DURHAM CATHOLIC DISTRICT SCHOOL BOARD
Learning and Living in Faith
50 Years

Durham Catholic District School Board

Consolidated Financial Statements
For the year ended August 31, 2018

650 Rossland Road West, Oshawa, Ontario L1J 7C4 | Tel: 905-576-6150 / 1-877-482-0722 | www.dcdsb.ca |
Anne O'Brien, B.A., B. Ed., M. Ed. Director of Education / Secretary-Treasurer

Contents

Management Report	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Change in Net Debt	7
Notes to the Consolidated Financial Statements	8 - 27

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Durham Catholic District School Board are the responsibility of the Board's management and have been prepared in compliance 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 (and by the Board's internal auditors).

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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Collins Barrow Kawarthas 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 and Chief Executive Officer	Superintendent of Business and Chief Financial Officer

November 26, 2018

Collins Barrow Kawarthas LLP
272 Charlotte Street
Peterborough, Ontario K9J 2V4
T: 705.742.3418
F: 705.742.9775
www.collinsbarrow.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Durham Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Consolidated Financial Statements
Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements and for such internal controls as management determines are necessary to enable the preparation of 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the 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 controls. 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 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 Durham Catholic District School Board as at August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 29, 2018

Durham Catholic District School Board
Consolidated Statement of Financial Position

August 31		2018		2017
Financial assets				
Cash and cash equivalents	$	**3,543,164**	$	2,285,638
Temporary investments (Note 2)		**1,883**		70,747
Accounts receivable - Other		**11,069,233**		12,519,273
Accounts receivable - Government of Ontario - Approved Capital (Note 3)		**55,448,724**		53,793,302
		70,063,004		68,668,960
Financial liabilities				
Bank indebtedness (Note 4)		**31,210,996**		10,000,000
Accounts payable and accrued liabilities		**9,964,468**		9,762,677
Accrued interest on long term debt		**633,849**		689,338
Deferred revenue (Note 5)		**6,351,312**		8,618,376
Deferred capital contributions (Note 6)		**248,851,990**		245,194,700
Retirement and other employee future benefits (Note 7)		**4,388,630**		6,169,419
Long term debt (Note 8)		**46,509,403**		50,704,862
		347,910,648		331,139,372
Net debt (Page 7)		**(277,847,644)**		(262,470,412)
Non-financial assets				
Prepaid expenses		**10,719,980**		8,239,707
Tangible capital assets (Note 11)		**322,663,394**		306,241,627
		333,383,374		314,481,334
Accumulated Surplus (Note 12)	$	**55,535,730**	$	52,010,922

Contractual obligations and contingent liabilities (Note 14)

Approved by

Director of Education and
Chief Executive Officer

Superintendent of Business and
Chief Financial Officer

See accompanying notes to the consolidated financial statements.

Durham Catholic District School Board
Consolidated Statement of Operations

Year ended August 31	Budget 2018 (Unaudited)	**Actual 2018**	Actual 2017
Revenues			
Provincial grants - Grants for Student Needs	$ 235,638,063	**$ 237,852,175**	$ 229,670,304
Provincial grants - Other	2,994,674	**4,445,263**	2,402,783
School generated funds	6,700,000	**6,647,677**	6,584,225
Federal grants and fees	462,837	**602,112**	466,377
Investment income	-	**61,250**	60,093
Recovery of transportation costs (Note 15)	19,799,623	**18,918,637**	19,255,218
Amortization of deferred capital contributions (Note 6)	12,237,609	**11,776,529**	11,799,300
Education development charges	-	**2,801,780**	6,200,718
Other fees and revenues	2,474,179	**2,851,766**	2,389,655
	280,306,985	**285,957,189**	278,828,673
Expenditures			
Instruction	202,720,858	**203,502,376**	196,152,411
Administration	8,808,376	**8,829,018**	7,888,308
Transportation (Note 15)	26,896,149	**25,999,853**	26,912,923
Pupil Accommodation	36,188,653	**36,041,675**	35,073,999
Other	-	**1,514,670**	-
School generated funds	6,700,000	**6,544,789**	6,528,345
	281,314,036	**282,432,381**	272,555,986
Annual (deficit) surplus	(1,007,051)	**3,524,808**	6,272,687
Accumulated surplus, beginning of year	52,010,922	**52,010,922**	45,738,235
Accumulated surplus, end of year	$ 51,003,871	**$ 55,535,730**	$ 52,010,922

See accompanying notes to the consolidated financial statements.

