



Consolidated Financial Statements

Superior North Catholic District School Board

August 31, 2016



Superior North Catholic District School Board

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Management Report

Management's Responsibility for the Consolidated Financial Statements


The accompanying consolidated financial statements of the Superior North Catholic District School Board are the responsibility of Board management and have been prepared in compliance with legislation, and in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of Financial Administration Act. A summary of the significant accounting policies are 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 control 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 on internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Grant Thornton 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


Manager of Finance

November 14, 2016

Geraldton
St. Joseph
Catholic
School

Longlac
Our Lady of
Fatima Catholic
School

Marathon
Holy Saviour
Catholic
School

Manitouwadge
Our Lady of
Lourdes Catholic
School

Nakina
St. Brigid
Catholic
School

Nipigon
St. Edward
Catholic
School

Red Rock
St. Hilary
Catholic
School

Schreiber
Holy Angels
Catholic
School

Terrace Bay
St. Martin
Catholic
School

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Independent Auditor's Report

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To the Board of Trustees of
Superior North Catholic District School Board

We have audited the accompanying consolidated financial statements of Superior North Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, and the consolidated statements of operations and accumulated surplus, 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 consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 Board'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 qualified audit opinion.

Basis for qualified opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus and cash flows from operating activities for the year ended August 31, 2016.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements as at and for the year ended August 31, 2016 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 describe 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.

Thunder Bay, Canada
November 14, 2016

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**Superior North Catholic
District School Board
Consolidated Statement of Financial Position**

Statement 1

As at August 31

2016

2015

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	5,859,984	7,485,520
Accounts receivable	1,890,445	1,785,035
Accounts receivable - Government of Ontario [note 3]	6,731,137	7,047,985
Other – health care benefit plan surplus	135,517	100,000
TOTAL FINANCIAL ASSETS	14,617,083	16,418,540
LIABILITIES		
Accounts payable and accrued liabilities	1,350,628	2,092,773
Accounts payable - other	177,898	160,409
Long-term debt [note 4]	6,731,137	7,047,986
Deferred revenue [note 6]	2,263,636	2,961,323
Deferred capital contributions [note 7]	19,669,805	19,918,425
Employee future benefits liability [note 8]	350,992	413,297
TOTAL LIABILITIES	30,544,096	32,594,213
NET DEBT	(15,927,013)	(16,175,673)
NON-FINANCIAL ASSETS		
Tangible capital assets – net [note 11]	20,613,178	20,915,870
Prepaid expenses	68,261	62,350
TOTAL NON-FINANCIAL ASSETS	20,681,439	20,978,220
ACCUMULATED SURPLUS [note 9]	4,754,426	4,802,547

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director of Education



Chair of the Board



Statement 2

**Superior North Catholic
District School Board
Consolidated Statement of Operations and Accumulated
Surplus**

Year ended August 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
REVENUES			
Provincial legislative grants	14,843,619	14,588,860	14,416,352
Provincial grants - other	1,051,848	1,719,091	1,108,805
Federal grants and fees	1,107,156	1,340,825	1,117,310
Other fees and revenues	15,900	560,900	110,617
Investment income	60,000	33,883	57,364
School fundraising and other	200,000	328,357	244,150
Amortization of deferred capital contributions	1,077,748	1,028,717	939,315
TOTAL REVENUES	18,356,271	19,600,633	17,993,913
EXPENSES			
Instruction	12,534,659	13,463,609	12,192,442
Administration	1,396,684	1,771,951	1,311,151
Transportation	549,621	563,705	527,540
Pupil accommodation	3,649,428	3,506,914	3,349,821
Other	26,000	35,825	34,440
School funded activities	200,000	306,750	233,018
TOTAL EXPENSES [note 12]	18,356,392	19,648,754	17,648,412
Annual surplus (deficit)	(121)	(48,121)	345,501
Accumulated surplus, beginning of year	4,498,906	4,802,547	4,457,046
Accumulated surplus, end of year [note 9]	4,498,785	4,754,426	4,802,547

See accompanying notes to the consolidated financial statements.

