

**Peterborough Victoria  
Northumberland and Clarington  
Catholic District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2018**

---

**Contents**

<b>Management Report</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 4</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of in Cash Flows	7
Consolidated Statement of Change in Net Debt	8
Notes to Consolidated Financial Statements	9 - 26

## MANAGEMENT REPORT

### Management's Responsibility for the Financial Statements

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

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 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 consolidated financial statements.



Director of Education / Secretary Treasurer



Superintendent of Business and Finance

November 27, 2018



## Independent Auditor's Report

---

**To the Board of Trustees of the  
Peterborough Victoria Northumberland and Clarington  
Catholic District School Board**

We have audited the accompanying consolidated financial statements of Peterborough Victoria Northumberland and Clarington Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations, changes in net debt and cash flow for the year then ended along with a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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





### **Opinion**

In our opinion, the consolidated financial statements of Peterborough Victoria Northumberland and Clarington Catholic District School Board for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

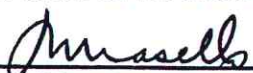
Peterborough, Ontario  
November 27, 2018

**Peterborough Victoria Northumberland and Clarington Catholic District  
School Board**

**Consolidated Statement of Financial Position**

<u>August 31</u>	<u>2017/2018</u>	<u>2016/2017</u>
<b>Financial Assets</b>		
Cash	\$ 23,277,701	\$ 22,922,333
Accounts receivable		
Local government	3,060,943	2,684,531
Other	3,398,817	2,744,183
Government of Ontario - Approved Capital (Note 2)	<u>47,040,497</u>	<u>46,956,082</u>
	<u>76,777,958</u>	<u>75,307,129</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	10,850,536	6,298,266
Net long-term debt (Note 6)	43,023,631	45,716,782
Deferred revenue (Note 3)	5,826,229	5,794,524
Deferred capital contributions (Note 4)	173,530,337	171,788,700
Employee future benefits liability (Note 5)	<u>12,678,983</u>	<u>17,521,425</u>
	<u>245,909,716</u>	<u>247,119,697</u>
<b>Net Debt</b>	<b>(169,131,758)</b>	<b>(171,812,568)</b>
<b>Contingencies (Note 14)</b>		
<b>Non-Financial Assets</b>		
Prepaid expenses	1,005,806	1,016,595
Tangible capital assets (Note 11)	<u>192,422,004</u>	<u>190,864,172</u>
	<u>193,427,810</u>	<u>191,880,767</u>
<b>Accumulated Surplus (Note 12)</b>	<b>\$ 24,296,052</b>	<b>\$ 20,068,199</b>

Signed on Behalf of The Board

  
\_\_\_\_\_  
Director of Education / Secretary Treasurer

  
\_\_\_\_\_  
Chair of School Board

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

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Consolidated Statement of Operations**

<b>For the year ended August 31</b>	<b>Budget 2017/2018</b>	<b>Actual 2017/2018</b>	<b>Actual 2016/2017</b>
<b>Revenues</b>			
Provincial legislative grants	\$ 171,428,989	\$ 172,578,823	\$ 166,064,148
Provincial grants - other	1,185,640	4,048,876	1,747,407
Federal grants and fees	245,632	236,124	237,201
Investment income	250,000	441,543	269,770
Other fees and revenues	810,234	1,483,117	1,582,846
School generated funds	4,000,000	4,622,008	4,385,179
Amortization of deferred capital contributions	8,415,680	8,739,764	8,530,368
	<u>186,336,175</u>	<u>192,150,255</u>	<u>182,816,919</u>
<b>Expenses (Note 10)</b>			
Instruction	140,737,075	140,977,412	135,136,612
Administration	5,328,874	5,394,022	5,134,357
Transportation	10,655,554	11,018,224	10,241,898
Pupil accommodation	24,989,236	24,499,183	25,490,581
Other	-	1,444,629	24,500
School generated funds	4,000,000	4,588,932	4,246,601
	<u>185,710,739</u>	<u>187,922,402</u>	<u>180,274,549</u>
<b>Annual surplus</b>	625,436	4,227,853	2,542,370
<b>Accumulated surplus, beginning of year</b>	<u>17,835,800</u>	<u>20,068,199</u>	<u>17,525,829</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 18,461,236</u>	<u>\$ 24,296,052</u>	<u>\$ 20,068,199</u>

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

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Consolidated Statement of Cash Flows**

