London District Catholic School Board

Consolidated Financial Statements
August 31, 2017

MANAGEMENT REPORT

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the London District Catholic 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by PricewaterhouseCoopers 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.

LStaudt	Jacquie Davison
Linda Staudt	Jacquie Davison
Director of Education and Secretary	Superintendent of Business and Treasurer

December 4, 2017

December 7, 2017

Independent Auditor's Report

To the Board of Trustees of
London District Catholic School Board

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

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation 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.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the London District Catholic School Board as at August 31, 2017 and the results of its operations, and its cash flow for the year then ended in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of matters or other matters
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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London District Catholic School Board

Consolidated Statement of Financial Position

As at August 31, 2017

(in thousands of dollars)

	2017 $	2016 $
Financial assets		
Cash	8,139	6,831
Short-term investments	176	177
Accounts receivable	13,585	8,345
Accounts receivable - Government of Ontario (note 3)	82,087	86,884
Other	235	270
	104,222	102,507
Financial liabilities		
Temporary borrowing (note 5)	4,254	3,417
Accounts payable and accrued liabilities	10,828	9,994
Deferred revenue (note 6)	8,280	8,752
Deferred capital contributions (note 7)	234,669	224,792
Retirement and other employee future benefits (note 8)	1,748	2,845
Net long-term liabilities (note 9)	85,524	87,556
	345,303	337,356
Net debt	(241,081)	(234,849)
Contractual obligations and contingent liabilities (note 15)		
Non-financial assets		
Prepaid expenses	140	100
Tangible capital assets (note 11)	269,599	260,234
	269,739	260,334
Accumulated surplus (note 12)		
Unappropriated surplus (deficit)	1,623	(2,673)
Internally appropriated	1,556	3,878
Externally appropriated	25,479	24,280
Total accumulated surplus	28,658	25,485

Signed on Behalf of the Board

RStaudt

Director of Education and Secretary
December 4, 2017

Joaquin Dacosta

Superintendent of Business and Treasurer
December 4, 2017

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

London District Catholic School Board

Consolidated Statement of Operations

For the year ended August 31, 2017

(in thousands of dollars)

	2017 Budget $ (note 1)	2017 Actual $	2016 Actual $
Revenues			
Provincial grants	227,084	231,302	222,672
Federal grants and fees	164	89	159
Other revenues - school boards	-	-	-
Other fees and revenues	735	1,243	1,146
Investment income	125	79	95
School generated funds	7,091	7,027	7,056
	235,199	239,740	231,128
Expenses (note 13)			
Instruction	173,523	175,068	173,238
Administration	6,981	7,339	7,491
Transportation	12,205	11,931	11,699
Pupil accommodation	34,647	34,917	33,923
School funded activities	7,091	6,892	6,783
Other expense (income) (note 14)	397	420	397
	234,844	236,567	233,531
Annual surplus (deficit)	355	3,173	(2,403)
Accumulated surplus, beginning of year	25,836	25,485	27,888
Accumulated surplus, end of year	26,191	28,658	25,485

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

London District Catholic School Board

Consolidated Statement of Cash Flows

For the year ended August 31, 2017

(in thousands of dollars)

	2017 $	2016 $
Operating transactions		
Annual surplus (deficit)	3,173	(2,403)
Sources and (uses)		
Non-cash items		
Amortization expense of tangible capital assets	11,887	10,852
Amortization of deferred capital contributions	(11,249)	(10,213)
Loss on disposal of assets held for sale	-	156
Gain on sale of tangible capital assets	(8)	(1,217)
Change in non-cash working capital balances		
Accounts receivable	(5,240)	105
Other financial assets	35	75
Accounts payable and accrued liabilities	834	773
Deferred revenue - operating	656	119
Retirement and other employee future benefits	(1,097)	737
Prepaid expenses	(40)	113
	(1,049)	(903)
Capital transactions		
Acquisition of tangible capital assets	(21,252)	(15,299)
Proceeds on sale of assets held for sale	-	318
Proceeds on sale of tangible capital assets	8	1,357
	(21,244)	(13,624)
Financing transactions		
Proceeds from long-term liabilities	1,965	
Proceeds from temporary borrowings	837	3,417
Repayment of long-term liabilities	(3,997)	(4,243)
Decrease (increase) in accounts receivable - Government of Ontario	4,797	(2,173)
Net additions to deferred capital contributions	21,126	15,258
Increase (decrease) in deferred revenues - capital	(1,128)	512
	23,600	12,771
Change in cash and short-term investments	1,307	(1,756)
Opening cash and short-term investments	7,008	8,764
Closing cash and short-term investments	8,315	7,008
Cash and short-term investments		
Cash	8,139	6,831
Short-term investments	176	177
	8,315	7,008

