York Catholic District School Board
Consolidated Financial Statements
Year ended August 31, 2016

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Management Report

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Original Signed by	Original Signed by
Director of Education	CFO and Treasurer of the Board

November 8, 2016

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of York Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Board'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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion

In our opinion, the consolidated financial statements of York Catholic District School Board as at and for the year ended August 31, 2016 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.

Grant Thornton LLP

Toronto, Canada
November 8, 2016

Chartered Professional Accountants
Licensed Public Accountants

York Catholic District School Board
Consolidated Statement of Financial Position

As at August 31,	2016	2015
Financial assets		
Cash and cash equivalents	**$ 41,232,217**	$ 40,288,262
Accounts receivable	**25,279,152**	24,453,205
Accounts receivable - Government of Ontario (Note 2)	**384,323,861**	388,698,761
Assets held for sale (Note 3)	**86,900**	-
Other financial assets	**1,136,309**	719,744
Total financial assets	**452,058,439**	454,159,972
Liabilities		
Accounts payable and accrued liabilities	**40,879,117**	41,784,021
Deferred revenue (Note 4)	**20,755,877**	19,581,442
Other liabilities	**5,866,974**	5,012,507
Deferred capital contributions (Note 5)	**690,420,022**	679,815,316
Retirement and other employee future benefits (Note 6)	**18,491,870**	19,692,533
Net long-term debt and capital lease (Note 7)	**363,639,003**	376,290,143
Total liabilities	**1,140,052,863**	1,142,175,962
Net debt	**(687,994,424)**	(688,015,990)
Non-financial assets		
Tangible capital assets (Note 11)	**905,103,473**	900,309,406
Accumulated surplus (Note 12)	**$ 217,109,049**	$ 212,293,416

Contractual obligations and contingent liabilities (Note 14)

Signed on behalf of the Board:

Original Signed by

Chief Executive Officer

Original Signed by

Chair of the School Board

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statement of Operations

For the year ended August 31	2016 Budget	2016 Actual	2015 Actual
Revenues			
Provincial grants	$ 576,669,669	**$ 587,671,107**	$ 575,019,576
Deferred capital contribution revenue	29,183,420	**29,783,454**	29,362,497
Provincial grants – grants for student needs	605,853,089	**617,454,561**	604,382,073
Provincial grants – other	9,014,347	**10,722,670**	11,797,108
School generated funds	24,073,000	**25,617,339**	24,356,308
Investment income	400,000	**654,463**	861,535
Other fees and revenues	11,993,965	**15,542,173**	18,612,726
Total revenues	**651,334,401**	**669,991,206**	660,009,750
Expenses (Note 10)			
Instruction	482,094,107	**499,224,062**	487,912,368
Administration	16,836,292	**17,219,023**	16,396,837
Transportation	16,462,771	**16,919,883**	16,691,829
Pupil accommodation	107,878,318	**106,338,305**	106,931,753
School generated funds	23,630,000	**25,250,213**	23,906,699
Other	474,087	**224,087**	519,330
Total expenses	**647,375,575**	**665,175,573**	652,358,816
Annual surplus	3,958,826	**4,815,633**	7,650,934
Accumulated surplus at beginning of year	**210,015,208**	**212,293,416**	204,642,482
Accumulated surplus at end of year	**$ 213,974,034**	**$ 217,109,049**	$ 212,293,416

