

**Huron-Superior Catholic District
School Board
Consolidated Financial Statements
For the year ended August 31, 2019**

Huron-Superior Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2019

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Management's Responsibility for the Consolidated Financial Statements

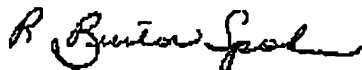
The accompanying consolidated financial statements of the Huron-Superior Catholic District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004.B2 and Ontario 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.

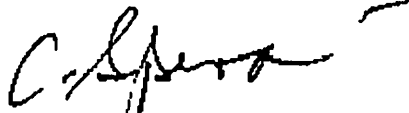
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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.



Director of Education



Superintendent of Business

Sault Ste. Marie, Ontario
December 11, 2019



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Huron-Superior Catholic District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2019, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Board as at and for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

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. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
December 11, 2019

Huron-Superior Catholic District School Board

Consolidated Statement of Financial Position

August 31

2019

2018

Financial assets

Cash and cash equivalents (Note 3)	\$ -	\$ 86,814
Accounts receivable	8,515,349	7,349,738
Accounts receivable - Government of Ontario (Note 2)	17,030,069	17,066,797
Assets held for sale (Note 9)	731,354	791,714
	<u>26,276,772</u>	<u>25,295,063</u>

Liabilities

Bank indebtedness (Note 3)	3,477,944	-
Accounts payable and accrued liabilities	3,579,673	5,087,417
Long term debt (Note 4)	12,719,136	13,278,719
Deferred revenue (Note 5)	2,237,363	2,495,914
Deferred capital contributions (Note 6)	103,907,060	102,638,635
Employee future benefits payable (Note 7)	2,049,777	2,078,142
	<u>127,970,953</u>	<u>125,578,827</u>

Net debt

(101,694,181) (100,283,764)

Non-financial assets

Tangible capital assets (Note 15)	<u>110,816,029</u>	<u>109,454,884</u>
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Accumulated surplus (Note 8)

\$ 9,121,848 \$ 9,171,120

R. B. Smith
Director of Education

[Signature]
Chairperson of the Board

Huron-Superior Catholic District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2019	Actual 2019	Actual 2018
Revenue			
Province grants - student focused funding	\$ 68,942,207	\$ 68,227,162	\$ 67,324,769
Province grants - prior year	-	(21,643)	(12,186)
Provincial grants - other	1,301,597	1,798,156	2,663,463
Federal grants and fees	3,799,730	3,868,360	3,735,528
Other revenues - school boards	1,635,000	1,607,720	1,600,415
Other fees and revenues	640,064	1,084,776	701,231
Investment income	9,122	18,618	14,099
School fundraising and other revenues	1,681,900	2,010,639	1,933,922
Amortization of deferred capital contributions	5,081,315	4,958,712	5,705,067
	<u>83,090,935</u>	<u>83,552,500</u>	<u>83,666,308</u>
Expenses			
Instruction	59,001,909	59,634,234	56,902,237
Administration	3,395,515	3,198,399	3,327,348
Transportation	5,454,805	5,439,014	5,277,205
Pupil accommodation	13,223,493	12,894,906	13,401,443
Other	250,588	547,475	1,404,359
School funded activities	1,658,900	1,887,744	1,906,361
	<u>82,985,210</u>	<u>83,601,772</u>	<u>82,218,953</u>
Annual surplus (deficit)	105,725	(49,272)	1,447,355
Accumulated surplus, beginning of year	<u>7,831,590</u>	<u>9,171,120</u>	<u>7,723,765</u>
Accumulated surplus, end of year	<u>\$ 7,937,315</u>	<u>\$ 9,121,848</u>	<u>\$ 9,171,120</u>

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	Budget 2019	2019	2018
Annual surplus (deficit)	\$ 105,725	\$ (49,272)	\$ 1,447,355
Acquisition of tangible capital assets	(6,914,779)	(6,399,491)	(5,221,961)
Amortization of tangible capital assets	5,081,315	4,724,554	4,722,379
Loss on disposal of tangible capital assets	-	248,365	995,684
Proceeds on sale of tangible capital assets	-	125,787	498,700
Transfer of assets held for sale	-	(60,360)	372,413
Net change in net debt	(1,727,739)	(1,410,417)	2,814,570
Net debt, beginning of year	(100,283,764)	(100,283,764)	(103,098,334)
Net debt, end of year	\$ (102,011,503)	\$ (101,694,181)	\$ (100,283,764)

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 **2019** **2018**

Cash flows from operating activities

Annual surplus (deficit)	\$ (49,272)	\$ 1,447,355
Items not involving cash		
Amortization of tangible capital assets	4,724,554	4,722,379
Amortization of deferred capital contributions	(4,958,712)	(5,705,067)
Loss on sale of tangible capital assets	248,365	995,684
	<u>(35,065)</u>	<u>1,460,351</u>
Changes in non-cash operating balances		
Accounts receivable	(1,128,883)	4,107,311
Accounts payable and accrued liabilities	(1,507,744)	285,573
Deferred revenue	(258,551)	1,360,598
Employee benefits payable	(28,365)	(95,670)
	<u>(2,958,608)</u>	<u>7,118,163</u>