**Superior North Catholic
District School Board**

Statement 3

Consolidated Statement of Change in Net Debt

Year ended August 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	(121)	(48,121)	345,501
Acquisition of tangible capital assets	(733,981)	(798,513)	(1,845,501)
Amortization of tangible capital assets	1,077,748	1,101,205	1,010,249
Acquisition of prepaid expenses	—	(68,261)	(62,350)
Use of prepaid expenses	—	62,350	48,456
Decrease (increase) in net debt	343,646	248,660	(503,645)
Net debt, beginning of year	(16,175,673)	(16,175,673)	(15,672,028)
Net debt, end of year	(15,832,027)	(15,927,013)	(16,175,673)

See accompanying notes to the consolidated financial statements.

**Superior North Catholic
District School Board
Consolidated Statement of Cash Flows**

Statement 4

Year ended August 31

	2016	2015
	\$	\$
OPERATIONS		
Annual surplus (deficit)	(48,121)	345,501
Non-cash charges		
Amortization of tangible capital assets	1,101,205	1,010,249
Amortization of deferred capital contributions	(1,028,717)	(939,315)
Decrease in employee future benefits liability	(62,305)	(98,817)
Net change in non-cash working capital balances		
Increase in accounts receivable	(105,410)	(790,833)
Increase in other financial assets	(35,517)	(100,000)
Increase (decrease) in accounts payable and accrued liabilities	(742,145)	980,427
Increase (decrease) in accounts payable - other	17,489	(18,821)
Increase (decrease) in deferred revenue	(697,687)	81,235
Increase in prepaid expenses	(5,911)	(13,894)
Net increase (decrease) in cash from operating transactions	(1,607,119)	455,732
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(798,513)	(1,845,501)
Net decrease in cash from capital transactions	(798,513)	(1,845,501)
FINANCING		
Grant received – deferred capital contributions	780,097	1,701,313
Decrease in accounts receivable – Government of Ontario	316,848	312,025
Debt repayments	(316,849)	(299,043)
Net increase in cash from financing transactions	780,096	1,714,295
Net change in cash and cash equivalents	(1,625,536)	324,526
Opening cash and cash equivalents	7,485,520	7,160,994
Closing cash and cash equivalents	5,859,984	7,485,520

See accompanying notes to the consolidated financial statements.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Superior North Catholic District School Board (the "Board") 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 this 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 and Accumulated Surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

[b] Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenue 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, revenue 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.

Consolidated entities:

School Services for Northern Superior was incorporated under the laws of Ontario in January, 1993 to provide services to children directly or indirectly in co-operation with school boards or other organizations. The corporation has never been active and has no assets or liabilities. It had no revenue or expenses for the year ended December 31, 2015 or for the period ending August 31, 2016. The directors and officers of the corporation are all officers of the Superior North Catholic District School Board.

The Board has a charitable organization controlled by the same directors and officers of the Board. The charitable organization is under the same name as the Board, namely the Superior North Catholic District School Board. The charitable organization has the same year-end as the Board and reports the same assets, liabilities, revenue and expenses and accumulated surpluses as the Board. The charitable organization is set up to further all objectives of the Board, including providing education to elementary students in a Catholic school setting.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits.

[d] 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, and special education forms part of the respective deferred revenue balances.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

[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 expenditures are incurred or services are 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 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; 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 and health care benefits, retirement gratuity, worker's compensation, and long-term disability benefits. On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. 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 and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, sick days and 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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

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 ("OMERS") 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:

Land improvements	15 years
Buildings	40 years
Other buildings	20 years
Furniture and equipment	5 or 10 years
Computer hardware and software	5 years
First-time equipping	10 years

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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

Land permanently removed from service and held for resale is recorded at 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 cease to be amortized and the carrying value is written-down to its residual value. 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 historic assets are not recorded as assets in these consolidated financial statements.