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statement of Cash Flows

For the year ended August 31	2016	2015
Operating transactions		
Annual surplus	**$ 4,815,633**	$ 7,650,934
Sources and (uses)		
Non-cash items including:		
Amortization, write downs and gain on disposal	**30,013,293**	30,045,977
Deferred capital contributions amortization (Note 5)	**(29,783,453)**	(29,362,497)
Decrease in retirement and other employee future benefits	**(1,200,663)**	(2,256,188)
(Increase) decrease in accounts receivable	**(825,947)**	961,112
(Increase) decrease in assets held for sale	**(86,900)**	-
(Increase) decrease in other financial assets	**(416,565)**	237,856
(Decrease) increase in accounts payable and accrued liabilities	**(904,904)**	3,711,056
Increase (decrease) in deferred revenue	**327,907**	(4,065,610)
Increase in other liabilities	**854,467**	1,290,529
Cash provided by operating transactions	**2,792,868**	8,213,169
Capital transactions		
Proceeds on sale of tangible capital assets	**10,505,795**	-
Cash used to acquire tangible capital assets	**(37,077,678)**	(28,797,972)
Cash (applied to) capital transactions	**(26,571,883)**	(28,797,972)
Financing		
Decrease in accounts receivable – Government of Ontario	**4,374,900**	20,329,993
Additions to deferred capital contributions (Note 5)	**40,388,159**	28,789,603
Decrease in deferred revenue	**(7,388,949)**	(2,037,176)
Long term debt issued	**7,442,915**	196,179
Debt repayment and sinking fund contributions (Note 9)	**(20,094,055)**	(18,808,628)
Cash provided by financing transactions	**24,722,970**	28,469,971
Change in cash and cash equivalents	**943,955**	7,885,168
Opening cash and cash equivalents	**40,288,262**	32,403,094
Closing cash and cash equivalents	**$ 41,232,217**	$ 40,288,262

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statement of Cash Flows (continued)

For the year ended August 31	2016	2015
Cash and cash equivalents are comprised of:		
Cash	**$ 21,232,217**	$ 40,288,262
Short term investments	**20,000,000**	-
Cash and cash equivalents	**$ 41,232,217**	$ 40,288,262

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statement of Changes in Net Debt

For the year ended August 31

	2016	2015
Operating transactions		
Annual surplus	**$ 4,815,633**	$ 7,650,934
Non-financial asset activity		
Acquisition of tangible capital assets	**(37,077,678)**	(28,797,972)
Proceeds of disposition on sale of tangible assets	**10,505,795**	-
Gain on sale of tangible capital allocated to deferred revenue (Note 4)	**(8,235,477)**	-
Transfer to assets held for sale (Note 3)	**86,900**	-
Amortization and write downs of tangible capital assets	**29,926,393**	30,045,977
Total non-financial asset activity	**(4,794,067)**	1,248,005
Decrease in net debt	**21,566**	8,898,939
Net debt at beginning of year	**(688,015,990)**	(696,914,929)
Net debt at end of year	**$ (687,994,424)**	$ (688,015,990)

See accompanying notes to the consolidated financial statements.

Guided by Gospel Values and Catholic Virtues, in partnership with home and Church, the mission of the York Catholic District School Board (the Board) is to educate and inspire all students to reach their full potential in a safe and caring environment.

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 of the Financial Administration Act.

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that

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

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

1. Significant accounting policies (continued)

b) Reporting Entity

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

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

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

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

c) Trust Funds

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

d) Cash and Cash Equivalents

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

e) Investments

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

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

f) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services 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, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

1. **Significant accounting policies** (continued)

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, health care benefits, retirement gratuity, worker's compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- 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, health care costs trends, disability recovery rates, long-term inflation rates and discount rates.
- The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.
- For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, life insurance and health care for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.
- For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.
- The 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. The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

i) Tangible Capital Assets

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

Leases which transfer substantially all 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.

1. **Significant accounting policies** (continued)

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First–time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold Improvements	Over the 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 (“DCC”) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

k) Investment Income
Investment income is reported as revenue in the period earned.

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

l) Long-term Debt and Capital Lease
Long-term debt and capital lease is recorded net of related sinking fund asset balances.

1. Significant accounting policies (continued)

m) 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.

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 revenues and expenses during the year. Accounts subject to significant estimates include retirement and other future employee benefits and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

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

2. Accounts receivable - Government of Ontario

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. York Catholic District School 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 as at August 31, 2016 of $384,323,861 (2015 - $388,698,761) with respect to the approved capital grant.