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

London District Catholic School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31, 2017

(in thousands of dollars)

	2017 $	2016 $
Annual surplus (deficit)	3,173	(2,403)
Tangible capital assets activity		
Acquisition of tangible capital assets	(21,252)	(15,299)
Amortization of tangible capital assets	11,887	10,852
Gain on sale of tangible capital assets not allocated to deferred revenue	(8)	(37)
Proceeds on sale of tangible capital assets	8	1,357
Gain on sale allocated to deferred revenue	-	(1,180)
	(9,365)	(4,307)
Other non-financial asset activity		
Increase in prepaid expenses	(40)	113
Increase in net debt	(6,232)	(6,597)
Net debt - Beginning of year	(234,849)	(228,252)
Net debt - End of year	(241,081)	(234,849)

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

1 Significant accounting policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

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 Regulations 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 schools 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 is 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 standards 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 standards 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.

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses 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 London District Catholic School Board (the Board), including the following:

- School generated funds
- Southwestern Ontario Student Transportation Services (the "Consortium")

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 have been reflected in the consolidated financial statements.

As detailed in note 16, decisions related to the financial and operating activities of the Consortium are shared. No partner is in a position to exercise unilateral control.

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

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 according to PSAB Section 1300. Specifically, the Board's trust funds include both the Student Awards/Scholarships and Self-Funded Leave. The total assets of each fund amount to $177 (2016 - $181) and $74 (2016 - $251) respectively.

Investments

Short-term 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.

A write down of the carrying value is charged against income when evidence indicates a permanent decline in the underlying value and earnings. Gains and losses on disposition of investments are determined on a completed transaction basis. The Board's investments are governed by the Education Act.

Deferred revenue

Certain revenue 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 that the related expenditures are incurred or services performed.

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.

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, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Live and Health Trusts (ELHTs) were established in 2016-17: OECTA. The ELHT's provide health, life, and dental benefits to teachers (excluding daily occasional teachers). These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations, and the Government of Ontario. Starting April 1, 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 ELHT's 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, AEFO, and non-unionized employees including principals and vice-principals, and continues to have a liability for payment of benefits for those who are on long-term disability, and for some who are retired under these plans.

The Board has adopted the following policies with respect to accounting for these employee benefits:

The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2013 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains or losses were recognized as at August 31, 2013. 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, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Effective September 1, 2012, the employees retiring on or after this date will no longer qualify for board subsidized premiums on contributions. These changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2013.

For any employees not impacted by the change, the projected benefits method prorated on service was used to determine the accrued benefit obligation. Under this method, the benefit costs are recognized over the expected average service life of the employee group and any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining 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 cost of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

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.

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.

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
Buildings - other	20
Portable structures	20
Equipment	5 - 15
First-time equipment	10
Furniture	10
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.

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.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

Investment income

Investment income is reported as revenue in the period earned.

Investment income earned on externally restricted funds such as Education Development Charges (EDCs) is added to the fund balance and forms part of the respective deferred revenue balance.

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 06, 2016. 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. Given the differences between the funding model and the basis of accounting used in the preparation of the financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported 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. Actual results could differ from these estimates.

2 Liability for contaminated sites

Public Sector Accounting Board ("PSAB") Section 3260 Liability for contaminated sites requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. No liability for contaminated sites has been recognized for 2017 or 2016.

3 Accounts receivable - Government of Ontario

The Province has replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of $82,087 (2016 - $86,884) as at August 31, 2017 with respect to capital grants.

