

**Trillium Lakelands
District School Board
Consolidated Financial Statements
For the year ended August 31, 2018**

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

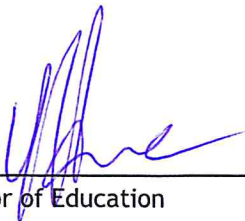
The accompanying consolidated financial statements of the Trillium Lakelands District School Board are the responsibility of the Board's management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario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

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

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

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director of Education



Treasurer

November 27, 2018



Independent Auditor's Report

To the Board of Trustees of the Trillium Lakelands District School Board

We have audited the accompanying consolidated financial statements of the Trillium Lakelands District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, and 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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements of the Trillium Lakelands 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.

Chartered Professional Accountants, Licensed Public Accountants

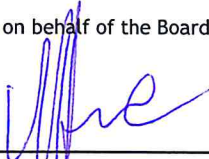
Peterborough, Ontario
November 27, 2018

Trillium Lakelands District School Board

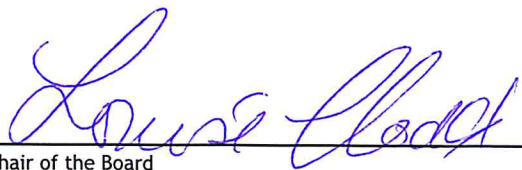
Consolidated Statement of Financial Position

August 31	2018	2017
	(in thousands of dollars)	
Financial Assets		
Cash and cash equivalents	\$ 14,541	\$ 20,675
Accounts receivable		
Other	15,002	14,823
Government of Ontario - approved capital (Note 2)	25,500	27,352
	<u>55,043</u>	<u>62,850</u>
Financial Liabilities		
Accounts payable and accrued liabilities	14,085	14,909
Net long-term debt (Note 7)	22,128	23,013
Deferred revenue (Note 5)	6,101	6,025
Employee future benefits liability (Note 6)	9,272	10,224
Deferred capital contributions (Note 3)	148,031	145,296
	<u>199,617</u>	<u>199,467</u>
Net Debt	<u>(144,574)</u>	<u>(136,617)</u>
Non-Financial Assets		
Prepaid expenses	5,439	2,836
Tangible capital assets (Note 12)	155,949	153,405
	<u>161,388</u>	<u>156,241</u>
Accumulated Surplus (Note 13)	<u>\$ 16,814</u>	<u>\$ 19,624</u>

Signed on behalf of the Board



Director of Education



Chair of the Board

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

Trillium Lakelands District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2018	Actual 2018	Actual 2017
	(in thousands of dollars)		
Revenues			
Provincial legislative grants	\$ 197,170	\$ 198,782	\$ 191,946
Provincial grants - other	909	3,700	1,959
Federal grants and fees	117	325	227
Other revenues - school boards	1,715	1,862	1,786
Investment income	130	150	89
Other fees and revenues	206	1,027	1,295
School generated funds	4,622	5,730	5,105
Amortization of deferred capital contributions	9,728	9,201	8,589
	214,597	220,777	210,996
Expenses (Note 11)			
Instruction	158,506	162,157	153,742
Administration	6,150	6,316	5,774
Transportation	16,587	16,562	16,015
Pupil accommodation	29,851	30,727	28,883
School generated funds	4,553	5,414	5,045
Other	587	2,411	587
	216,234	223,587	210,046
Annual surplus (deficit)	(1,637)	(2,810)	950
Accumulated surplus, beginning of year	17,122	19,624	18,674
Accumulated surplus, end of year	\$ 15,485	\$ 16,814	\$ 19,624