3. Assets held for sale

As of August 31, 2016 $86,900 (2015 - $Nil) related to land was recorded as assets held for sale. During the year, one property was sold. Net proceeds of $10,505,795 (2015 - $Nil) were received on the sale of this property, which had a carrying value of $2,270,318 (2015 - $Nil), resulting in a gain of $8,235,477. The gain was deferred for future capital asset purchases according to Ontario Regulations 193/10.

Subsequent event

Subsequent to August 31, 2016, the Board entered into an Offer to Purchase agreement for the sale of surplus land. The purchase agreement, entered into on October 27, 2016, is subject to due diligence procedures and is expected to close February 28, 2017 for gross proceeds of $19,690,000.

4. Deferred revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2016 is comprised of:

	Balance as at August 31, 2015	Externally restricted revenue and investment income	Transfers to Deferred Capital Contributions	Revenue recognized and adjustments in the period	Balance as at August 31, 2016
Legislative Grants - operating	$ 2,768,741	$ 75,142,943	$ -	$ 74,839,956	$ 3,071,728
Other Ministry of Education	284,586	3,194,816	-	3,318,844	160,558
Third Party	70,555	3,138,946	-	2,861,801	347,700
Other Provincial Grants	268,340	380,446	-	508,643	140,143
Deferred revenue – operating	3,392,222	81,857,151	-	81,529,244	3,720,129
Legislative Grants – capital	9,334,885	42,405,490	5,320,642	35,618,314	10,801,419
Proceeds of disposition	6,854,335	8,235,477	14,953,997	-	135,815
Education development charges	-	10,580,547	-	4,482,033	6,098,514
Third party	-	-	-	-	-
Deferred revenue – capital	16,189,220	61,221,514	20,274,639	40,100,347	17,035,748
Total deferred revenue	**$ 19,581,442**	**$ 143,078,665**	**$ 20,274,639**	**$ 122,629,591**	**$ 20,755,877**

During the year ended August 31, 2016, property with a carrying value of $2,270,318 was sold for net proceeds of $10,505,795, resulting in a gain on disposal of $8,235,477. The gain on disposal has been deferred in accordance with Ontario Regulation 193/10.

5. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2016	2015
Opening balance	**$ 679,815,316**	$680,388,210
Additions to deferred capital contributions	**28,388,159**	28,789,603
Deferred Capital contributions – Recognition of Deferred Revenue		
Prior eligible capital	**12,000,000**	-
Revenue recognized in the period	**(29,783,453)**	(29,362,497)
Closing balance	**$ 690,420,022**	$ 679,815,316

6. Retirement and other employee future benefits

Retirement and other employee future benefits liabilities and expense/(recovery) as of August 31, 2016 is comprised of:

	August 31, 2016		
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	**$ 13,807,731**	**$ 4,684,139**	**$ 18,491,870**
Current year benefit cost	$ -	$ 1,199,436	$ 1,199,436
Amortization of actuarial (gains)/losses	(10,417)	(20,436)	(30,853)
Interest on accrued benefit obligation	395,058	101,397	496,455
Plan amendment/curtailment	(17,505)	-	(17,505)
Employee future benefits expenses/ (recovery) [1]	**$ 367,136**	**$ 1,280,397**	**$ 1,647,533**

Retirement and other employee future benefits liabilities and expense / (recovery) as of August 31, 2015 is comprised of:

	August 31, 2015		
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	$ 15,302,433	$ 4,390,100	$ 19,692,533
Current year benefit cost	$ -	$ (140,144)	$ (140,144)
Amortization of actuarial (gains)/losses	97,394	2,890	100,284
Interest on accrued benefit obligation	483,270	129,688	612,958
Plan amendment/curtailment	145,667	-	145,667
Employee future benefits expenses/ (recovery) [1]	$ 726,331	$ (7,566)	$ 718,765