4 Assets held for sale and disposals of assets

As at August 31, 2017, $Nil (2016 - $Nil) related to buildings and $Nil (2016 - $Nil) related to land were recorded as assets held for sale.

During the year ended August 31, 2017, tangible capital assets were sold. Net proceeds of $8 (2016 - $1,675) were received on the sales of capital assets, which had a carrying value of $Nil (2016 - $614), resulting in a gain of $8 (2016 - gain of $1,061).

5 Temporary borrowing

The Board annually approves an authorized line of credit of $7,000 for operating and capital purposes from the Board's bankers. At August 31, 2017, $Nil was in use (2016 - $Nil).

The Board approved short term borrowing to bridge the capital expenditures for a new elementary school which opened September 2017. At August 31, 2017, $4,254 was in use (2016 - $3,417).

6 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:

	Opening balance $	Contributions and interest $	Transfers to DCC $	Transfers to revenue $	Ending balance $
Legislative grants	4,659	30,616	3,521	27,950	3,804
Other ministry of education grants	348	2,261	6	2,099	504
Other provincial grants	44	897	-	840	101
Education development charges	1,435	14	-	-	1,449
Proceeds of disposition	1,957	81	103	-	1,935
Other	309	709	164	367	487
Total deferred revenue	8,752	34,578	3,794	31,256	8,280

7 Deferred capital contributions

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

	2017 $	2016 $
Opening balance	224,792	219,747
Additions to deferred capital contributions	21,126	15,299
Revenue recognized in the period	(11,249)	(10,213)
Disposals / transfers to financial assets	-	(41)
Closing balance	234,669	224,792

8 Retirement and other employee future benefits

Retirement and other employee future benefit liabilities:

	Retirement benefits $	Other employee future benefits $	2017 Total employee future benefits $	2016 Total employee future benefits $
Accrued employee future benefit obligations, end of year	56	1,692	1,748	2,845
Unamortized actuarial losses (gains)	-	-	-	-
Employee future benefit liability, end of year	56	1,692	1,748	2,845

Retirement and other employee future benefit expenses:

	Retirement benefits $	Other employee future benefits $	2017 Total employee future benefits $	2016 Total employee future benefits $
Current year benefit cost	-	(547)	(547)	989
Interest on accrued benefit obligation	1	13	14	58
Amortization of (gain) loss	(1)	21	20	60
Employee future benefit expense	-	(513)	(513)	1,107

Above amounts exclude pension contributions to Ontario Municipal Employees Retirements System (OMERS), a multi-employer pension plan, described below.

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans and Workplace Safety and Insurance Board (WSIB) 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 estimate of expected rates of:

	2017 %	2016 %
Employee future benefits		
Discount on accrued benefit obligations	2.6	2.1
Wage and salary escalation (current year)		-
Health care trend rates		
Current year	8.0	8.0
Decreased by 0.25% per year thereafter to rate increase	4.0	4.0
Dental care trend rate, per annum		
Current year	4.0	4.0
Decreased by 0.25% per year thereafter to rate increase	3.0	3.0
WSIB		
Discount on accrued benefit obligations	2.6	2.1
Inflation rate	2.0	2.0

As detailed in note 12, the Board has designated accumulated surplus for certain of these employee future benefit obligations. The balance of this surplus totalled $1,409 at August 31, 2017 (2016 - $1,219).

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.

(ii) Ontario Municipal Employees Retirement System

Non-teaching permanent and probationary employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Eligible employees contributed at rates up to the Year Maximum Pensionable Earnings (YMPE) and at rates on contributory earnings above the YMPE as disclosed below:

	Contribution rate	
	At YMPE %	Above YMPE %
Calendar year		
2017	9.0	14.6
2016	9.0	14.6

The Board contributions equal the employee contributions to the plan. For the year ended August 31, 2017, the Board contributed $3,040 (2016 - $3,058) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expense. No pension liability for this type of plan is included in the Board's 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.

(iv) Retirement life insurance and health care benefits

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who retired in 2012-13. Effective September 1, 2013, all new retirees accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self funded.

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.

(ii) Long-term disability - life insurance and health care benefits

The Board may provide life insurance, dental and health care benefits to employees on long-term disability leave at their request, however employees are directly responsible for any associated costs. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick leave top-up benefits

As a result of the new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top up salary for illnesses paid through the short term leave and disability plan in that year. The benefits costs expensed in the financial statements are $151 (2016 - $126).