Capital transactions

Proceeds from sale of tangible capital assets	125,787	498,700
Acquisition of tangible capital assets	(6,399,491)	(5,221,961)
	<u>(6,273,704)</u>	<u>(4,723,261)</u>

Investing and financing activities

Decrease in bank indebtedness	3,477,944	(6,152,569)
Debt principal repayments	(559,583)	(533,783)
Deferred capital contributions received	6,227,137	4,378,264
	<u>9,145,498</u>	<u>(2,308,088)</u>

Increase in cash and cash equivalents during the year

(86,814) 86,814

Cash and cash equivalents, beginning of year

86,814 -

Cash and cash equivalents, end of year

\$ - \$ 86,814

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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.

Tangible 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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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, Employee Life and Health Trusts (ELHTs) were established for all employee groups in 2016-18. 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 provided through a joint governance structure between the bargaining/employee groups, school boards trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: OECTA and CUPE.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 is 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 worker's compensation and long-term disability, 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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

1. Summary of significant accounting policies (continued)

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 changes and special education forms part of the respective deferred revenue balances.
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 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 \$16,147,394 as at August 31, 2019 (2018 - \$17,066,797) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$882,675.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 three letters of credit available with Royal Bank of Canada totalling \$150,000 repayable on demand and expiring July 2020, 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:

	2019	2018
Loan payable to Ontario Financing Authority due \$113,679 semi-annually including interest at 4.56% per annum, maturing November 2031	\$ 2,148,149	\$ 2,273,256
Loan payable to Ontario Financing Authority due \$114,513 semi-annually including interest at 4.9% per annum, maturing March 2033	2,277,129	2,390,397
Loan payable to Ontario Financing Authority due \$82,717 semi-annually including interest at 5.062% per annum, maturing March 2034	1,710,454	1,786,409
Loan payable to Ontario Financing Authority due \$175,595 semi-annually including interest at 5.232% per annum, maturing April 2035	3,760,805	3,909,375
Loan payable to Ontario Financing Authority due \$59,640 semi-annually including interest at 3.97% per annum, maturing November 2036	747,220	776,327
Loan payable to Ontario Financing Authority due \$76,344 semi-annually including interest at 4.003% per annum, maturing November 2039	2,075,379	2,142,955
	\$ 12,719,136	\$ 13,278,719

Interest on long term debt amounted to \$625,755 (2018 - \$651,554).

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

	Principal	Interest	Total
2020	\$ 586,638	\$ 598,699	\$ 1,185,337
2021	615,013	570,325	1,185,338
2022	644,771	540,567	1,185,338
2023	665,982	508,357	1,174,339
2024	708,715	476,423	1,185,138
Thereafter	9,498,017	2,713,483	12,211,500
	\$ 12,719,136	\$ 5,407,854	\$ 18,126,990

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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, 2019 is comprised of:

	Balance August 31, 2018	Externally restricted revenue received	Revenue recognized in the period	Transfer to deferred capital contributions	Balance August 31, 2019
Restricted operating grants	\$ 235,657	\$ 12,142,554	\$(12,070,085)	\$ -	\$ 308,126
Restricted capital grants	1,092,799	3,717,353	(2,971,841)	(1,001,609)	836,702
Proceeds of disposition	383,070	124,045	-	(104,934)	402,181
Assets held for sale	784,388	271,052	(365,086)	-	690,354
	\$ 2,495,914	\$ 16,255,004	\$(15,407,012)	\$ (1,106,543)	\$ 2,237,363

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.

	2019	2018
Balance, beginning of year	\$102,638,635	\$103,965,438
Additions to deferred capital contributions	5,120,594	4,058,642
Transfers from deferred revenue	1,106,543	319,622
Revenue recognized in the year	(4,958,712)	(5,705,067)
Balance, end of year	\$103,907,060	\$102,638,635

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

7. Retirement and other employee future benefits

	2019			2018
Liabilities	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligation at August 31, 2019	\$ 539,169	\$ 1,515,077	\$ 2,054,246	\$ 2,098,052
Unamortized actuarial gains (losses) at August 31, 2019	(4,469)	-	(4,469)	(19,910)
Employee future benefits liability at August 31, 2019 ¹	\$ 534,700	\$ 1,515,077	\$ 2,049,777	\$ 2,078,142

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

	2019			2018
Expenses	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 402,852	\$ 402,852	\$ 474,386
Interest on accrued benefit obligation	16,925	40,721	57,646	53,295
Amortization of estimation adjustment loss (gain)	33,026	3,474	36,500	(60,079)
Employee Future Benefits Expenses ¹	\$ 49,951	\$ 447,047	\$ 496,998	\$ 467,602

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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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, 2019, the Board contributed \$1,155,891 (2018 - \$921,727) 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.

At December 31, 2018 OMERS reported an actuarial funding deficit of \$4.2 billion (2017 - \$5.4 billion).