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

6. Retirement and other employee future benefits (continued)

(a) Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2016 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2016. Actuarial probabilities were determined and based on updated average daily salary and banked sick days as at August 31, 2016. The economic assumptions used in these valuations are the Board's best estimates of expected rates as follows:

	2016 %	2015 %
Inflation		
Workplace Safety and Insurance Boards Obligation ("WSIB")	**2.0**	2.0
General inflation for all benefits	**1.5**	1.5
Wage and salary escalation		
Sick leave benefits	**2.0**	nil
Insurance and health care cost escalation		
WSIB health care costs	**4.0**	4.0
Health care cost escalation	**8.0**	8.5
Dental benefit care escalation	**4.0**	4.5
Discount on accrued benefit obligation		
WSIB obligation	**2.05**	2.45
Sick leave benefits, life insurance, health care and long-term disability	**2.05**	2.45

(b) Retirement Benefits

(i) Ontario Teachers' Pension Plan ("OTPP")

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

(ii) Ontario Municipal Employees Retirement System ("OMERS")

All non-teaching employees of the Board are eligible to be members of the 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, 2016, the Board contributed $8,793,620 (2015 - $8,602,655) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. 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.

6. **Retirement and other employee future benefits** (continued)

(b) Retirement Benefits (continued)

(iv) Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, OECTA and CUPE ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided OECTA and CUPE members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016 (or the first pay period in September 2016 for CUPE).

This provision was also made available to all non-unionized school board employees, including principals and vice-principals. These payments have been made as at August 31, 2016.

Some employees took the early payouts, which were discounted from the current financial statement carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity early payout option was accompanied by an actuarial gain of $17,505 in the Board's 2015-16 year financial statements. This resulted in the Board's employee future benefit liability decreasing by $292,481.

(v) Retirement life insurance and health care benefits

The Board provides life insurance, health care benefits to certain employee groups after retirement until the members reach 65 years of age under the following conditions:

- For a small number of employees the premiums are based on the Board experience and retirees' premiums may be subsidized by the Board as defined by individual service contracts. 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 the Board's subsidized premiums or contributions.
- For all other retirees (excluding a small number of employees who participated in the plan prior to September 1, 2013), full premiums are required to be paid by the retirees to participate in the Board's group benefit plan. The premiums for such benefits are included in a separate experience pool that is self-funded.

(c) Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

a. 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. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

b. The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2016 are based on actuarial valuations for accounting purposes as at August 31, 2016. These actuarial valuations were based on assumptions about future events.

6. Retirement and other employee future benefits (continued)

(c) Other Employee Future Benefits (continued)

(ii) Long-Term Disability Life Insurance

a. The Board provides life waiver of life insurance premiums and continuation of medical and dental benefits coverage for certain employee groups on long-term disability leave. The Board is responsible for the payment of the insurance premiums and the costs of health care benefits under this plan. 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.

b. The accrued benefit obligations for long-term disability life insurance as at August 31, 2016 are based on actuarial valuations for accounting purposes as at August 31, 2016. The costs of salary compensation paid to employees on long-term disability are fully insured and not included in this plan.

(iii) Sick Leave Top-up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements relating to this are $345,035 (2015 -$350,442).

For accounting purposes, the valuation of accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2016 and is based on the average salary, banked sick days of employees and usage of sick days studies in 2014-15 and 2015-16.

Benefit Plan Future Changes

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: OECTA, CUPE, non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards will no longer be responsible for providing benefits to the above mentioned groups once they migrate to their respective ELHT. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional $300 per FTE for active employees to the school board. Where collective agreements use the fixed amount per FTE approach, the Ministry will fund the school boards for any shortfall that is created to reach the agreed upon fixed amount per FTE where it is more than the amount described above These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

7. Net long-term debt and capital lease

Debenture debt, capital loans and obligation under capital leases reported on the Consolidated Statement of Financial Position is comprised of the following:

