Huron-Superior Catholic District School Board

Consolidated Financial Statements

For the year ended August 31, 2017

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Management's Responsibility for the Consolidated Financial Statements

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

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 BDO Canada 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.

K. Burton Spark

Director of Education

C. Sfer

Superintendent of Business

Sault Ste. Marie, Ontario
December 13, 2017

BDO

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Independent Auditor's Report

To the Board Members of
Huron-Superior Catholic District School Board

We have audited the accompanying consolidated financial statements of Huron-Superior Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2017, 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 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of Huron-Superior 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 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 preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
December 13, 2017

Huron-Superior Catholic District School Board
Consolidated Statement of Financial Position

August 31	2017	2016
Financial Assets		
Accounts receivable	**$ 6,015,792**	$ 6,433,235
Accounts receivable - Government of Ontario Approved Capital (Note 2)	**22,508,054**	15,271,644
Assets held for sale	**419,302**	419,302
	28,943,148	22,124,181
Liabilities		
Bank indebtedness (Note 3)	**6,152,569**	1,105,528
Accounts payable and accrued liabilities	**4,801,844**	1,845,281
Long term debt (Note 4)	**13,812,503**	14,321,688
Deferred revenue (Note 5)	**1,135,316**	1,607,396
Deferred capital contributions (Note 6)	**103,965,438**	95,033,870
Employee future benefits payable (Note 7)	**2,173,812**	2,490,187
	132,041,482	116,403,950
Net debt	**(103,098,334)**	(94,279,769)
Non-financial assets		
Tangible capital assets (Note 13)	**110,822,099**	101,510,070
Accumulated surplus (Note 8)	**$ 7,723,765**	$ 7,230,301

R. Burton Spohn

Director of Education

Chairperson of the Board

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

Huron-Superior Catholic District School Board
Consolidated Statement of Operations

For the year ended August 31	Budget 2017	**Actual 2017**	Actual 2016
Revenue			
Province grants - student focused funding	$ 69,891,758	**$ 64,666,130**	$ 64,795,537
Province grants - prior year	-	**(751,108)**	30,233
Provincial grants - other	1,079,905	**1,648,357**	2,362,618
Federal grants and fees	3,744,882	**3,618,662**	3,647,909
Other revenues - school boards	1,468,000	**1,463,481**	1,456,461
Other fees and revenues	492,140	**731,786**	718,723
Investment income	10,000	**5,998**	15,901
School fundraising and other revenues	1,781,000	**1,839,686**	1,846,083
Amortization of deferred capital contributions	3,846,824	**4,545,268**	3,846,824
	82,314,509	**77,768,260**	78,720,289
Expenses			
Instruction	55,019,807	**55,269,434**	53,932,960
Administration	3,388,954	**3,042,882**	2,929,362
Transportation	4,890,900	**4,926,399**	4,725,150
Pupil accommodation	12,654,089	**11,824,656**	12,096,887
Other	237,140	**338,131**	229,273
School funded activities	1,563,500	**1,873,294**	1,751,000
	77,754,390	**77,274,796**	75,664,632
Annual surplus	4,560,119	**493,464**	3,055,657
Accumulated surplus, beginning of year	6,086,853	**7,230,301**	4,174,644
Accumulated surplus, end of year	$ 10,646,972	**$ 7,723,765**	$ 7,230,301

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

Huron-Superior Catholic District School Board
Consolidated Statement of Change in Net Debt

For the year ended August 31	2017	2016
Annual surplus	**$ 493,464**	$ 3,055,657
Acquisition of tangible capital assets	**(13,858,713)**	(2,141,482)
Amortization of tangible capital assets	**4,546,684**	3,846,824
Asset for sale under construction	**-**	30,573
Net change in net debt	**(8,818,565)**	4,791,572
Net debt, beginning of year	**(94,279,769)**	(99,071,341)
Net debt, end of year	**$ (103,098,334)**	$ (94,279,769)

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

Huron-Superior Catholic District School Board
Consolidated Statement of Cash Flows