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

(iv) 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) were established in 2016-17 for the OECTA employee group. ELHTs will be established in 2017-18 for the following employee groups: , CUPE, EWAO, non-unionized employees including principals and vice-principals. The ELHTs will or do 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. Once employees transition to the ELHT, the Board is no longer responsible to provide benefits to the above mentioned groups. 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.

9 Net long-term liabilities

Net long-term liabilities reposted on the consolidated statement of financial position is comprised of the following:

	2017 $	2016 $
OSBFC debenture issue (2001) - 6.55%, due October 2026	16,175	17,370
OSBFC debenture issue (2003) - 5.80%, due November 2028	3,927	4,161
Ontario Financing Authority (2006) - 4.56%, due November 2031	2,888	3,026
Manufacturers Life Insurance Company (2007) - 5.33%, due July 2032	8,421	8,780
Ontario Financing Authority (2008) - 4.90%, due March 2033	2,968	3,090
Ontario Financing Authority (2009) - 5.062%, due March 2034	6,881	7,135
Ontario Financing Authority (2009) - 5.047%, due November 2034	9,477	9,808
Ontario Financing Authority (2010) - 5.232%, due March 2035	1,318	1,362
Ontario Financing Authority (2011) - 2.425%, due November 2021	2,322	2,805
Ontario Financing Authority (2013) - 3.799%, due March 2038	4,246	4,378
Ontario Financing Authority (2014) - 4.003%, due March 2039	24,936	25,641
Ontario Financing Authority (2017) - 3.594%, due March 2042	1,965	-
Balance as at August 31	85,524	87,556

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

	Principal Payments $	Interest $	Total $
2017 - 18	4,251	4,143	8,394
2018 - 19	4,466	3,927	8,393
2019 - 20	4,694	3,700	8,394
2020 - 21	4,933	3,460	8,393
2021 - 22	4,913	3,207	8,120
Thereafter	62,267	20,283	82,550
Net long-term liabilities	85,524	38,720	124,244

10 Debt charges and capital loans

The expenditure for debt charges and capital loans includes principal and interest payments as follows:

	2017 $	2016 $
Principal payments on long-term liabilities	3,997	4,243
Interest payments on long-term liabilities	4,287	4,480
Interest payments on temporary financing of capital projects	90	-
	8,374	8,723

11 Tangible capital assets

					Cost
	Balance at September 1, 2016 $	Additions $	Disposals $	Transfers $	Balance at August 31, 2017 $
Land	24,612	126	-		24,738
Land improvements with finite lives	6,061	427	-		6,488
Buildings	321,621	12,841	-	11,369	345,831
Buildings - other	37	-	-		37
Portable structures	4,032	545	-		4,577
Equipment - 5 year	91	-	(55)		36
Equipment - 10 year	1,190	66	(135)		1,121
Equipment - 15 year	275	-	-		275
First-time equipment	3,760	449	(12)		4,197
Furniture	113	5	-		118
Computer hardware	2,812	254	(819)		2,247
Computer software	1,213	-	(701)		512
Vehicles	576	165	(131)		610
Construction in progress CIP - 40 years	5,162	6,207	-	(11,369)	-
Pre-acquisition costs	37	167	-		204
Total	371,592	21,252	(1,853)	-	390,991

	Accumulated amortization			
	Balance at September 1, 2016 $	Amortization $	Disposals, write offs and adjustments $	Balance at August 31, 2017 $
Land improvements with finite lives	2,243	406	-	2,649
Buildings	100,472	10,104	-	110,576
Buildings - other	13	2	-	15
Portable structures	3,642	107	-	3,749
Equipment - 5 year	70	13	(55)	28
Equipment - 10 year	607	114	(135)	586
Equipment - 15 year	86	17	-	103
First-time equipment	1,197	398	(12)	1,583
Furniture	51	12	-	63
Computer hardware	1,569	506	(819)	1,256
Computer software	899	173	(701)	371
Vehicles	509	35	(131)	413
	111,358	11,887	(1,853)	121,392