[i] Internally appropriated surplus

Certain amounts, as approved by the Board's Trustees, are set aside for future operating or capital purposes. Transfers to and/or from internally appropriated surplus are an adjustment to the respective internally appropriated surplus when approved.

[j] 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, and 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 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 and accumulated surplus at the same rate and over the same periods as the asset is amortized.

[k] Use of estimates

The preparation of 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 revenue and expenditures during the year. Actual results could differ from these estimates.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

[l] 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. Given differences between the funding model and the basis of accounting used by the Board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

[m] 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.

2. TEMPORARY LOANS

The Board has available a line of credit of \$1,500,000 [2015 - \$1,500,000] of which \$nil [2015 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [2.7% at year-end].

3. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

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

The Board has a receivable from the Province of Ontario of \$6,731,137 as at August 31, 2016 [2015 - \$7,047,985] with respect to capital grants.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

4. LONG-TERM DEBT

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

	2016 \$	2015 \$
Citibank Canada		
Debenture repayable in semi-annual instalments of \$126,078 including interest at 5.961% per annum, maturing January, 2029. As at August 15, 2016, the debt was sold to Empire Life Insurance Company.	2,200,191	2,315,991
Manufacturers Life Insurance Company		
Debenture repayable in semi-annual instalments of \$126,054 including interest at 6.482% per annum, maturing March, 2028.	2,080,407	2,192,199
Debenture repayable in semi-annual instalments of \$27,353 including interest at 5.437% per annum, maturing September, 2032.	590,963	612,649
Ontario Financing Authority		
Debenture repayable in semi-annual instalments of \$26,648 including interest at 4.56% per annum, maturing November, 2031.	587,720	613,337
Debenture repayable in semi-annual instalments of \$21,217 including interest at 4.9% per annum, maturing May, 2033.	481,933	500,083
Debenture repayable in semi-annual instalments of \$22,187 including interest at 5.232% per annum, maturing May, 2035.	528,723	544,801
Debenture repayable in semi-annual instalments of \$10,315 including interest at 4.833% per annum, maturing March, 2036.	261,200	268,926
	6,731,137	7,047,986

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

Principal and interest payments relating to long-term debt of \$6,731,137, outstanding as at August 31, 2016, are due as follows:

	Principal \$	Interest \$	Total \$
2017	335,724	383,979	719,703
2018	355,738	363,965	719,703
2019	376,958	342,745	719,703
2020	399,459	320,244	719,703
2021	423,318	296,385	719,703
Thereafter	4,839,940	1,428,519	6,268,459
	6,731,137	3,135,837	9,866,974

5. CHARGES FOR LONG-TERM DEBT

Total payments for the year for long-term debt are as follows:

	2016 \$	2015 \$
Principal payments on long-term debt	316,849	299,043
Interest payments on long-term debt	402,854	420,660
	719,703	719,703

6. DEFERRED REVENUE

Revenues received 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, 2016 is comprised of:

	As at August 31, 2015 \$	Externally restricted revenue and investment income \$	Revenue recognized in period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2016 \$
Energy efficient schools	250,041	1,330	(60,203)	—	191,168
School renewal	—	728,479	(141,267)	(435,874)	151,338
Special education	391,889	2,485,421	(2,218,967)	—	658,343
Other Ministry of Education grants	1,769,825	1,856,657	(2,107,723)	(344,223)	1,174,536
Other capital grants	2,143	—	(2,143)	—	—
Other	547,425	175,683	(634,857)	—	88,251
	2,961,323	5,247,570	(5,165,160)	(780,097)	2,263,636

Superior North Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

7. DEFERRED CAPITAL CONTRIBUTIONS

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

	2016	2015
	\$	\$
Balance, beginning of year	19,918,425	19,156,427
Additions to deferred capital contributions	780,097	1,701,313
Revenue recognized in period	(1,028,717)	(939,315)
Balance, end of year	19,669,805	19,918,425

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefits Liability

	2016			2015
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefit obligations	400,064	6,782	406,846	446,888
Unamortized actuarial gain (loss)	(55,854)	—	(55,854)	(33,591)
Employee future benefits liability	344,210	6,782	350,992	413,297