For the year ended August 31	2017	2016
Cash flows from operating activities		
Annual surplus	$ **493,464**	$ 3,055,657
Items not involving cash		
Amortization of tangible capital assets	**4,546,684**	3,846,824
Amortization of deferred capital contributions	**(4,545,268)**	(3,846,824)
	494,880	3,055,657
Changes in non-cash operating balances		
Accounts receivable	**(6,818,967)**	13,253,903
Asset for sale under construction	**-**	30,573
Accounts payable and accrued liabilities	**2,956,563**	(4,473,954)
Deferred revenue	**(472,080)**	(403,495)
Employee benefits payable	**(316,375)**	(403,043)
	(4,155,979)	11,059,641
Capital transactions		
Acquisition of tangible capital assets	**(13,858,713)**	(2,141,482)
Investing and financing activities		
Decrease in bank indebtedness	**5,047,041**	(10,578,163)
Debt principal repayments	**(509,185)**	(485,728)
Deferred capital contributions received	**13,476,836**	2,145,732
	18,014,692	(8,918,159)
Increase in cash and cash equivalents during the year	**-**	-
Cash and cash equivalents, beginning of year	**-**	-
Cash and cash equivalents, end of year	$ **-**	$ -

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

1. Summary of significant accounting policies

Nature of Business

The principal activity of the Board is to administer the operations of the English catholic elementary and secondary schools in the District of Algoma and three schools in the District of Sudbury.

Basis of Accounting

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

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

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

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

1. **Summary of significant accounting policies** (continued)

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.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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, expenditures and fund balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Trust Funds

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

Deferred Capital Contributions

Contributions received or receivable for the purposes 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

Deferred Revenue

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

Capital Assets

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

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

1. Summary of significant accounting policies (continued)

Amortization is reflected on a straight-line basis over the estimated useful life of the assets at the following amortization rates:

Land improvements with finite lives	15 years
Buildings	40 years
Portable Structures	20 years
First-time Equipping	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer Hardware	5 years
Computer Software	5 years
Vehicles	5 - 10 years
Capital Leases - Computer Hardware over the lease term	

Assets under construction are not amortized until the asset is available for use.

Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, an Employee Life and Health Trust (ELHT) was established in 2016-17 for OECTA. 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 boards trustees associations and the Government of Ontario. Starting April 1, 2017, the Board is no longer responsible to provide certain benefits to OECTA. 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 non unionized employees including principals and vice-principals (EHLTs will be established for these employee groups starting in 2017-18) 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.

1. Summary of significant accounting policies (continued)

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 benefits plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days 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 retirement gratuities and life insurance and health care benefits for retirees and non-vesting accumulating sick leave credits, 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 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 long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contribution 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.

Government Transfers

Government transfers, which include legislative grants, are recognized in the 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.

1. Summary of significant accounting policies (continued)

Investment Income

Investment income is reported as revenue in the period earned.

Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of 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.

Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described above 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the Board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Property Tax Revenue

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

2. Accounts receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Huron-Superior 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 accounts receivable.

The Board has an account receivable from the Province of Ontario of $22,508,054 as at August 31, 2017 (2016 - $15,271,644) with respect to capital grants.

3. Line of credit

The Board has an operating line with the Royal Bank of Canada. The maximum drawings under the terms of the operating line are $10,000,000. At year end the line of credit was undrawn. The bank indebtedness is a result of overdraft and issued outstanding cheques.

The Board also has two letters of credit available with Royal Bank of Canada one in the amount of $122,130 and the other in the amount of $25,000 both repayable on demand, which are required from a municipality for security on a construction project.

4. Long term debt

Long term debt reported on the consolidated statement of financial position is comprised of the following:

	2017	2016
Loan payable to Ontario Financing Authority due $113,679 semi-annually including interest at 4.56% per annum, maturing November 2031	$ 2,392,848	$ 2,507,168
Loan payable to Ontario Financing Authority due $114,513 semi-annually including interest at 4.9% per annum, maturing March 2033	2,498,312	2,601,127
Loan payable to Ontario Financing Authority due $82,717 semi-annually including interest at 5.062% per annum, maturing March 2034	1,858,660	1,927,388
Loan payable to Ontario Financing Authority due $175,595 semi-annually including interest at 5.232% per annum, maturing April 2035	4,050,467	4,184,458
Loan payable to Ontario Financing Authority due $59,640 semi-annually including interest at 3.97% per annum, maturing November 2036	804,311	831,216
Loan payable to Ontario Financing Authority due $76,344 semi-annually including interest at 4.003% per annum, maturing November 2039	2,207,905	2,270,331
	$ 13,812,503	$ 14,321,688

Interest on long term debt amounted to $676,153 (2016 - $699,611).

