Consolidated financial statements of

Toronto Catholic District School Board

August 31, 2017

Toronto Catholic District School Board
August 31, 2017

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Management Report

Year ended August 31, 2017

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Toronto Catholic District School Board are the responsibility of the School 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(a) to the financial statements.

The preparation of the 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.

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 Deloitte 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 School Board's consolidated financial statements.

___________________	_____________________
Director of Education	Chief Financial Officer

November xx, 2017

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Toronto Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2017, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1(a) 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.

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 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 Toronto Catholic District School Board for the year ended August 31, 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) 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.

Chartered Professional Accountants
Licensed Public Accountants
_______, 2017

Toronto Catholic District School Board

Consolidated statement of financial position
as at August 31, 2017
(In thousands of dollars)

	2017	2016
	$	$
Assets		
Cash and cash equivalents	**128,257**	128,007
Accounts receivable	**77,231**	72,925
Account receivable - Government of Ontario - approved capital (Note 2)	**343,022**	348,411
Investments	**390**	250
Restricted cash (Note 11)	**28,686**	10,564
	577,586	560,157
Liabilities		
Accounts payable and accrued liabilities	**83,207**	88,696
Net long-term debt (Note 6)	**329,476**	345,040
Obligation under capital leases (Note 10)	**462**	1,552
Deferred revenue (Note 3)	**138,704**	134,317
Retirement and other employee future benefits payable (Note 9)	**73,523**	81,857
Deferred capital contributions (Note 4)	**817,524**	803,157
	1,442,896	1,454,619
Net debt	**(865,310)**	(894,462)
Non-financial assets		
Prepaid expenses	**2,624**	2,214
Tangible capital assets (Note 8)	**1,128,262**	1,099,053
	1,130,886	1,101,267
Commitments and contingencies (Note 13)		
Accumulated surplus	**265,576**	206,805

Approved on behalf of the Board

_________________________________ Chair of the Board

_________________________________ Director of Education

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Toronto Catholic District School Board
Consolidated statement of operations
year ended August 31, 2017
(In thousands of dollars)

	Budget	2017 Actual	2016 Actual
	$	$	$
Revenue			
Provincial grants			
Student needs	**1,035,982**	**1,026,315**	1,032,299
Amortization of deferred capital contributions (Note 4)	**51,114**	**52,149**	45,410
Other	**15,309**	**13,903**	14,984
School generated funds	**29,928**	**31,492**	29,184
Investment income	**180**	**144**	966
Other fees and revenue	**89,458**	**58,443**	58,218
	1,221,971	**1,182,446**	1,181,061
Expenses (Note 12)			
Instruction	**880,351**	**861,555**	863,747
Administration	**24,971**	**22,771**	23,060
Transportation	**33,556**	**33,320**	28,159
Pupil accommodation	**160,148**	**157,828**	153,604
School generated funds	**29,928**	**31,500**	28,389
Other	**11,245**	**16,701**	21,806
	1,140,199	**1,123,675**	1,118,765
Annual surplus	**81,772**	**58,771**	62,296
Accumulated surplus, beginning of year	**154,079**	**206,805**	144,509
Accumulated surplus, end of year	**235,851**	**265,576**	206,805

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Toronto Catholic District School Board

Consolidated statement of change in net debt
year ended August 31, 2017
(In thousands of dollars)

	Budget	2017 Actual	2016 Actual
	$	$	$
Annual surplus	**81,772**	**58,771**	62,296
Tangible capital asset activities			
Purchase of tangible capital assets	**(87,864)**	**(81,469)**	(72,928)
Amortization of tangible capital assets	**51,898**	**52,260**	48,664
	(35,966)	**(29,209)**	(24,264)
Other non-financial asset activities			
Acquisition of prepaid expenses	**-**	**(2,624)**	(2,214)
Use of prepaid expenses	**-**	**2,214**	2,540
	-	**(410)**	326
Change in net debt	**45,806**	**29,152**	38,358
Net debt, beginning of year	**(894,462)**	**(894,462)**	(932,820)
Net debt, end of year	**(848,656)**	**(865,310)**	(894,462)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Toronto Catholic District School Board