Durham Catholic District School Board
Consolidated Statement of Cash Flows

Year ended August 31		2018		2017
Operating activities				
Annual surplus	$	**3,524,808**	$	6,272,687
Non-cash charges to operations				
Amortization expense		**12,166,890**		12,403,818
Amortization of deferred capital contributions		**(11,776,529)**		(11,799,300)
Deferred gain on disposal of restricted assets		**-**		(2,975,935)
Retirement and other employee future benefits		**(1,780,789)**		(1,586,867)
Sources (uses) of cash				
Accounts receivable - other		**1,450,040**		(2,749,180)
Prepaid expenses		**(2,480,273)**		(5,735,347)
Accounts payable and accrued liabilities		**201,791**		(1,060,563)
Accrued interest on long term debt		**(55,489)**		(53,466)
Deferred revenue - operating		**(224)**		164,697
Cash provided by (applied to) operating activities		**1,250,225**		(7,119,456)
Investing activities				
Purchase (proceeds) of temporary investments		**68,864**		(46,098)
Financing activities				
Principal repayment on net debt and capital loans		**(4,195,459)**		(3,996,212)
Additions to deferred capital contributions		**15,433,819**		11,430,378
Proceeds on sale of assets held for sale		**-**		698,430
Deferred gain on disposal of assets held for sale		**-**		(562,287)
Increase (decrease) in deferred revenue - capital		**(2,266,840)**		5,161
Decrease (increase) in accounts receivable - Government of Ontario - Approved Capital		**(1,655,422)**		4,339,819
Cash provided by financing activities		**7,316,098**		11,915,289
Capital activities				
Proceeds on sale of tangible capital assets		**-**		6,119,598
Purchase of tangible capital assets		**(28,588,657)**		(21,747,208)
		(28,588,657)		(15,627,610)
Net decrease in cash and cash equivalents		**(19,953,470)**		(10,877,875)
Cash and cash equivalents, beginning of year		**(7,714,362)**		3,163,513
Cash and cash equivalents, end of year	$	**(27,667,832)**	$	(7,714,362)
Cash and cash equivalents consists of:				
Cash and cash equivalents	$	**3,543,164**	$	2,285,638
Bank indebtedness		**(31,210,996)**		(10,000,000)
Total cash and cash equivalents	$	**(27,667,832)**	$	(7,714,362)

See accompanying notes to the consolidated financial statements.

Durham Catholic District School Board
Consolidated Statement of Change in Net Debt

Year ended August 31	2018	2017
Annual surplus	**$ 3,524,808**	$ 6,272,687
Tangible capital asset activity		
Acquisition of tangible capital assets	**(28,588,657)**	(21,747,208)
Amortization of tangible capital assets	**12,166,890**	12,403,818
Proceeds on sale of tangible capital assets	**-**	6,119,598
Gains on sale allocated to deferred revenue	**-**	(2,975,935)
	(16,421,767)	(6,199,727)
Other non-financial asset activity		
Increase in prepaid expenses	**(2,480,273)**	(5,735,347)
Increase in net debt	**(15,377,232)**	(5,662,387)
Net debt, beginning of year	**(262,470,412)**	(256,808,025)
Net debt, end of year	**$ (277,847,644)**	$ (262,470,412)

See accompanying notes to the 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

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 consolidated 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 amortization, 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;
- Property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510; and
- Budget figures be presented on the consolidated statement of change in net debt.

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

b) Reporting Entity

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

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

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

c) Cash and Cash Equivalents

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

d) Temporary Investments

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

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. Deferred revenue includes an operating and a capital component:

(i) Operating deferred revenue amounts are recognized as revenue in the fiscal year the related expenses are incurred or service performed.

(ii) Capital deferred revenue represents capital contributions received that remain unspent as at year end. These amounts are recognized as deferred capital contributions in the year the amounts are spent.

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 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; and
- Property taxation revenues which were historically used to fund capital assets.

g) 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.