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

Trillium Lakelands District School Board

Consolidated Statement of Cash Flow

For the year ended August 31	2018	2017
	(in thousands of dollars)	
Operations		
Annual surplus (deficit)	\$ (2,810)	\$ 950
Sources and (Uses)		
Changes in non-cash items:		
Amortization of tangible capital assets	9,391	8,780
Amortization of deferred capital contributions	(9,200)	(8,590)
Gain on sale of tangible capital assets	(4)	-
	(2,623)	1,140
Change in non-cash working capital balances		
Accounts receivable	1,673	(1,287)
Accounts payable and accrued liabilities	(824)	4,012
Deferred revenues - operating	117	249
Change in employee future benefits liability	(952)	(3,122)
Prepaid expenses	(2,603)	(2,086)
	(5,212)	(1,094)
Net decrease in cash from operations	(5,212)	(1,094)
Capital Transactions		
Proceeds on sale of tangible capital assets	4	-
Cash used to acquire tangible capital assets	(11,935)	(8,602)
	(11,931)	(8,602)
Financing		
Additions to deferred capital contributions	11,935	8,602
Debt repayments	(885)	(845)
Increase (decrease) in deferred revenues - capital	(41)	1,155
	11,009	8,912
Decrease in cash and equivalents during the year	(6,134)	(784)
Cash and equivalents, beginning of year	20,675	21,459
Cash and equivalents, end of year	\$ 14,541	\$ 20,675

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

Trillium Lakelands District School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2018	Actual 2018	Actual 2017
	(in thousands of dollars)		
Annual Surplus (Deficit)	\$ (1,637)	\$ (2,810)	\$ 950
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(8,105)	(11,935)	(8,602)
Amortization of tangible capital assets	9,818	9,391	8,780
Proceeds on sale of tangible capital assets	-	4	6
Less: Gain on sale of tangible capital assets	-	(4)	(6)
	1,713	(2,544)	178
Other Non-Financial Asset Activity			
Change in prepaid expenses	-	(2,603)	(2,086)
Change in net debt	76	(7,957)	(958)
Net debt at beginning of year	(136,617)	(136,617)	(135,659)
Net debt at end of year	\$ (136,541)	\$ (144,574)	\$ (136,617)

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(b) 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 Board and which are controlled by the Board.

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

(c) 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(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.

(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
- Property taxation revenues which were historically used to fund capital assets

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(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, and 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: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE EWBT 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), other school board staff and eligible 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. The Board is no longer responsible to provide certain benefits to ETFO and OSSTF effective April 1, 2017, CUPE effective March 1, 2018, Principals and Vice-Principals effective April 1, 2018, and non-unionized employees effective June 1, 2018. 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 eligible retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and 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 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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

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 & 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 insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for workers compensation and, 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.

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
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10

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.

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(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 (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include 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.

(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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

2. Accounts Receivable - Government of Ontario

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

The Board has an account receivable from the Province of Ontario of \$25,500,295 as at August 31, 2018 (2017 - \$27,351,631) with respect to capital grants.

3. 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.

	<u>2018</u>	<u>2017</u>
Opening balance	\$ 145,296	\$ 145,284
Additions to deferred capital contributions	11,935	8,602
Revenue recognized in the year	(9,200)	(8,590)
	<u>\$ 148,031</u>	<u>\$ 145,296</u>

4. Credit Facilities

The school board has authorized credit facilities of \$11,000,000 which bears interest at prime less 0.75%. As at August 31, 2018 the Board had not drawn on this credit facility as at year end.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

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	Transferred to DCC	Balance as at August 31 2018
Capital					
School renewal	\$ 4,175	\$ 3,160	\$ -	\$ 3,203	\$ 4,132
Child care retrofitting	503	-	-	-	503
Proceeds of disposition - school	1,057	-	-	-	1,057
Proceeds of disposition - other	12	2	-	-	14
	<u>5,747</u>	<u>3,162</u>	<u>-</u>	<u>3,203</u>	<u>5,706</u>
Operating					
EPO Grants	268	3,679	3,606	-	341
Other	10	48	4	-	54
	<u>278</u>	<u>3,727</u>	<u>3,610</u>	<u>-</u>	<u>395</u>
	<u>\$ 6,025</u>	<u>\$ 6,889</u>	<u>\$ 3,610</u>	<u>\$ 3,203</u>	<u>\$ 6,101</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

