accumulated surplus - school generated funds	1,194,259	1,383,938	1,277,450
Closing accumulated surplus - school generated funds	\$ 1,111,068	\$ 1,341,124	\$ 1,383,938

## 15. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario ("STEO") consortium with the Upper Canada District School Board, effective February 1, 2012. The consortium will provide joint governance and administration of student transportation services provided to students registered with the two member boards. Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$13,690,519 (2016 - \$13,336,970) for student transportation services in the year.
- (ii) The Board has a payable to STEO of \$285,951 (2016 – receivable of \$215,769) for student transportation services.

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2017 are as follows:

	2017	2016
Financial assets	\$ 2,826,702	\$ 2,723,165
Financial liabilities	3,187,105	3,150,062
Net debt	(360,403)	(426,897)
Non-financial assets	360,403	426,897
Accumulated surplus	\$ -	\$ -

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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## 15. Transportation consortium (continued):

	2017	2016
Revenue	\$ 36,284,950	\$ 35,909,141
Expenses	36,284,950	35,909,141
Annual deficit	\$ –	\$ –

## 16. Repayment of “55 School Board Trust” funding:

On June 1, 2003, the Board received \$5,138,566 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.