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 2016-2017: Elementary Teachers' Federation of Ontario – Education Workers (ETFO-EW) and Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Education Workers' Alliance of Ontario (EWAO), Canadian Union of Public Employees (CUPE), 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 temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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.

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for some retirees who are retired under these plans.

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

(i) The costs of self-insured 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. 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 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, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

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 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. Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

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. The budget figures are unaudited.

l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1a requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include employee future benefits, estimated useful lives of tangible capital assets and historical cost of tangible capital assets. Actual results could differ from these estimates.

m) Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

n) Property Tax Revenue

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

o) Revenue Recognition

(i) **Recovery of Transportation Costs**: Recovery of transportation costs are recognized as revenue in accordance with the terms of the Durham Student Transportation Services Consortium agreement.

(ii) **School Generated Funds**: School generated funds revenues consist of revenues for various school activities and are recognized as revenue in the year the activities occur.

(iii) **Education Development Charges**: Education development charges are recognized as revenue in the period in which the related eligible expenditures are recorded.

2. TEMPORARY INVESTMENTS

Temporary investments are comprised as follows:

	2018		2017	
	Cost $	**Market Value $**	**Cost $**	**Market Value $**
Money Market Funds	1,883	1,883	70,747	70,747

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

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

The Board has an account receivable from the Province of Ontario of $55,448,724 as at August 31, 2018 (2017 - $53,793,302) with respect to capital grants.

4. BANK INDEBTEDNESS

The Board has lines of credit available to the maximum of $90,000,000 to address operating requirements and to bridge capital expenditures.

Interest on these credit facilities are at the bank's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.

As at August 31, 2018 the amount drawn under these facilities was $31,210,996 (2017 - $10,000,000). In addition, the Board has outstanding letters of credit in the amount of $247,607 (2017 - $247,607) as at August 31, 2018.

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, 2018 is comprised of:

	Balance as at August 31, 2017	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2018
Legislative Grants	**$567,616**	$768,588	$874,872	$-	**$461,332**
Other Ministry Grants	**210,430**	4,019,605	3,665,826	-	**564,209**
Other	**848,746**	787,718	1,035,437	-	**601,027**
Total Deferred Revenue - Operating	**1,626,792**	**5,575,911**	**5,576,135**	**-**	**1,626,568**
Education Development Charges	**586,748**	2,215,032	2,801,780	-	**-**
Proceeds of Disposition	**6,404,836**	-	-	1,680,092	**4,724,744**
Total Deferred Revenue – Capital	**6,991,584**	**2,215,032**	**2,801,780**	**1,680,092**	**4,724,744**
Total Deferred Revenue	**$8,618,376**	**$7,790,943**	**$8,377,915**	**$1,680,092**	**$6,351,312**

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 Ontario Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2018	2017
Balance, beginning of year	**$245,194,700**	**$245,563,622**
Additions to deferred capital contributions	**15,433,819**	**12,776,139**
Disposals	**-**	**(1,345,761)**
Revenue recognized in the period	**(11,776,529)**	**(11,799,300)**
Balance as at August 31	**$248,851,990**	**$245,194,700**

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities	**2018**			**2017**
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	$1,464,368	$2,920,597	**$4,384,965**	**$6,168,575**
Unamortized Actuarial Gain at August 31	3,665	-	**3,665**	**844**
Employee Future Benefits Liability at August 31	$1,468,033	$2,920,597	**$4,388,630**	**$6,169,419**

Change in Retirement and Other Employee Future Benefit Obligations	**2018**			**2017**
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost[1]	$-	$(346,410)	**$(346,410)**	**$(301,995)**
Interest on Accrued Benefit Obligation	45,433	85,732	**131,165**	**140,232**
Recognized Actuarial Gains	(971)	-	**(971)**	**(15,969)**
Benefit Payments	(717,936)	(846,637)	**(1,564,573)**	**(1,409,135)**
	$(673,474)	$(1,107,315)	**$(1,780,789)**	**$(1,586,867)**

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.

(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 equal the employee contributions to the plan. During the year ended August 31, 2018, the Board contributed $3,612,370 (2017 - $3,475,345) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The 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. 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.

(iv) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

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. Plan changes made in 2012 requires 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 agreements included such provision.