Consolidated statement of cash flows
year ended August 31, 2017
(In thousands of dollars)

	2017	2016
	$	$
Operating activities		
Annual surplus	**58,771**	62,296
Items not involving cash		
Amortization of tangible capital assets	**52,260**	48,664
Amortization of deferred capital contributions	**(52,149)**	(45,410)
Changes in non-cash assets and liabilities		
Accounts receivable	**(4,306)**	11,967
Prepaid expenses	**(410)**	326
Accounts payable and accrued liabilities	**(5,489)**	10,268
Deferred revenue - operating	**3,691**	4,445
Retirement and other employee future benefits payable	**(8,334)**	(15,603)
	44,034	76,953
Capital activity		
Purchase of tangible capital assets	**(81,469)**	(72,928)
Investing activity		
(Acquisition) redemption of investments, net	**(140)**	50
Financing activities		
Decrease in account receivable -		
Government of Ontario approved capital, net	**5,389**	14,973
Debt issued	**247**	11,402
Debt repayment and sinking fund contributions	**(15,811)**	(15,064)
Repayment of obligations under capital lease	**(1,090)**	(1,747)
Increase in restricted cash held in joint bank account (Note 11)	**(18,122)**	-
Additions to deferred capital contributions	**66,516**	29,866
Increase (decrease) in deferred revenue - capital	**696**	(10,860)
	37,825	28,570
Increase in cash and cash equivalents	**250**	32,645
Cash and cash equivalents, beginning of year	**128,007**	95,362
Cash and cash equivalents, end of year	**128,257**	128,007
Cash and cash equivalents consists of:		
Cash	**121,149**	119,768
Cash equivalents	**7,108**	8,239
	128,257	128,007

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

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

The consolidated financial statements have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11, Accounting Policies and Practices Public Entities (“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 (“Province”). A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian Public Sector Accounting Standards (“PSAS”) 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 Regulation 395/11 of the Financial Administration Act. Regulation 395/11 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 consolidated 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. Regulation 395/11 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 PSAB, which requires that:

(i) government transfers, including amounts previously recognized as tax revenue, 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 PSAS PS3410;

(ii) 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 PSAS PS3100; and

(iii) property taxation revenue be reported as revenue when received or receivable in accordance with PSAS PS3510.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenue and deferred capital contributions would be recorded differently under PSAS.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity comprises all organizations which are controlled by the Toronto Catholic District School Board (“Board”).

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

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

1. Significant accounting policies (continued)

(c) Trust funds

Trust funds and their related operations administered by the Board, amounting to $527 (2016 - $496), have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are not controlled by the Board.

(d) Cash and cash equivalents

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

(e) Investments

Temporary investments consist of marketable securities, which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or fair value.

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

(f) Deferred revenue

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

(g) Deferred capital contributions

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

(i) government transfers received or receivable for capital purposes;

(ii) other restricted contributions received or receivable for capital purposes; and

(iii) amounts previously recognized as property taxation revenue which were historically used to fund capital assets.

(h) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuity, worker's compensation, accumulated sick leave and long-term disability benefits.

1. Significant accounting policies (continued)

(h) 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: ETFO, OECTA, EWAO, CUPE, and CAESS-ECAB which is a trust for non-unionized employees including principals, vice-principals, directors and supervisory officers. The ELHTs 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 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 February 1, 2018, the Board is no longer responsible to provide certain benefits to CUPE, EWAO, and non-unionized employees including principals, vice-principals, directors and supervisory officers. 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.

The Board continues to provide health, dental and life insurance benefits for retired individuals and the following employee groups: CUPE and EWAO(APPSP) 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 were actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the costs are recognized over the expected average service life of each employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long-term disability, 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 cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

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

(In thousands of dollars)

1. Significant accounting policies (continued)

(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 that 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 class	Estimated useful life in years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-15
Leasehold improvements	Over lease term

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

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

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

(j) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made. 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 and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized

1. Significant accounting policies (continued)

(k) Investment income

Investment income is reported as revenue in the period earned.