<b>For the year ended August 31</b>	<b>2017/2018</b>	<b>2016/2017</b>
<b>Operations</b>		
Annual surplus	\$ 4,227,853	\$ 2,542,370
<b>Sources and (Uses)</b>		
Change in non-cash items:		
Amortization of tangible capital assets	8,843,071	8,721,025
Amortization of deferred capital contributions	(8,659,764)	(8,530,368)
Gain (loss) on sale of tangible capital assets	(36,965)	(5,295)
	<u>4,374,195</u>	<u>2,727,732</u>
Change in:		
Accounts receivable	(1,031,046)	(1,035,615)
Accounts payable and accrued liabilities	4,552,270	(1,855,205)
Assets held for sale	175,000	-
Deferred revenues - operating	1,226,565	260,614
Employee future benefits liability	(4,842,442)	(1,469,927)
Prepaid expenses	10,789	(166,844)
	<u>4,465,331</u>	<u>(1,539,245)</u>
<b>Cash provided by (applied to) operating transactions</b>	<u>4,465,331</u>	<u>(1,539,245)</u>
<b>Capital Transactions</b>		
Proceeds on sale of tangible capital assets	46,256	5,295
Cash used to acquire tangible capital assets	(10,585,194)	(2,988,571)
	<u>(10,538,938)</u>	<u>(2,983,276)</u>
<b>Financing Transactions</b>		
Debt repayments	(2,693,151)	(9,368,263)
Government of Ontario - approved capital	(84,415)	8,128,963
Additions to deferred capital contributions	10,401,401	2,985,151
Increase (decrease) in deferred revenues - capital	(1,194,860)	1,185,389
	<u>6,428,975</u>	<u>2,931,240</u>
<b>Increase (decrease) in cash and equivalents during the year</b>	<u>355,368</u>	<u>(1,591,281)</u>
<b>Cash and equivalents, beginning of year</b>	<u>22,922,333</u>	<u>24,513,614</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 23,277,701</u>	<u>\$ 22,922,333</u>

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



**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Consolidated Statement of Change in Net Debt**

<b>For the year ended August 31</b>	<b>Budget 2017/2018</b>	<b>Actual 2017/2018</b>	<b>Actual 2016/2017</b>
<b>Annual Surplus</b>	\$ 625,436	\$ 4,227,853	\$ 2,542,370
<b>Tangible Capital Asset Activity</b>			
Acquisition of tangible capital assets	(4,853,298)	(10,585,194)	(2,988,571)
Amortization of tangible capital assets	8,597,244	8,843,071	8,721,025
Gain (loss) on sale tangible capital assets	-	(36,965)	(5,295)
Proceeds on sale of tangible capital assets	-	46,256	5,295
Transfer to assets held for sale	-	175,000	-
	<u>3,743,946</u>	<u>(1,557,832)</u>	<u>5,732,454</u>
<b>Other Non-Financial Asset Activity</b>			
Acquisition of prepaid expenses	-	(1,005,806)	(1,016,595)
Use of prepaid expenses	-	1,016,595	849,751
	<u>-</u>	<u>10,789</u>	<u>(166,844)</u>
<b>Change in net debt</b>	4,369,382	2,680,810	8,107,980
<b>Net Debt at beginning of year</b>	\$ (171,812,568)	\$ (171,812,568)	\$ (179,920,548)
<b>Net Debt at end of year</b>	<u>\$ (167,443,186)</u>	<u>\$ (169,131,758)</u>	<u>\$ (171,812,568)</u>

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



---

# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

---

### 1. Significant Accounting Policies

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

#### (a) Basis of Accounting

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

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

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

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

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

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

---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**1. Significant Accounting Policies - continued**

**(b) Reporting Entity**

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

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 School Board.

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

**(c) Trust Funds**

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

**(d) Cash and Cash Equivalents**

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

**(e) Deferred Revenue**

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



---

# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

---

### 1. Significant Accounting Policies - continued

#### (f) 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 contributions 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

#### (g) Retirement and Other Employee Future Benefits

The School 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.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: OECTA. The following ELHTs were established in 2017-18: CUPE and ONE-T for non-unionized employees including principals and vice-principals.

The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff after the school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario.

The School Board is no longer responsible to provide certain benefits to the above mentioned groups. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards 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), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment. The cost of this plan is the employer's contributions to the ELHT in the period.

The board continues to provide health, dental and life insurance benefits for some eligible retirees who retired under these plans before August 31, 2013.



---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**1. Significant Accounting Policies - continued**

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance & health care cost 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 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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, 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 contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**1. Significant Accounting Policies - continued**

**(h) Tangible Capital Assets**

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

Leases which transfer substantially all 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
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is put into service.