6. Retirement and Other Employee Future Benefit Liabilities

Liabilities

	2018			2017		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Accrued benefit obligation	\$ 11,928	\$ 107	\$ 18	\$ 12,053	\$ 13,940	
Unamortized actuarial gains (losses)	(906)	-	-	(906)	(1,369)	
Employee future benefits liability	\$ 11,022	\$ 107	\$ 18	\$ 11,147	\$ 12,571	

The Board has determined that the liability related to the identified retirees amounts to \$1,875,306 (2017 - \$2,347,475). This portion of the total employee future benefit liability is included in accounts payable and accrued liabilities.

Change in Employee Future Benefit Liability

	2018			2017		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Current year benefit cost	\$ -	\$ 107	\$ -	\$ 107	\$ 91	
Interest on accrued benefit obligation	327	-	1	328	315	
Benefit payments ¹	(1,971)	(144)	(8)	(2,123)	(2,891)	
Amortization of actuarial (gains)/losses	211	53	-	264	277	
Net change	\$ (1,433)	\$ 16	\$ (7)	\$ (1,424)	\$ (2,208)	

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

6. 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 assumptions of future events determined for accounting purposes as at August 31, 2016 and based on updated average daily salary and banked sick days as at August 31, 2018. These valuations take into account the plan changes and the economic assumptions used in these valuation as the Board's best estimates of expected rates of:

	<u>2018</u>	<u>2017</u>
Inflation	1.50 %	1.50 %
Wage and salary escalation	- %	- %
Insurance and health care cost escalation	7.75 %	8.00 %
Dental cost escalation	3.75 %	4.00 %
Discount rate	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 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. Each year an independent actuary determines the funding status of 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 an actuarial deficit of \$5.403 billion as at that date. During the year ended August 31, 2018, the Board contributed \$2,895,135 (2017 - \$2,669,834) 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 financial statements.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

6. Retirement and Other Employee Future Benefits - continued

(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

The Board provides life insurance, dental and health care benefits to eligible 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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

6. Retirement and Other Employee Future Benefits - continued

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision. The actuarially determined future benefit obligation for WSIB claims is \$2,668,205 (2017 - \$2,959,110). This liability is included in accounts payable and accrued liabilities. The Board holds funds on account with National Bank in the amount of \$2,515,965 (2017 - \$2,176,945) with the purpose of meeting this obligation when necessary.

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

The Board provided life insurance, dental and health care benefits to employees on long-term disability leave to employees who were not yet members of an ELHT. The Board was responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provided these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave were fully insured and not included in this plan. The Board is not anticipated to provide these benefits in the future as all employees have become members of an ELHT.

(iii) 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 \$107,421 (2017 - \$91,047).

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

7. Net Long-Term Debt

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

	<u>2018</u>	<u>2017</u>
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1, for Stage 1 of the Good Places to Learn Initiative, 4.560% per annum, repayable \$172,259 semi-annually principal and interest, due November 2031	3,445	3,626
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for Stage 1 and 2 of the Good Places to Learn Initiative; Primary Class Size and Prohibitive to Repair Programs, 4.90% per annum, repayable in semi-annual blended payments of \$223,432, maturing March 2033	4,664	4,875
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for Stage 2 of the Good Places to Learn Initiative and Primary Class Size, 5.062% per annum, repayable in semi-annual blended payments of \$86,865, maturing March 2034	1,876	1,952
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for Stage 2 and 3 of the Good Places to Learn Initiative, 5.232% per annum, repayable in semi-annual blended payments of \$112,878, maturing April 2035	2,513	2,604
Ontario Financing Authority (OFA) loan payable - By-law #2011-1 for Stage 3 and Stage 4 of the Good Places to Learn initiative, 4.833% per annum, repayable in semi-annual blended payments of \$88,615, maturing March 2036	2,101	2,174
Ontario Financing Authority (OFA) loan payable - By-law #2012-1 for Stage 4 of the Good Places to Learn initiative, 3.564% per annum, repayable in semi-annual blended payments of \$23,168, maturing March 2037	631	654
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for New Pupil Places, 3.799% per annum, repayable in semi-annual blended payments of \$249,083, maturing March 2038	6,898	7,128
	<u>\$ 22,128</u>	<u>\$ 23,013</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