Principal payments relating to long term debt outstanding are due as follows:

	Principal	Interest	Total
2018	$ 533,779	$ 651,274	$ 1,185,053
2019	559,583	625,755	1,185,338
2020	586,638	598,699	1,185,337
2021	615,013	570,325	1,185,338
2022	644,771	540,567	1,185,338
Thereafter	10,872,719	3,698,263	14,570,982
	$ 13,812,503	$ 6,684,883	$ 20,497,386

5. Deferred revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2017 is comprised of:

	Balance August 31, 2016	Externally restricted revenue received	Revenue recognized in the period	Transfer to deferred capital contributions	**Balance August 31, 2017**
Restricted operating grants	$ 181,890	$ 10,906,624	$(10,921,299)	$ -	$ **167,215**
Restricted capital grants	814,999	3,628,208	(2,767,701)	(1,126,707)	**548,799**
Proceeds of disposition	191,205	-	-	(191,205)	**-**
Assets held for sale	419,302	-	-	-	**419,302**
	$ 1,607,396	$ 14,534,832	$(13,689,000)	$ (1,317,912)	$ **1,135,316**

6. 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	**$ 95,033,870**	$ 96,734,962
Additions to deferred capital contributions	**12,158,924**	2,145,732
Transfers from deferred revenue	**1,317,912**	-
Revenue recognized in the year	**(4,545,268)**	(3,846,824)
Balance, end of year	**$103,965,438**	$ 95,033,870

7. Retirement and other employee future benefits

Liabilities	Retirement Benefits (2017)	Other Employee Future Benefits (2017)	Total Employee Future Benefits (2017)	Total Employee Future Benefits (2016)
Accrued employee future benefit obligation at August 31, 2017	$ 917,842	$ 1,264,685	$ 2,182,527	$ 2,463,431
Unamortized actuarial gains (losses) at August 31, 2017	(8,715)	-	(8,715)	26,756
Employee future benefits liability at August 31, 2017[1]	$ 909,127	$ 1,264,685	$ 2,173,812	$ 2,490,187

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

Expenses	Retirement Benefits (2017)	Other Employee Future Benefits (2017)	Total Employee Future Benefits (2017)	Total Employee Future Benefits (2016)
Current year benefit cost	$ -	$ 316,447	$ 316,447	$ 252,629
Interest on accrued benefit obligation	22,885	23,608	46,493	63,530
Amortization of estimation adjustment loss (gain)	(51,560)	17,527	(34,033)	6,524
Employee Future Benefits Expenses[1]	$ (28,675)	$ 357,582	$ 328,907	$ 322,683

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

Retirement benefits

i) Ontario Teacher's Pension Plan

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

7. Retirement and other employee future benefits (continued)

ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equals the employee contributions to the plan. During the year ended August 31, 2017, the Board contributed $903,895 (2016 - $916,415) 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

In certain collective agreements, the Board provides a retirement gratuity 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. During the year ended August 31, 2017, the Board contributed $76,444 (2016 - $38,389) to the plan.

The Board also offers an Early Retirement Incentive Plan to certain groups of qualifying employees. The Board contributions equals the benefit payments. During the year ended August 31, 2017, the Board contributed $95,000 (2016 - $20,000) to the plan.

iv) Retirement Allowance Plan

Certain teachers who were hired on or before September 9, 1998 or who elected not to be members of the Retirement Gratuity Plan are eligible for a retirement allowance. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The Board contributions equals the benefit payments. During the year ended August 31, 2017, the Board contributed $95,055 (2016 - $152,170) to the plan.

v) Retirement Life Insurance and Health Care Benefits

The Board allows certain retirees to participate in the life insurance, dental and health care benefits after retirement until the members reach 65 years of age. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The reimbursements from the retirees equals the Board contribution. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for board subsidized premiums or contributions. During the year ended August 31, 2017, the Board contributed $144,187 (2016 - $191,309) to the plan.

Other employee future benefits

i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of four and a half years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision.

7. Retirement and other employee future benefits (continued)

ii) Sick Leave Top Up Benefits

As a result of the changes made in 2012-2013 to the short term sick leave and disability plan, a maximum of 11 unused sick days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short term leave and disability plan in that year. The benefit costs expensed in the financial statements are $42,002 (2016 - $37,603).