	Net book value	
	2017 $	2016 $
Land	24,738	24,612
Land improvements with finite lives	3,839	3,818
Buildings	235,255	221,149
Buildings - other	22	24
Portable structures	828	390
Equipment - 5 year	8	21
Equipment - 10 year	535	583
Equipment - 15 year	172	189
First-time equipment	2,614	2,563
Furniture	55	62
Computer hardware	991	1,243
Computer software	141	314
Vehicles	197	67
Construction in progress CIP - 40 years	-	5,162
Pre-acquisition costs	204	37
	269,599	260,234

12 Accumulated surplus

Accumulated surplus consists of the following:

	2017 $	2016 $
Unappropriated balance	1,623	(2,673)
Internally appropriated		
Pupil accommodation	-	2,351
Workplace safety and insurance	1,409	1,219
Committed sinking fund interest earned	147	156
Property insurance	-	152
Externally appropriated		
Amounts to be financed in future years		
Retirement and other employee future benefits	(1,285)	(2,183)
Interest accrual	(1,041)	(1,081)
School activities	2,879	2,744
Revenues recognized for land	24,926	24,800
Total surplus	28,658	25,485

13 Expense by object

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

	Budget $	2017 $	2016 $
Operating expenses			
Salary and wages	154,963	157,705	155,926
Employee benefits	23,123	22,621	23,092
Staff development	947	690	529
Supplies and services	12,101	11,842	11,998
Interest	4,275	4,247	4,419
Rental expenditures	381	267	226
Fees and contract services	18,747	19,759	18,658
Other	633	634	636
Transfer to other boards	-	23	-
Amortization	12,583	11,887	11,014
School funded activities	7,091	6,892	6,853
	234,844	236,567	233,351

14 Ontario School Board Insurance Exchange

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

The ultimate premiums over a five year period are based on the OSBIE'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 January 1, 2022.

15 Contractual obligations and contingent liabilities

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2017 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board is committed to capital expenditures in the amount of $6,989inclusive of HST. The Ministry of Education has committed to funding $6,989of this amount.

The Board has ongoing commitments under operating leases for buildings and equipment. The sum of $1,165 is payable with respect to these operating leases during the next 5 years as follows:

	$
2017 - 18	320
2018 - 19	245
2019 - 20	237
2020 - 21	229
2021 - 22	134
	1,165

On April 25, 2005, the Board of Trustees approved a London EDC Amending By-Law which effectively reduced the EDC charge from $755 per permit to $624 per permit, resulting in a refund of $131 to building permit purchasers. The consolidated financial statements include no refunds paid during 2017 (2016 - $Nil). The Board is potentially liable for approximately $300 in additional refunds subsequent to August 31, 2017 (2016 - $300).

The Board has entered into contractual arrangements with suppliers for the purchase of gas and electricity that require the Board to purchase certain guaranteed quantities of these commodities. The Board also has contractual arrangements with suppliers for photocopier usage and wide area network services. The sum of $5,850 is payable with respect to these contracts during the next 5 years.

	$
2017 - 18	1,770
2018 - 19	1,677
2019 - 20	1,677
2020 - 21	363
2021 - 22	363
	5,850

16 Transportation Consortium

On July 1, 2010, the Board entered into an agreement with the Thames Valley 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 Southwestern Ontario Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

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

The following provides condensed financial information:

	2017		2016	
	Total $	Board Portion $	Total $	Board Portion $
Financial position:				
Financial assets	4,634	1,122	184	45
Non-financial assets	160	39	224	54
Liabilities	4,794	1,161	408	99
Accumulated surplus	-	-	-	-
Operations:				
Revenues	46,645	11,294	46,216	11,069
Expenses	46,645	11,294	46,216	11,069
Annual surplus	-	-	-	-

17 Repayment of the “55 school board trust” funding

On June 1, 2003, the Board received $5,331 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.

The flow-through of $397 (2016 - $397) in respect of the above agreement for the year ended August 31, 2017, is recorded in these consolidated financial statements.

18 Provincial grants

Included in the Provincial grants is an amount of $37,892 (2016 - $39,218) raised through local property taxation by the Province and transferred to the Board.