Superior North Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2016

Retirement and Other Employee Future Benefits Expenses

	2016			2015
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	—	(9,567)	(9,567)	22,317
Interest on accrued benefit obligation	9,470	433	9,903	13,442
Cost of plan amendments	—	—	—	—
Curtailment gain	—	—	—	—
Recognition of unamortized actuarial losses on plan amendments	5,276	—	5,276	(221)
Employee future benefits expenses *	14,746	(9,134)	5,612	35,538
Benefit payments	(46,952)	(20,965)	(67,917)	(134,355)
Change in liability	(32,206)	(30,099)	(62,305)	(98,817)

Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 6.73 years.

* Excluding pension contributions to the OMERS, a multi-employer pension plan, described below.

Plan changes

In 2012, changes were made to the Board's retirement gratuity plan and sick leave plan. As a result, employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days were eliminated as of September 1, 2012, and were replaced with a new short-term leave and disability plan.

In 2013, further changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2016 are based on actuarial valuations for accounting purposes as at August 31, 2015. These actuarial valuations were based on assumptions about future events. 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:

	2016	2015
	%	%
Inflation	2.0	1.5
Interest	2.05	2.45
Insurance and health care cost escalation	—	8.50
Dental cost escalation	—	4.50
Discount on accrued benefit obligations	2.05	2.45

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, 2016, the Board contributed \$253,491 [2015 - \$242,365] 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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

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[iii] Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board's obligation of \$106,491 and a corresponding curtailment gain was reported in the Consolidated Statement of Operations and Accumulated Surplus as at August 31, 2012.

Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, OECTA, ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided eligible OECTA members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016.

This provision was also made available to all eligible non-unionized school board employees, including principals and vice-principals. These payments will be made by August 31, 2016.

No employees opted for the early payout.

[iv] Retirement Life Insurance and Health Care Benefits

The 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 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. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for the Board subsidized premiums or contributions.

Other Employee Future Benefits

[i] Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2016 were \$100,471 [2015 - \$98,928] and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

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[ii] Long-Term Disability Benefits

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums during the period an employee is unable to work or until their normal retirement date. The Board provides health care benefits during the one or two years an employee is unable to work. 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.

[iii] Benefit Plan Future Changes

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: OECTA, EWAO, non-unionized employees (including principals and vice-principals). The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting February 1, 2017, the Board will no longer be responsible to provide benefits to the above-mentioned groups. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs plus 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

[iv] Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$3,997 [2015 – \$3,919].

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, 2015 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2016.

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9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Operating surplus available for compliance	769,080	747,330
Committed capital projects	225,630	279,700
Internally appropriated surplus <i>[note 10]</i>	3,382,219	3,488,089
Unfunded amounts to be recovered	(428,477)	(496,939)
School Generated Funds	91,050	69,443
Revenues recognized for land	714,924	714,924
	4,754,426	4,802,547

10. INTERNALLY APPROPRIATED SURPLUS

Internally appropriated amounts are made up of the following:

	2016	2015
	\$	\$
Retirement gratuity	448,338	490,894
Secondary credits and classroom expenditures	231,665	231,665
School activities	76,042	134,856
Doubtful accounts	22,793	22,793
Labour costs	88,556	93,056
Administrative contingencies	12,908	12,908
Pupil accommodation – school renewal	1,201,199	1,201,199
Capital projects	1,053,575	1,053,575
Technology	247,143	247,143
	3,382,219	3,488,089

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11. TANGIBLE CAPITAL ASSETS - NET