7. Net Long-Term Debt - continued

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

	Principal		Interest		Total
2019	\$ 925	\$	988	\$	1,913
2020	967		946		1,913
2021	1,012		901		1,913
2022	1,059		854		1,913
2023	1,108		805		1,913
Thereafter	17,057		5,119		22,176
	<u>\$ 22,128</u>	\$	<u>9,613</u>	\$	<u>31,741</u>

8. Debt Charges and Capital Loan Interest

	<u>2018</u>		2017
Principal payments on long-term liabilities	\$ 885	\$	845
Interest payments on long-term liabilities	<u>1,028</u>		<u>1,067</u>
	<u>\$ 1,913</u>	\$	<u>1,912</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

9. Ontario School Board Insurance Exchange (OSBIE)

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. 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 Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rate share of claims experience. The current five year term expires December 31, 2021.

10. Trust Funds

Trust funds administered by the Board amounting to \$241,657 (2017 - \$225,029) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

11. Expenditures by Object

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

	Budget 2018	Actual 2018	Actual 2017
Current expenses			
Salary and wages	\$ 141,394	\$ 143,742	\$ 138,233
Employee benefits	22,442	23,566	20,022
Staff development	963	543	589
Supplies and services	23,119	23,317	21,971
Interest	1,050	1,016	1,057
Rental expenses	102	115	119
Fees and contract services	16,644	19,369	18,521
Other	702	2,528	754
Amortization of tangible capital assets	9,818	9,391	8,780
	<u>\$ 216,234</u>	<u>\$ 223,587</u>	<u>\$ 210,046</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2018	2017
Land	\$ 2,603	\$ -	\$ -	\$ 2,603	\$ -	\$ -	\$ -	\$ -	\$ 2,603	\$ 2,603
Land improvements	1,593	195	-	1,788	601	113	-	714	1,074	992
Buildings	244,581	11,609	-	256,190	96,944	8,523	-	105,467	150,723	147,637
Computer hardware	2,033	-	(33)	2,000	1,166	403	(33)	1,536	464	867
Computer software	724	-	(337)	387	442	111	(337)	216	171	282
Equipment - 5 year	140	-	(18)	122	98	26	(18)	106	16	42
Equipment - 10 year	533	61	(334)	260	399	40	(334)	105	155	134
Equipment - 15 year	97	-	-	97	44	7	-	51	46	53
Furniture	48	-	-	48	16	5	-	21	27	32
First-time equipping - 10 year	996	-	-	996	355	100	-	455	541	641
Vehicles	471	70	(27)	514	349	63	(27)	385	129	122
	\$ 253,819	\$ 11,935	\$ (749)	\$ 265,005	\$ 100,414	\$ 9,391	\$ (749)	\$ 109,056	\$ 155,949	\$ 153,405

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2018

(tabular amounts in thousands of dollars)

13. Accumulated Surplus

Accumulated surplus consists of the following:

	2018	2017
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 9,414	\$ 14,857
Available for Compliance - Internally Appropriated		
Retirement gratuities	500	500
Committed capital projects	5,908	5,929
Capital reserve	3,600	3,600
Local priorities funding allocation	45	-
Total Internally Appropriated	10,053	10,029
Unavailable for Compliance		
Invested in tangible capital assets	2,603	2,603
School generated funds	2,145	1,830
Interest to be accrued	(292)	(305)
Employee future benefits	(7,109)	(9,390)
Total Unavailable for Compliance	(2,653)	(5,262)
Total Accumulated Surplus	\$ 16,814	\$ 19,624

14. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$7,875,666 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.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.