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

(l) Long-term debt

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

(m) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees ("Trustees"). The budget approved annually 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 approved operating budget for 2016 - 2017 is reflected on the consolidated statement of operations. The budget was approved on June 2, 2016.

(n) 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 revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Accounts subject to significant estimates include accrued liabilities, retirement and other employee future benefits payable, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions.

(o) Property tax revenue

Under PSAS, 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 Grants.

2. Account receivable - Government of Ontario

The Province replaced variable capital funding with a one-time debt support grant in 2009 - 2010. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board 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 $343,022 as at August 31, 2017 (2016 - $348,411) with respect to capital grants.

(In thousands of dollars)

3. 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 externally restricted for specific purposes by legislation, regulation or agreement as at August 31, 2017 is comprised of:

	Balance, August 31, 2016	**Externally restricted revenue and investment income**	**Revenue recognized during the year**	**Transfers to deferred capital contributions**	**Balance, August 31, 2017**
	$	**$**	**$**	**$**	**$**
Pupil accommodation	25,108	**63,057**	**(43,060)**	**(20,484)**	**24,621**
Education development charges	25,905	**18,155**	**(22,175)**	**-**	**21,885**
Proceeds of disposition	54,115	**1,320**	**(136)**	**(12,644)**	**42,655**
Financial contributions	2,305	**-**	**-**	**-**	**2,305**
Other	26,884	**172,221**	**(147,205)**	**(4,662)**	**47,238**
	134,317	**254,753**	**(212,576)**	**(37,790)**	**138,704**

4. 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.

	2017	2016
	$	$
Balance, beginning of year	**803,157**	818,701
Transfers from deferred revenue	**37,790**	22,867
Additions to deferred capital contributions	**28,726**	6,999
Revenue recognized in the year	**(52,149)**	(45,410)
Balance, end of year	**817,524**	803,157

5. Temporary borrowing

The Board has an operating line of credit available to a maximum of $65,000 to address operating requirements. No amounts have been drawn as at August 31, 2017 (2016 - $Nil).

Interest on the operating facility is at the bank's prime lending rate minus 0.65%, which is due on demand.

(In thousands of dollars)

6. Net long-term debt

a) Net long-term debt reported on the consolidated statement of financial position comprises the following:

	Interest rate	Maturity date	**2017**	2016
	$	$	**$**	$
Debenture CIBC Mellon Trust Series 2002-A2	5.900	October 11, 2027	**59,960**	63,985
Debenture CIBC Mellon Trust Series 2003-A2	5.800	November 7, 2028	**31,850**	33,753
Debenture Ontario Financing Authority (“OFA”) Series 2009-A2	5.347	November 15, 2033	**18,881**	19,580
Debenture OFA Series 2009-A4	5.105	May 15, 2029	**15,679**	16,607
Debenture OFA Series 2007	4.560	November 15, 2031	**10,251**	10,741
Debenture OFA Series 2009-A3	5.062	March 13, 2034	**10,321**	10,702
Debenture CIBC Mellon Trust Series 2002-A1 sinking fund	5.700	October 11, 2017	**11,858**	11,858
Debenture OFA Series 2010-A345	5.232	April 13, 2035	**9,675**	9,994
Debenture OFA Series 2008	4.900	March 3, 2033	**9,043**	9,415
Debenture OFA Series 2009-A5	4.672	May 15, 2024	**3,023**	3,381
Debenture CIBC Mellon Trust Series 2000-A1	7.200	June 9, 2025	**3,367**	3,670
Debenture OFA Series 2010-A1	4.762	November 15, 2029	**3,022**	3,196
Debenture OFA Series 2009-A1	4.766	November 15, 2024	**2,251**	2,495
Debenture OFA Series 2010-A2	4.337	November 15, 2024	**958**	1,064
Debenture OFA Series 2013	3.663	June 25, 2038	**52,572**	54,199
Debenture OFA Series 2014	4.037	October 30, 2028	**25,505**	27,225
Debenture OFA Series 2014B	4.033	March 11, 2039	**32,427**	33,343
Debenture OFA Series 2015	2.993	March 9, 2040	**23,068**	23,764
Debenture OFA Series 2016	3.242	November 16, 2040	**11,096**	11,402
Debenture OFA Series 2017	3.594	March 14, 2042	**247**	-
			335,054	350,374
Less: sinking fund assets			**5,578**	5,334
Balance, end of year			**329,476**	345,040