Land permanently removed from service and held for resale is recorded at the lower of cost and 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.



---

# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

---

### 1. Significant Accounting Policies - continued

#### (i) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

#### (j) Investment Income

Investment income is reported as revenue in the period earned.

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

#### (k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

#### (l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates, as additional information becomes available in the future.

#### (m) 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.



# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

### 2. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009/2010. Peterborough Victoria Northumberland and Clarington 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 School Board receives this grant in cash over the remaining term of the existing capital debt instruments. The School Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The School Board has an account receivable from the Province of Ontario of \$47,040,497 as at August 31, 2018 (2017 - \$46,956,082) with respect to capital grants.

### 3. Deferred Revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2018 is comprised of:

	Balance as at August 31 2017	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2018
<b>Capital</b>					
School Renewal	\$ 3,439,067	\$ 2,208,920	\$ 143,057	\$ 4,121,086	\$ 1,383,844
Minor Tangible Capital Assets	-	4,300,827	3,318,056	982,771	-
Proceeds of Disposition	476,611	93,546	-	-	570,157
Education Development Charges Rural and Northern Education Fund	903,112	761,302	-	-	1,664,414
Retrofit for Child Care	-	293,964	293,964	-	-
Temporary Accommodation	183,851	-	-	-	183,851
Interest on Capital	-	90,000	-	90,000	-
Other	63,411	2,593,881	2,593,881	-	-
	63,411	402,262	-	396,746	68,927
	<u>5,066,052</u>	<u>10,744,702</u>	<u>6,348,958</u>	<u>5,590,603</u>	<u>3,871,193</u>
<b>Operating</b>					
Special Education	353,780	22,990,626	21,711,541	-	1,632,865
Student Achievement	187,306	1,256,631	1,317,786	-	126,151
Other	187,386	4,764,581	4,755,947	-	196,020
	<u>728,472</u>	<u>29,011,838</u>	<u>27,785,274</u>	<u>-</u>	<u>1,955,036</u>
<b>Total Deferred Revenue</b>	<u>\$ 5,794,524</u>	<u>\$ 39,756,540</u>	<u>\$ 34,134,232</u>	<u>\$ 5,590,603</u>	<u>\$ 5,826,229</u>

---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**4. Deferred Capital Contributions**

Deferred capital contributions (DCC) 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.

	<u>2017/2018</u>	<u>2016/2017</u>
Balance, beginning of year	\$ 171,788,700	\$ 177,333,917
Additions to deferred capital contributions	10,585,194	2,985,151
Revenue recognized in the period	(8,659,764)	(8,530,368)
Transfers (to) deferred revenue	(183,793)	-
	<u>\$ 173,530,337</u>	<u>\$ 171,788,700</u>

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

**5. Retirement and Other Employee Future Benefits**

Liability	2017/2018			2016/2017	
	Retirement Gratuities	Retirement Benefits	Other Employee Future Benefits	Total	Total
Accrued employee benefit obligations at August 31	\$ 12,716,955	\$ 796,131	\$ 727,582	\$14,240,668	\$ 19,197,705
Unamortized actuarial gains (losses) at August 31	(1,561,685)	-	-	(1,561,685)	(1,676,280)
Employee future benefits liability at August 31	\$ 11,155,270	\$ 796,131	\$ 727,582	\$12,678,983	\$ 17,521,425
Change in Liability	2017/2018			2016/2017	
	Retirement Gratuities	Retirement Benefits	Other Employee Future Benefits	Total	Total
Current year benefit cost (recovery)	\$ -	\$ -	\$ (3,428,163)	\$ (3,428,163)	\$ 286,818
Interest on accrued benefit obligation	329,580	23,228	64,262	417,070	414,759
Amortization of actuarial (gains)/losses	234,953	31,839	(1,398)	265,394	261,293
Benefit payments <sup>1</sup>	(1,315,369)	(339,645)	(441,729)	(2,096,743)	(2,432,797)
Net change	\$ (750,836)	\$ (284,578)	\$ (3,807,028)	\$ (4,842,442)	\$ (1,469,927)

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



---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**5. Retirement and Other Employee Future Benefits - continued**

**Actuarial Assumptions**

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on actuarial valuations for accounting purposes as at August 31, 2018 and based on updated average daily salary and banked sick days as at August 31, 2018. The economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	<u>2017/2018</u>	<u>2016/2017</u>
Inflation	1.5%	1.5%
Wage and salary escalation	n/a	n/a
Insurance and health care cost escalation	4.5 - 7.5%	4 - 8%
Discount on accrued benefit obligations	2.90%	2.55%

**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 School Board's consolidated financial statements.

---

# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

---

### 5. 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 is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to almost 500,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. During the year ended August 31, 2018, the Board contributed \$2,341,389 (2017 - \$2,323,625) to the plan.