(ii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave to all employees. The Board is responsible for the payment of life insurance premiums and the costs of heath care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. 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 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 and disability plan in that year. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

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.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2018. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2018	2017
	%	%
Inflation	1.50	1.50
Insurance and health care cost escalation	3.00-8.00	3.00-8.00
Discount on accrued benefit obligations	2.90	2.55

8. LONG TERM DEBT

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

	2018	2017
CIBC Mellon Global Series 2000 – A1 debenture, repayable semi-annually at $944,244 principal and interest, with an effective interest rate of 7.20%, maturing June 2025	$10,242,812	$11,334,514
Ontario Financing Authority, term loan, repayable semi-annually at $93,943 principal and interest at 4.56% due November 2031	1,878,595	1,977,424
Ontario Financing Authority, term loan, repayable semi-annually at $86,308 principal and interest at 4.95%, due March 2033	1,801,633	1,882,968
Ontario Financing Authority, term loan, repayable semi-annually at $25,973 principal and interest at 5.28%, due April 2035	578,254	599,123
Ontario Financing Authority, term loan, repayable semi-annually at $380,620 principal and interest at 5.28%, due April 2035	8,473,942	8,779,773
Ontario Financing Authority, term loan, repayable semi-annually at $65,392 principal and interest at 5.28%, due April 2035	1,455,862	1,508,405
Ontario Financing Authority, term loan, repayable semi-annually at $1,745,072 principal and interest at 3.94%, due September 2025	22,078,305	24,622,655
Balance as at August 31	**$46,509,403**	**$50,704,862**

Principal and interest payments relating to net debenture debt and capital loans of $46,509,403 outstanding as at August 31, 2018 are due as follows:

	Principal	Interest Payments	Total
2019	$4,405,462	$2,277,644	$6,683,106
2020	4,626,833	2,056,273	6,683,106
2021	4,860,244	1,822,862	6,683,106
2022	5,106,402	1,576,704	6,683,106
2023	5,366,060	1,317,046	6,683,106
Thereafter	22,144,402	4,351,510	26,495,912
Total	**$46,509,403**	**$13,402,039**	**$59,911,442**

Interest on long-term debt amounted to $2,432,153 (2017 - $2,633,428).

9. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST

	2018	2017
Principal payments on long-term liabilities	**$4,195,459**	**$3,996,212**
Interest payments on long-term liabilities	**2,487,647**	**2,686,894**
	$6,683,106	**$6,683,106**

10. EXPENSES BY OBJECT

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

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Expenses:			
Salary and wages	**$182,793,381**	**$183,982,850**	**$178,071,223**
Employee benefits	**30,160,566**	**29,357,810**	**27,197,701**
Staff development	**659,852**	**582,337**	**429,719**
Supplies and services	**14,831,778**	**14,885,878**	**14,117,541**
Interest charges on capital	**2,432,153**	**2,432,153**	**2,633,428**
Rental	**1,281,190**	**1,330,669**	**1,028,848**
Fees and contract services	**29,695,073**	**29,634,335**	**30,145,363**
School fund activities	**6,700,000**	**6,544,789**	**6,528,345**
Other	**-**	**1,514,670**	**-**
Amortization	**12,760,043**	**12,166,890**	**12,403,818**
	$281,314,036	**$282,432,381**	**$272,555,986**

11. TANGIBLE CAPITAL ASSETS

	Cost (in 000's)					Accumulated Amortization (in 000's)					Net Book Value	
	Balance at September 1, 2017	**Additions and Transfers**	**Disposals**	**Transfer to Assets Held for Sale**	**Balance at August 31, 2018**	**Balance at September 1, 2017**	**Amort-ization**	**Disposals, Write-offs, Adjustments**	**Transfer to Assets Held for Sale**	**Balance at August 31, 2018**	**August 31, 2018**	**August 31, 2017**
Land	$53,323	$15,743	$-	$-	$69,066	$-	$-	$-	$-	$-	$69,066	$53,323
Land Improvements	6,112	537	-	-	6,649	1,953	481	-	-	2,434	4,215	4,159
Buildings	361,025	12,085	-	-	373,110	119,338	9,867	-	-	129,205	243,905	241,687
Portable Structures	6,403	-	-	-	6,403	5,516	128	-	-	5,644	759	887
First time equipping	3,101	15	180	-	2,936	1,443	282	180	-	1,905	1,391	1,658
Furniture	936	-	15	-	921	351	91	15	-	457	494	585
Equipment	1,996	18	209	-	1,805	1,452	135	209	-	1,796	427	544
Computer hardware	5,208	6	939	-	4,275	3,257	728	939	-	4,924	1,229	1,951
Computer software	3,198	145	351	-	2,992	1,872	428	351	-	2,651	1,043	1,326
Vehicles	420	39	-	-	459	298	27	-	-	325	134	122
Total	$441,722	$28,588	$1,694	$-	$468,616	$135,480	$12,167	$1,694	$	$145,953	$322,663	$306,242