On August 4, 2017, the Board converted its sinking fund investments into cash. The cash is restricted for the purposes of repaying the sinking fund debenture maturing on October 11, 2017.

(In thousands of dollars)

6. Net long-term debt (continued)

b) Principal, sinking fund contributions and interest payments on the debenture debt due over the next five years and thereafter are as follows:

Fiscal year	Principal and sinking fund contributions	Interest payments	Total
	$	$	$
2017/2018	22,631	15,261	37,892
2018/2019	17,171	14,104	31,275
2019/2020	18,033	13,242	31,275
2020/2021	18,940	12,335	31,275
2021/2022	19,895	11,380	31,275
Thereafter	232,806	65,026	297,832
	329,476	131,348	460,824

Interest on net long-term debt amounted to $16,149 (2016 - $16,904).

7. Debt repayment and sinking fund contributions

The expenditure for debt charges, capital loans and capital leases includes principal payments, debt maturity, sinking fund contributions and interest payments as follows:

	2017	2016
	$	$
Principal payments on net debt, including contributions to sinking funds	**15,566**	14,780
Principal payments on capital leases	**1,090**	1,747
Interest payments on net debt	**16,149**	16,793
Interest payments on capital leases	**33**	53
	32,838	33,373

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows of $15,811 (2016 - $15,064) are principal payments on net debt, including contributions to sinking funds of $15,566 (2016 - $14,780), sinking fund interest revenue of $244 (2016 - $284).

(In thousands of dollars)

8. Tangible capital assets

	Cost				Accumulated amortization				Net book value	
	Balance, September 1, 2016	Additions and transfers	Disposals	**Balance, August 31, 2017**	Balance, September 1, 2016	Amortization	Disposals	**Balance, August 31, 2017**	**August 31, 2017**	August 31, 2016
	$	$	$	**$**	$	$	$	**$**	**$**	$
Land	284,921	20,467	-	**305,388**	-	-	-	**-**	**305,388**	284,921
Land improvements	22,339	3,410	-	**25,749**	5,494	1,721	-	**7,215**	**18,534**	16,845
Buildings	1,271,782	31,034	-	**1,302,816**	520,708	43,966	-	**564,674**	**738,142**	751,074
Furniture and equipment	38,225	4,218	363	**42,080**	14,029	5,344	363	**19,010**	**23,070**	24,196
Construction in progress	20,338	22,340	-	**42,678**	-	-	-	**-**	**42,678**	20,338
Capital leased assets	5,711	-	3,943	**1,768**	4,032	1,229	3,943	**1,318**	**450**	1,679
	1,643,316	81,469	4,306	**1,720,479**	544,263	52,260	4,306	**592,217**	**1,128,262**	1,099,053

Assets under construction

Assets under construction of $42,678 (2016 - $20,338) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(In thousands of dollars)