#### (iii) Retirement Gratuities

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Board's consolidated financial statements. As of August 31, 2018 the Board has restricted a portion of its accumulated surplus for retirement gratuities amounting to \$1,556,750 (2017 - \$1,868,100).

#### (iv) Retirement Life Insurance and Health Care Benefits

The School Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums for certain classes of retirees are based on the School Board's experience and retirees' premiums may be subsidized by the School Board. The premiums for retiree groups that have transitioned to the One-T ELHT are based on the trust retiree premium and may be subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for School Board subsidized premiums or contributions.



---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**5. Retirement and Other Employee Future Benefits - continued**

**Other Employee Future Benefits**

**(i) Workplace Safety and Insurance Board Obligations**

The School 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 School 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 School Board's consolidated financial statements. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision. As at August 31, 2018 the liability included in employee future benefits for this obligation is \$644,320 (2017 - \$486,392).

**(ii) Sick Leave Top-Up Benefits**

A maximum of eleven 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 \$81,954 (2017 - \$58,610).

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, 2018 and is based on the average daily salary and banked sick days of employees as at August 31, 2018.



**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

**6. Net Long-Term Debt**

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2017/2018	2016/2017
Debenture payable - Bylaw #117 - for permanent improvements, 7.342% per annum, repayable \$292,226 per month principal and interest, due July 2026, redeemable in whole but not in part of the principal amount outstanding, at the option of the School Board on any date prior to July 2026	\$21,006,177	\$ 22,894,679
Ontario Financing Authority term installment loans, for permanent improvements, 3.564% - 5.232% per annum, repayable \$885,762 semi-annually principal and interest, due November 2031 - March 2039	22,017,454	22,822,103
	<b>\$43,023,631</b>	<b>\$ 45,716,782</b>

Payments relating to net long-term debt outstanding as at August 31, 2018 are due as follows:

	Principal	Interest	Total
2018/2019	\$ 2,871,423	\$ 2,406,821	\$ 5,278,244
2019/2020	3,062,126	2,216,118	5,278,244
2020/2021	3,266,154	2,012,090	5,278,244
2021/2022	3,484,472	1,793,772	5,278,244
2022/2023	3,718,111	1,560,133	5,278,244
Thereafter	26,621,345	6,535,612	33,156,957
	<b>\$ 43,023,631</b>	<b>\$ 16,524,546</b>	<b>\$ 59,548,177</b>

---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**7. Debt Charges and Capital Loan Interest**

	<u>2017/2018</u>	<u>2016/2017</u>
Principal payments on long-term liabilities	\$ 2,693,151	\$ 9,368,263
Interest payments on long-term liabilities	<u>2,568,041</u>	<u>2,860,106</u>
	<u>\$ 5,261,192</u>	<u>\$ 12,228,369</u>

**8. Temporary Borrowings**

The School Board has an authorized line of credit of \$10,000,000 which bears interest at prime. As at August 31, 2018 the School Board had not drawn on this credit facility.

**9. Ontario School Board Insurance Exchange (OSBIE)**

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the School Board's actual claims experience. Periodically, the School 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.

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

**10. Expenses by Object**

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

	Budget 2017/2018	Actual 2017/2018	Actual 2016/2017
<b>Expenses</b>			
Salaries and wages	\$ 125,049,808	\$ 126,348,664	\$ 120,335,860
Employee benefits	21,690,317	18,158,067	20,057,579
Staff development	522,879	668,777	533,094
Supplies and services	13,495,510	14,910,475	13,861,296
Interest	2,568,040	2,568,041	2,860,106
Rental	48,172	36,790	94,322
Fees and contract services	13,549,651	14,695,240	13,597,273
Other	189,118	1,613,277	213,994
Amortization, write down and net loss on disposal of tangible capital assets	8,597,244	8,923,071	8,721,025
	<b>\$ 185,710,739</b>	<b>\$ 187,922,402</b>	<b>\$ 180,274,549</b>