Debenture/Loan	Interest	Maturity	**2016**	2015
#179	7.200	09-Jun-25	**$ 28,339,454**	$ 30,513,821
#182	6.550	19-Oct-26	**20,423,786**	21,741,501
#186	5.800	07-Nov-28	**16,421,219**	17,295,686
#188	4.789	08-Aug-30	**37,189,801**	39,019,047
#189	4.560	15-Nov-31	**7,753,169**	8,091,105
#190	5.376	25-Jun-32	**48,209,479**	50,072,719
#191	4.900	03-Mar-33	**15,133,930**	15,703,862
#192	5.347	15-Nov-33	**5,299,657**	5,479,048
#193	5.062	13-Mar-34	**3,212,823**	3,321,802
#196	5.047	15-Nov-34	**32,233,374**	33,268,143
#197	5.232	13-Apr-35	**57,453,016**	62,447,621
#198	3.942	19-Sep-25	**1,055,145**	1,087,231
#199	4.833	11-Mar-36	**1,313,680**	1,352,532
#200	2.425	15-Nov-21	**4,999,812**	5,839,777
#201	3.564	09-Mar-37	**16,254,554**	16,774,092
#202	3.799	19-Mar-38	**10,654,688**	10,963,373
#203	4.037	30-Oct-28	**13,245,253**	14,049,264
#204	4.003	11-Mar-39	**11,037,240**	11,328,933
#206	2.993	09-Mar-40	**190,752**	196,179
#207	3.242	15-Mar-41	**7,442,915**	-
			337,863,747	348,545,736
Capital lease	10.000	01-May-22	**25,775,256**	27,744,407
Balance as at August 31			**$ 363,639,003**	$ 376,290,143

Principal and interest payments relating to net debenture debt, capital loans and leases of $363,639,003 outstanding as at August 31, 2016 are due as follows:

Year	**Principal**	**Interest Payments**	**Capital Lease Payments**	**Total**
2017	**$ 19,222,880**	**$ 16,351,525**	**$ 5,121,096**	**$ 40,695,501**
2018	**20,175,884**	**15,398,521**	**5,437,877**	**41,012,282**
2019	**21,179,325**	**14,395,080**	**5,774,251**	**41,348,656**
2020	**22,236,037**	**13,338,368**	**6,131,438**	**41,705,843**
2021	**23,349,021**	**12,225,385**	**6,510,722**	**42,085,128**
Thereafter	**231,700,600**	**63,996,555**	**12,335,453**	**308,032,608**
Total	**$ 337,863,747**	**$ 135,705,434**	**$ 41,310,837**	**$ 514,880,018**

Interest on long-term debt amounted to $19,904,047 (2015 - $20,858,648).

8. Temporary borrowing

The Board has lines of credit available to a maximum of $75 million on revolving facilities to address operating requirements to bridge capital expenditures.

Interest on the operating facilities range from the bank's prime lending rate minus 0.75%, while banker's acceptance facilities range from the banker's acceptance rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts. As at August 31, 2016, the Board had a prime based loan of $Nil (2015 - $Nil).

9. Debt charges and capital loans and leases interest

	2016	2015
Principal payments on long-term liabilities	**$ 20,094,055**	$ 18,808,628
Interest payments on long-term liabilities	**17,050,436**	17,859,735
Capital lease interest	**2,853,611**	2,998,913
Balance as at August 31	**$ 39,998,102**	$ 39,667,276

10. Expenses by object

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

	2016 Budget	**2016 Actual**	2015 Actual
Salary and wages	$ 438,061,646	**$ 455,047,505**	$ 443,622,066
Employee benefits	68,767,380	**70,707,999**	65,479,292
Staff development	1,122,970	**2,476,306**	2,047,772
Supplies and services	59,703,847	**55,925,445**	57,667,032
Interest charges on capital	19,938,934	**19,939,153**	20,865,818
Rental expenses	637,388	**466,424**	549,445
Fees and contract services	27,725,591	**30,210,476**	31,383,126
Amortization and write-downs of tangible capital assets	29,866,900	**29,926,393**	30,045,977
Other	1,550,919	**493,377**	552,621
Future employee benefit plan curtailment/ amendment (Note 6)	-	**(17,505)**	145,667
Total expenses	$ 647,375,575	**$ 665,175,573**	$ 652,358,816