9. Retirement and other employee future benefits

	Pension benefits	Retirement benefits	Other employee future benefits	2017 Total	2016 Total
	$	$	$	$	$
Accrued benefit obligation					
Balance, beginning of year	**2,942**	**72,244**	**6,456**	**81,642**	96,265
Employer current service cost	**-**	**-**	**423**	**423**	865
Interest on accrued benefit obligation	**57**	**1,362**	**117**	**1,536**	2,111
Benefits paid	**(222)**	**(8,724)**	**(1,077)**	**(10,023)**	(12,964)
Change due to Voluntary Early Gratuity Payout	**-**	**-**	**-**	**-**	(4,640)
Actuarial, (gains) losses	**(143)**	**(2,756)**	**(94)**	**(2,993)**	5
Balance, end of year	**2,634**	**62,126**	**5,825**	**70,585**	81,642
Unamortized actuarial gains	**-**	**2,616**	**322**	**2,938**	215
Accrued benefit liability	**2,634**	**64,742**	**6,147**	**73,523**	81,857
Retirement and other employee future benefits expense[(i)]					
Current year benefit costs	**-**	**-**	**423**	**423**	865
Interest on accrued benefit obligation	**57**	**1,362**	**117**	**1,536**	2,111
Amortization of actuarial (gains) losses	**(143)**	**(4)**	**(122)**	**(269)**	(975)
Employee future benefits expense[(i)]	**(86)**	**1,358**	**418**	**1,690**	2,001

[(i)] Excluding pension contributions to OMERS, a multi-employer pension plan described below.

(In thousands of dollars)

9. Retirement and other employee future benefits (continued)

The amounts of the employee future benefit liabilities for the other post-employment benefits are based on actuarial valuations 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 and the Board's best estimates of expected rates are as follows:

	Retirement benefits		Other employee future benefits	
	2017	2016	**2017**	2016
Discount on accrued benefit obligations	**2.00%**	2.35%	**2.00%**	2.35%
Wage and salary escalation	**-**	-	**-**	-
Dental costs escalation	**4.50%**	4.50%	**4.50%**	4.50%
Insurance and health care cost escalation	7.40% per annum grading down to an ultimate rate of 4.50%	7.70% per annum grading down to an ultimate rate of 4.50%	7.40% per annum grading down to an ultimate rate of 4.50%	7.70% per annum grading down to an ultimate rate of 4.50%

(a) *Retirement gratuity plans*

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 now based on their salary, accumulated sick days and years of service at August 31, 2012.

(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) *Retirement Life Insurance and Health Care Benefits*

The Board provides 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 may be 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, do not qualify for board subsidized premiums or contributions.

(d) *Life Insurance Benefits*

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

9. Retirement and other employee future benefits (continued)

(e) *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 illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are $344 (2016 - $370).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2016 (the date at which probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

(f) *Workplace Safety and Insurance Board ("WSIB")*

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("WSI Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the WSI Act. The Board does not fund these obligations in advance of payment made under the WSI Act. School boards are required to provide salary top-up to a maximum of 41/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. WSIB amounts paid in the year were $1,077 (2016 - $1,392).

(g) *Post-employment benefits*

Certain senior staff who retire or leave under a voluntary exit plan may elect, if their contractual arrangements permit, to continue coverage of health insurance and/or dental insurance and life insurance. The Board will pay 100% of the cost and the coverage terminates when the employee reaches age 65. In addition, supervisory office, non-union, office, clerical, technical and custodial staff are eligible for a $5 life insurance benefit if they retire on or after age 65. Post-employment benefits paid in the year were $222 (2016 - $216). The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(h) *Ontario Teachers' Pension Plan*

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province. 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.

(i) *Ontario Municipal Employees Retirement System ("OMERS")*

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees contribute up to 8.8% of their earnings and the Board matches the employee contributions to the plan. During the year ended August 31, 2017, the Board contributed $14,959 (2016 - $15,125) 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.

(In thousands of dollars)

10. Obligations under capital leases

The Board has obligations under various capital leases with expiries ranging from 2017 to 2019 and carry an interest rate of 2.35%. Principal and interest payments relating to capital lease obligations of $476 (2016 - $1,606) outstanding as at August 31, 2017 are due as follows:

	Principal payment	Interest	Total
	$	$	$
2017/2018	310	10	320
2018/2019	152	4	156
	462	14	476

11. Restricted cash

Effective March 9, 2011, the Board entered into an agreement for the purchase of the Loretto Abbey Catholic Secondary School (the "Abbey"). A portion of the purchase price was held back due to tenants wanting to still live at the Abbey and will not be payable until the tenants leave the premises. The cash balance of $10,564 (2016 - $10,564) is restricted for these payments.