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, 2017 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 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 are the Board's best estimates of expected rates of:

	2017	2016
	%	%
Wage and salary escalation	**-**	-
Dental and health care costs [1,2]	**4.00 - 8.00**	4.25 - 8.25
Discount on accrued benefit obligations	**2.55**	2.05

1 Dental costs trend rates employed are at 4.00% and are reducing by 1/4% in each year to an ultimate rate of increase of 3%

2 Health Care trend rates employed are at 8.00% and are reducing by 1/4% in each year to an ultimate rate of increase of 4%

8. Accumulated surplus

Accumulated surplus consists of the following:	**2017**	2016
Surplus available for compliance	**$ 2,213,816**	$ 2,043,732
Revenues recognized for land	**6,722,830**	6,448,568
School generated funds	**649,699**	683,309
Employee future benefits	**(1,862,580)**	(1,945,308)
	$ 7,723,765	$ 7,230,301

9. Expenses by object

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

	2017	2016
Salary and wages	$ 49,189,039	$ 48,277,672
Employee benefits	8,266,224	7,902,460
Staff development	738,544	744,833
Supplies and services	5,300,355	5,090,663
Interest	676,153	831,437
Rental expenses	550,540	428,977
Fees and contract services	5,200,781	5,023,442
Other	571,051	1,441,935
Transfer to other boards	362,131	325,390
School funded activities	1,873,294	1,751,000
Amortization	4,546,684	3,846,823
	$ 77,274,796	$ 75,664,632

10. 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.

11. Commitments

The Board has entered into operating leases for computer hardware. These leases expire in 2021 and the minimum annual lease payments remaining are:

Year	Amount
2018	$ 386,012
2019	399,591
2020	322,431
2021	13,579

12. Contingencies

The Board is subject to ongoing litigation related to grievances, the outcomes of which can not be reasonably determined. Any loss as a result of this litigation will be recorded in the period that the loss is probable and measurable.

13. Tangible capital assets

	Cost				Accumulated Amortization					
	Balance at August 31, 2016	Additions and transfers	Disposals	Balance at August 31, 2017	Balance at August 31, 2016	Amortization	Disposals write offs and adjustment	Balance at August 31, 2017	Net book value August 31, 2017	Net book value August 31, 2016
Land	$ 6,448,567	$ 274,262	$ -	$ 6,722,829	$ -	$ -	$ -	$ -	$ 6,722,829	$ 6,448,567
Land improvements	3,325,074	693,613	-	4,018,687	672,820	296,406	-	969,226	3,049,461	2,652,254
Buildings (40 years)	119,528,016	3,526,935	1,452,508	121,602,443	29,690,904	3,904,840	1,452,508	32,143,236	89,459,207	89,837,112
Portable structures	379,708	-	-	379,708	185,887	18,459	-	204,346	175,362	193,821
First-time equipping	667,149	16,820	-	683,969	138,541	67,556	-	206,097	477,872	528,608
Equipment (5 years)	136,507	-	-	136,507	68,253	27,301	-	95,554	40,953	68,254
Equipment (10 years)	94,885	-	5,145	89,740	38,886	9,231	5,145	42,972	46,768	55,999
Furniture	15,497	-	15,497	-	14,721	776	15,497	-	-	776
Computer hardware	1,023,851	-	8,801	1,015,050	485,638	203,890	8,801	680,727	334,323	538,213
Computer software	15,983	-	5,256	10,727	10,094	2,671	5,256	7,509	3,218	5,889
Vehicles (10 years)	149,221	41,555	28,912	161,864	105,948	15,554	28,912	92,590	69,274	43,273
Construction in progress	1,137,304	9,305,528	-	10,442,832	-	-	-	-	10,442,832	1,137,304
	$ 132,921,762	$ 13,858,713	$ 1,516,119	$ 145,264,356	$ 31,411,692	$ 4,546,684	$ 1,516,119	$ 34,442,257	$ 110,822,099	$ 101,510,070

a) Assets under construction

Assets under construction having a value of $10,442,832 (2016 - $1,137,304) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Asset inventories for resale (assets permanently removed from service)

The Board has identified St. Bernadette, St. Theresa, St. Ann and St. John as properties that qualify as "assets permanently removed from service". $1,846,470 related to these buildings has been included in the net book value ending balance as of August 31, 2017.