	Cost			Balance Aug. 31, 2016 \$	Accumulated Amortization			Balance Aug. 31, 2016 \$	Net Book Value	
	Balance Sept. 1, 2015 \$	Additions \$	Disposals \$		Balance Sept. 1, 2015 \$	Amortization \$	Disposals \$		Aug. 31, 2016 \$	Aug. 31, 2015 \$
Land	714,924	—	—	714,924	—	—	—	—	714,924	714,924
Land improvements	753,304	17,756	—	771,060	206,586	50,498	—	257,084	513,976	546,718
Buildings	30,756,169	584,255	—	31,340,424	11,531,871	894,983	—	12,426,854	18,913,570	19,224,298
Other buildings	27,450	—	—	27,450	7,071	1,372	—	8,443	19,007	20,379
Furniture and equipment	29,780	13,857	—	43,637	5,432	4,105	—	9,537	34,100	24,348
Computer hardware and software	626,440	182,645	29,813	779,272	270,005	140,571	29,813	380,763	398,509	356,435
First-time equipping	98,087	—	2,658	95,429	69,319	9,676	2,658	76,337	19,092	28,768
Total	33,006,154	798,513	32,471	33,772,196	12,090,284	1,101,205	32,471	13,159,018	20,613,178	20,915,870

Superior North Catholic District School Board Notes to the Consolidated Financial Statements

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12. EXPENSES BY OBJECT

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

	2016 Budget \$	2016 Actual \$	2015 Actual \$
Expenses			
Salaries and wages	11,275,967	11,636,484	10,974,219
Employee benefits	1,719,721	1,801,944	1,602,902
Staff development	306,914	659,941	386,814
Supplies and services	2,473,141	2,677,771	2,177,892
Interest	397,587	396,308	415,695
Rental	23,700	22,595	19,192
Fees and contractual services	483,277	701,770	503,050
Other	77,037	110,830	47,333
Transfer to other boards	521,300	539,906	511,066
Amortization of tangible capital assets	1,077,748	1,101,205	1,010,249
	18,356,392	19,648,754	17,648,412

13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board's Insurance Exchange ("OSBIE"), a reciprocal insurance company licenced 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 reciprocals 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. COMMITMENTS

- [i] In 2016, the Superior North Catholic District School Board entered into an agreement to install and program Phase II metering at eight elementary schools at a cost of \$89,270. As of August 31, 2016, approximately \$68,900 has been incurred. All work is expected to be completed by October 31, 2016.
- [ii] In 2016, the Superior North Catholic District School Board entered into an agreement to replace HVAC controls at Our Lady of Fatima School at a cost of \$55,600. As of August 31, 2016, approximately \$31,400 has been incurred. All work is expected to be completed by November 15, 2016. Conseil scolaire de district catholique des Aurores boréales will be reimbursing 41% of the costs.

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- [iii] In 2016, the Superior North Catholic District School Board entered into an agreement to replace HVAC controls at St. Joseph School at a cost of \$49,019. As of August 31, 2016, approximately \$24,500 has been incurred. All work is expected to be completed by November 15, 2016. Conseil scolaire de district catholique des Aurores boréales will be reimbursing 49% of the costs.
- [iv] In 2016, the Superior North Catholic District School Board entered into an agreement for design and contract administration of office renovations of Day Care space at St. Martin School at a cost of \$27,120. As of August 31, 2016, no costs have been incurred. All work is expected to be completed by January 31, 2017.

The aggregate minimum annual commitments under operating leases for the next three years are as follows:

	\$
2017	125,866
2018	124,381
2019	27,862
	<hr/> 278,109 <hr/>

15. FINANCIAL INSTRUMENTS

[a] Financial instruments

Financial instruments consist mainly of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

The carrying value of long-term liabilities approximates their fair values because the interest rate approximates the market rates for these types of borrowings.

[b] Credit risk

Credit risk is the risk that a third party will fail to discharge its obligation to the Board reducing the expected cash inflow from the Board's assets recorded at the Consolidated Statement of Financial Position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. For these accounts, the Board determines on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

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16. PARTNERSHIP IN STUDENT TRANSPORTATION SERVICES

On June 16, 2008, the Board entered into an agreement with Conseil scolaire de district catholique des Aurores boréales, Conseil scolaire de district du Grand Nord de l'Ontario and Superior-Greenstone District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of East of Thunder Bay Transportation Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements illustrate the Board's pro-rata share of revenues and expenses for the consortium.

17. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 financial statements.