The Board also has restricted cash in a Joint bank account with the TDSB for $18,122 (See Note 17).

12. Expenses by object

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	Budget 2017	**Actual 2017**	Actual 2016
	$	**$**	$
Salary and wages	**794,252**	**786,157**	790,959
Employee benefits	**131,328**	**123,544**	123,870
Staff development	**1,488**	**994**	557
Supplies and services	**73,792**	**88,192**	89,047
Debt charges and interest	**16,810**	**16,191**	16,904
Rental	**3,848**	**4,155**	4,478
Fees and contract services	**66,647**	**46,721**	40,062
Other	**136**	**5,461**	4,224
Amortization of tangible capital assets	**51,898**	**52,260**	48,664
	1,140,199	**1,123,675**	1,118,765

(In thousands of dollars)

13. Commitments and contingencies

(a) Commitments

(i) Construction commitments

Commitments on incomplete construction contracts for various school building projects amounted to approximately $39,948 (2016 - $45,954) as at August 31, 2017.

(ii) Letters of credit

The Board has 54 (2016 - 50) bank letters of credit outstanding in favour of the local government totaling $7,536 (2016 - $6,282) as at August 31, 2017, pertaining to construction projects. The latest expiry date is August 30, 2018.

(iii) Operating leases and maintenance contracts

The Board has operating leases and maintenance contracts with the following annual payments:

	$
2017/2018	10,454
2018/2019	4,992
2019/2020	3,563
2020/2021	972
2021/2022	972
Thereafter	27,535
	48,488

(b) Contingencies

(i) Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2017, no provision is made in the consolidated financial statements.

14. Ontario School Board Insurance Exchange ("OSBIE")

The Board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24,000 per occurrence.

The ultimate premiums over a five year period are based on both the reciprocals and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in December 2021.

15. Repayment of The "55 School Board Trust" funding

On June 1, 2003, the Board received $50,415 from The "55 School Board Trust" (the "Trust") for its capital-related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. The Trust was created to refinance the outstanding not permanently financed ("NPF") debt of participating boards that are beneficiaries of the Trust. Under the terms of the agreement, the 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.

The flow-through of $3,765 (2016 - $3,765) in grants in respect of the above agreement for the year ended August 31, 2017, is recorded in these consolidated financial statements.

16. Toronto Transportation Group

On September 21, 2011, the Toronto Transportation Group was created as a Membership Agreement between the Board and the Toronto District School Board in order to provide common administration of student transportation in the City. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Toronto Transportation Group are shared. No party is in a position to exercise unilateral control.

The Board's portion of transportation expenses has been included in the consolidated statement of operations.

17. Financial contribution agreements

During 2001-2002, the Board established three joint trust accounts with the Toronto District School Board pertaining to Education Development Levy Agreements. These Agreements pertain to building developments that pre-date the passing of the Education Development Charges provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2017 is $64,628. These funds must be used for construction of school facilities in specific designated areas of the City of Toronto once funds are allocated by the Ministry of Education. On June 26, 2017 the Ministry of Education approved a capital funding allocation from the joint trust of $19,624 for the construction of an elementary school. As at August 31, 2017 $1,502 of the allocated funds has been spent and included in construction in progress and deferred capital contributions, the remaining $18,122 has remained in restricted cash in joint trust accounts. The remaining Board's financial interest in these joint trust accounts has not been reflected in the consolidated financial statements, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction.

18. Subsequent events

The Boards 2002-A1 OSBFC sinking fund debenture matured on October 11, 2017, The Ministry supported the principal balance of this debenture as capital debt by transferring $1,387 which was combined with the sinking fund assets of $5,578 and a Board contribution of $4,893 from accumulated surplus to enable the Board to repay the sinking fund debenture of $11,858.

19. Comparative figures

Certain comparative numbers have been reclassified to conform to the current year presentation.