# Peterborough Victoria Northumberland and Clarington Catholic District School Board

## Notes to Consolidated Financial Statements

### 11. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value			
	Opening	Additions/ Transfers	Disposals	Closing	Opening	Additions/ Transfers	Disposals	Closing	2017/2018	2016/2017
Land	\$ 16,595,380	\$ -	\$ -	\$ 16,594,880	\$ -	\$ -	\$ -	\$ -	\$ 16,594,880	\$ 16,595,380
Land Improvements	8,037,998	1,285,379	(500)	9,323,377	3,101,843	587,404	-	3,689,247	5,634,130	4,936,155
Buildings	254,724,485	5,544,328	(370,504)	259,898,309	90,619,172	6,600,245	(196,007)	97,023,410	162,874,899	164,105,313
Portable Structures	3,871,385	2,514,663	(2,336,300)	4,049,748	3,118,217	198,028	(2,336,300)	979,945	3,069,803	753,168
Leasehold Improvement	80,714	-	(80,714)	-	70,625	10,089	(80,714)	-	-	10,089
Other Buildings	65,412	-	-	65,412	25,016	3,291	-	28,307	37,105	40,396
Computer Hardware	3,868,586	619,433	(1,009,975)	3,478,044	2,308,874	734,663	(1,009,975)	2,033,562	1,444,482	1,559,712
Computer Software	312,995	115,229	(194,449)	233,775	213,927	54,677	(194,449)	74,155	159,620	99,068
Equipment - 5 year	21,739	-	-	21,739	10,869	4,348	-	15,217	6,522	10,870
Equipment - 10 year	3,030,533	388,004	(397,866)	3,020,671	1,621,284	302,560	(397,866)	1,525,978	1,494,693	1,409,249
Equipment - 15 year	982,897	-	-	982,897	796,480	63,217	-	859,697	123,200	186,417
Furniture	361,797	57,050	(92,567)	326,280	179,239	34,404	(92,567)	121,076	205,204	182,558
First-time Equipping	2,010,926	-	(102,676)	1,908,250	1,162,824	195,959	(102,676)	1,256,107	652,143	848,102
Vehicles	305,097	61,108	(94,290)	271,915	177,402	54,186	(84,996)	146,592	125,323	127,695
	\$ 294,269,944	\$ 10,585,194	\$ (4,679,841)	\$ 300,175,297	\$ 103,405,772	\$ 8,843,071	\$ (4,495,550)	\$ 107,753,293	\$ 192,422,004	\$ 190,864,172

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

**12. Accumulated Surplus**

Accumulated surplus consists of the following:

	<u>2017/2018</u>	<u>2016/2017</u>
<b>Available for Compliance - Unappropriated</b>		
Operating accumulated surplus	\$ 5,848,042	\$ 3,905,530
 <b>Available for Compliance - Internally Appropriated</b>		
Retirement gratuities	1,556,750	1,868,100
School activities	429,646	377,480
Program capital	737,234	746,379
Committed capital projects	2,296,794	2,480,099
Facilities and sites	1,984,310	1,988,702
Total Internally Appropriated	<u>7,004,734</u>	<u>7,460,760</u>
 <b>Unavailable for Compliance</b>		
Invested in tangible capital assets	16,599,131	16,599,631
School generated funds	1,792,927	1,759,851
Interest to be accrued	(174,527)	(191,575)
Employee future benefits	(6,774,255)	(9,465,998)
Total Unavailable for Compliance	<u>11,443,276</u>	<u>8,701,909</u>
 <b>Total Accumulated Surplus</b>	 <u>\$ 24,296,052</u>	 <u>\$ 20,068,199</u>

**13. Trust Funds**

Trust funds administered by the School Board amounting to \$221,816 (2017 - \$255,014) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

---

**Peterborough Victoria Northumberland and Clarington Catholic  
District School Board**

**Notes to Consolidated Financial Statements**

---

**14. Contingencies**

The School Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10,000,000 per accident, per employee, aggregate for disease, with a \$1,000,000 deductible per employee, per accident. The School Board brings this deductible down to \$500,000 by participating in the School Boards' Cooperative Inc.'s Assistance Program.

Due to the nature of the School Board's operations, the organization is periodically subject to litigation. In the opinion of management, the resolution of any current litigation would not have a material effect on the financial position or results of operations, as the School Board has valid defences and appropriate insurance coverages in place.

**15. Student Transportation Services of Central Ontario Transportation Consortium**

On March 30, 2007, the School Board entered into an agreement with Kawartha Pine Ridge District School Board and Conseil Scolaire De District Catholique Centre-Sud 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 School Boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Central Ontario are shared. No partner is in a position to exercise unilateral control.

The following provides condensed financial information:

	2017/2018		2016/2017	
	Total	Board Portion	Total	Board Portion
Expenses	<b>\$29,767,453</b>	<b>\$ 9,784,271</b>	<b>\$ 28,445,192</b>	<b>\$ 9,040,335</b>