a) Assets under construction: Included in the additions for the year is capitalized interest in the amount of $18,715 (2017 - $74,588).

b) Write-down of Tangible Capital Assets: There were no write-downs of tangible capital assets during the year.

12. ACCUMULATED SURPLUS

	2018	2017
Accumulated Surplus:		
Amounts restricted for future use by Board motion	**$1,700,234**	**$3,391,353**
Invested in land	**55,581,207**	**53,289,836**
Other	**(1,745,711)**	**(4,670,267)**
Total	**$55,535,730**	**$52,010,922**

Comprised of:

Year ended August 31	2018	2017
Amounts restricted for future use by Board motion		
Operating	**$1,630,323**	**$2,646,442**
Committed capital projects	**69,911**	**69,911**
Technology equalization fund	**-**	**500,000**
Student Centre for Success	**-**	**175,000**
Sub Total (a)	**1,700,234**	**3,391,353**
Invested in land (b)	**55,581,207**	**53,289,836**
Other		
Committed sinking fund interest	**1,602,243**	**1,697,614**
Interest on long term debt	**(633,848)**	**(689,337)**
School generated funds	**1,849,784**	**1,746,896**
Employee benefits and post employment liabilities	**(4,563,890)**	**(7,425,440)**
Sub Total (c)	**(1,745,711)**	**(4,670,267)**
Total (a) + (b) + (c)	**$55,535,730**	**$52,010,922**

13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $20 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.

14. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The Board has entered into contractual obligations for completion of school projects and capital initiatives. The Board has outstanding commitments of $18,872,111 as at August 31, 2018 that will be incurred as capital expenditures in future years as the projects are completed.

The Board has entered into operating leases for premises in Ajax, Whitby and Oshawa. In addition, the Board has entered into operating leases for vehicles. The minimum annual lease payments for the next five years and thereafter are as follows:

Year	Amount
2019	$1,042,357
2020	1,066,679
2021	1,012,793
2022	1,001,702
2023	1,012,071
Thereafter	7,299,923
	$12,435,525

The Board is contingently liable with respect to litigation and claims, which arise from time to time in normal course of business. In the opinion of management, the liability that may arise from such contingencies would not have a significant adverse effect on the financial position of the Board, and therefore, no amounts have been recorded in these financial statements.

15. DURHAM STUDENT TRANSPORTATION SERVICES (DSTS) CONSORTIUM

Transportation Consortium

On December 19, 2005, the Board entered into an agreement with the Durham District School Board (DDSB) 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 Durham Student Transportation Services (DSTS) are shared. No member Board is in a position to exercise unilateral control.

As part of the agreement both Boards directly remunerate the employees who were previously working exclusively for their respective Boards. All other expenses are paid by the Durham Catholic District School Board (DCSSB) on behalf of the Consortium with a monthly recovery from the Durham District School Board with a final cash flow reconciliation done at year-end. As such the Consolidated Financial Statements for the Durham Catholic District School Board reflect all payments made on behalf of the consortium as shown on the Consolidated Statement of Operations and the corresponding recovery from the Durham District School Board of $18,918,637 is recorded as revenue in this Statement.

A summary of these transactions are as follows:

Expenditure	DDSB	DCDSB	Total 2018	Total 2017
Student Transportation	$18,640,614	$6,656,022	$25,296,636	$26,246,377
Administrative Costs	889,627	425,194	1,314,821	1,253,269
Total Expenditures	19,530,241	7,081,216	26,611,457	27,499,646
Administrative Costs Paid Directly by DDSB	(611,604)	-	(611,604)	(586,723)
Total	**$18,918,637**	**$7,081,216**	**$25,999,853**	**$26,912,923**