11. Tangible capital assets

Cost	Balance at August 31, 2015	Additions and Transfers	Disposals, write-offs, Adjustments	Balance August 31, 2016
Land	$ 205,320,843	$ 8,689,519	$ 2,357,218	$ 211,653,144
Land improvements	11,613,707	2,257,337	-	13,871,044
Buildings	949,769,135	25,746,355	-	975,515,490
Furniture and equipment	24,637,835	2,125,701	2,553,124	24,210,412
Construction in progress	2,101,779	(1,741,234)	-	360,545
Capital lease assets	21,069,493	-	-	21,069,493
Total cost	**$1,214,512,792**	**$ 37,077,678**	**$ 4,910,342**	**$1,246,680,128**

Accumulated Amortization	Balance at August 31, 2015	Additions and Transfers	Disposals, write-offs, Adjustments	Balance August 31, 2016
Land	$ -	$ -	$ -	$ -
Land improvements	4,192,376	1,007,040	-	5,199,416
Buildings	286,570,053	25,433,793	-	312,003,846
Furniture and equipment	11,589,369	2,958,823	2,553,124	11,995,068
Construction in progress	-			
Capital lease assets	11,851,588	526,737	-	12,378,325
Total amortization	**$ 314,203,386**	**$ 29,926,393**	**$ 2,553,124**	**$ 341,576,655**

Net book value	2016	2015
Land	**$ 211,653,144**	$ 205,320,843
Land improvements	**8,671,628**	7,421,331
Buildings	**663,511,644**	663,199,082
Furniture and equipment	**12,215,344**	13,048,466
Construction in progress	**360,545**	2,101,779
Capital lease assets	**8,691,168**	9,217,905
Total net book value	**$ 905,103,473**	$ 900,309,406

a) Assets under construction

Assets under construction having a value of $360,545 (2015 - $2,101,779) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b) Write-down of Tangible Capital Assets

For 2016 the write-down of tangible capital assets during the year was $Nil (2015 - $Nil).

c) Disposals, Write-offs and Adjustments

During the year ended August 31, 2016, land with a carrying value of $86,900 was transferred to assets held for sale (2015-$Nil).

12. Accumulated surplus

	2016	2015
Accumulated surplus consists of the following:		
Invested in non-depreciable tangible capital assets	**$ 211,740,044**	$ 203,282,033
Employee future benefits to be covered in the future	**(17,286,433)**	(18,670,156)
Interest accrual	**(4,128,403)**	(4,282,858)
School Generated Funds	**7,834,527**	7,467,401
Committed sinking fund interest earned	**3,030,310**	15,173,249
Unrestricted	**15,919,004**	9,323,747
Total accumulated surplus	**$ 217,109,049**	$ 212,293,416

13. Ontario School Board Insurance Exchange (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24,000,000 per occurrence.

The ultimate premiums over a five year period are based on 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 December 31, 2021.

14. Contractual obligations and contingent liabilities

Contractual obligations

The Board enters into contracts for construction and renovation of various new and existing schools. At August 31, 2016 there is Nil.

Contingent liabilities

The Board is contingently liable with respect to litigation and claims, which arise from time to time in the normal course of business. In the opinion of management, the liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Board.

15. Transportation consortium

In September 2010 the Board renewed its agreement with York Region District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of York Region Consortium are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

	2016 Total	**2016 Board portion**	2015 Total	2015 Board portion
Expenses	**$ 1,654,615**	**$ 827,308**	$ 1,644,505	$ 821,761

16. Repayment of "55 school board trust" funding

On June 1, 2003, the Board received $3,007,847 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.

Related to this capital debt, the Board has recorded revenues from the Province of Ontario and the corresponding interest expense of $224,087 (2015 - $224,087).