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, 2019, the Board contributed \$10,000 (2018 - \$nil) 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, 2019, the Board contributed \$nil (2018 - \$70,000) 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, 2019, the Board contributed \$67,660 (2018 - \$47,049) 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, 2019, the Board contributed \$80,303 (2018 - \$116,164) 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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 \$5,950 (2018 - \$5,729).

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, 2019 and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial valuations for accounting purposes as at August 31, 2019. 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:

	2019	2018
	%	%
Wage and salary escalation	-	-
Dental and health care costs ^{1,2}	4.50 - 7.25	3.50 - 7.50
Discount on accrued benefit obligations	2.90	2.90

1 Dental costs trend rates employed are at 4.5%.

2 Health Care trend rates employed are at 7.25% and are reducing by 1/4% in each year to an ultimate rate of increase of 4.5%

8. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Surplus available for compliance	\$ 2,835,560	\$ 3,469,271
Restricted surplus for committed capital projects	137,970	-
Revenues recognized for land	6,797,117	6,804,443
School generated funds	800,157	677,261
Employee future benefits	(1,448,956)	(1,779,855)
	\$ 9,121,848	\$ 9,171,120

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Notes to the Consolidated Financial Statements

August 31, 2019

9. Assets held for sale

As of August 31, 2019, \$690,354 (2018- \$784,398) related to buildings and \$41,000 (2018 - \$7,326) related to land were recorded as assets held for sale. During the year, one school property was sold, and additional properties with a net book value of \$312,051 were reclassified during the year. Net proceeds of \$124,045 (2018 - \$-) were received on the sale of these properties, which had a carrying value of \$372,412 (2018 - \$-), resulting in a loss of \$248,365 (2018 - \$-).

10. Expenses by object

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

	2019	2018
Salary and wages	\$ 52,228,120	\$ 49,916,760
Employee benefits	10,078,934	8,840,767
Staff development	834,377	835,048
Supplies and services	5,433,234	5,679,277
Interest	625,755	651,554
Rental expenses	519,040	809,689
Fees and contract services	5,803,513	5,621,332
Other	824,288	1,851,111
Transfer to other boards	393,848	388,991
School funded activities	1,887,744	1,906,361
Amortization	4,724,554	4,722,379
Loss on disposal	248,365	995,684
	\$ 83,601,772	\$ 82,218,953

11. 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 \$27 million per occurrence.

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro-rata share of claims experience. The current five year term expires December 31, 2021.

12. Transportation Consortium

The Board provides transportation services in partnership with the Algoma 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 the Algoma and Huron Superior Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect its pro-rata share of expenses.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

13. Commitments

The Board has entered into a contract for the construction of a new school. At August 31, 2019 the committed contract totaled \$20,702,711, of which \$13,566,889 has yet to be completed. This project is cost shared, the Board is committed to payment of 44.3% of costs and the Conseil Scolaire Catholique du Nouvel-Ontario to 55.7% of costs.

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
2020	\$ 322,431
2021	13,579

14. 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.

Huron-Superior Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

15. Tangible capital assets

	Cost			Accumulated Amortization						
	Balance at August 31, 2018	Additions and transfers	Disposals	Balance at August 31, 2019	Balance at August 31, 2018	Amortization	Disposals write offs and adjustment	Balance at August 31, 2019	Net book value August 31, 2019	Net book value August 31, 2018
Land	\$ 6,797,117	\$ -	\$ 41,000	\$ 6,756,117	\$ -	\$ -	\$ -	\$ -	\$ 6,756,117	\$ 6,797,117
Land improvements	4,363,734	569,626	-	4,933,360	1,343,416	434,789	-	1,778,205	3,155,155	3,020,318
Buildings (40 years)	129,974,015	3,124,862	927,102	132,171,775	33,331,577	4,019,053	656,050	36,694,580	95,477,195	96,642,438
Portable structures	379,708	-	-	379,708	222,805	18,459	-	241,264	138,444	156,903
First-time equipping	890,710	-	-	890,710	284,831	89,071	-	373,902	516,808	605,879
Equipment (5 years)	166,286	-	136,506	29,780	125,831	19,607	136,506	8,932	20,848	40,455
Equipment (10 years)	97,429	-	-	97,429	52,328	9,743	-	62,071	35,358	45,101
Computer hardware	658,808	-	153,526	505,282	491,872	116,409	153,526	454,755	50,527	166,936
Computer software	10,727	-	10,727	-	9,654	1,073	10,727	-	-	1,073
Vehicles (10 years)	177,239	42,155	34,810	184,584	82,305	16,350	33,070	65,585	118,999	94,934
Construction in progress	1,883,730	2,662,848	-	4,546,578	-	-	-	-	4,546,578	1,883,730
	\$ 145,399,503	\$ 6,399,491	\$ 1,303,671	\$ 150,495,323	\$ 35,944,619	\$ 4,724,554	\$ 989,879	\$ 39,679,294	\$ 110,816,029	\$ 109,454,884

a) Assets under construction

Assets under construction having a value of \$4,546,578 (2018 - \$1,883,730) have not been amortized. Amortization of these assets will commence when the asset is put into service.