



Grant Thornton

Consolidated Financial Statements

Superior North Catholic District School Board

August 31, 2017



# 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

  
Supervising Manager of Finance

November 6, 2017

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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, 2017, 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 entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2017.

**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, 2017 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 6, 2017

*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

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	5,809,124	5,859,984
Accounts receivable	1,987,476	1,890,445
Accounts receivable - Government of Ontario [note 3]	6,400,485	6,731,137
Other - health care benefit plan surplus	135,517	135,517
<b>TOTAL FINANCIAL ASSETS</b>	<b>14,332,602</b>	<b>14,617,083</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,553,986	1,350,628
Accounts payable - other	201,923	177,898
Long-term debt [note 4]	6,395,414	6,731,137
Deferred revenue [note 6]	2,127,937	2,263,636
Deferred capital contributions [note 7]	20,019,206	19,669,805
Employee future benefits liability [note 8]	283,443	350,992
<b>TOTAL LIABILITIES</b>	<b>30,581,909</b>	<b>30,544,096</b>
<b>NET DEBT</b>	<b>(16,249,307)</b>	<b>(15,927,013)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net [note 11]	20,910,211	20,613,178
Prepaid expenses	57,272	68,261
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>20,967,483</b>	<b>20,681,439</b>
<b>ACCUMULATED SURPLUS [note 9]</b>	<b>4,718,176</b>	<b>4,754,426</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director of Education



Chair of the Board



**Superior North Catholic  
District School Board**

**Statement 2**

**Consolidated Statement of Operations and Accumulated  
Surplus**

Year ended August 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
<b>REVENUES</b>			
Provincial legislative grants	15,477,377	15,246,630	14,588,860
Provincial grants - other	800,453	1,155,878	1,719,091
Federal grants and fees	1,295,490	1,424,242	1,340,825
Other fees and revenues	20,400	69,935	560,900
Investment income	60,000	37,024	33,883
School fundraising and other	250,000	270,736	328,357
Amortization of deferred capital contributions	1,133,974	1,095,780	1,028,717
<b>TOTAL REVENUES</b>	<b>19,037,694</b>	<b>19,300,225</b>	<b>19,600,633</b>
<b>EXPENSES</b>			
Instruction	12,998,912	13,087,903	13,463,609
Administration	1,615,134	1,815,800	1,771,951
Transportation	581,687	587,621	563,705
Pupil accommodation	3,633,800	3,572,172	3,506,914
Other	19,600	8,046	35,825
School funded activities	250,000	264,933	306,750
<b>TOTAL EXPENSES [note 12]</b>	<b>19,099,133</b>	<b>19,336,475</b>	<b>19,648,754</b>
<b>Annual deficit</b>	<b>(61,439)</b>	<b>(36,250)</b>	<b>(48,121)</b>
Accumulated surplus, beginning of year	4,754,426	4,754,426	4,802,547
<b>Accumulated surplus, end of year [note 9]</b>	<b>4,692,987</b>	<b>4,718,176</b>	<b>4,754,426</b>

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	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
<b>Annual deficit</b>	<b>(61,439)</b>	<b>(36,250)</b>	<b>(48,121)</b>
Acquisition of tangible capital assets	<b>(727,170)</b>	<b>(1,445,181)</b>	(798,513)
Amortization of tangible capital assets	<b>1,138,281</b>	<b>1,148,148</b>	1,101,205
Acquisition of prepaid expenses	—	<b>(57,272)</b>	(68,261)
Use of prepaid expenses	—	<b>68,261</b>	62,350
Decrease (increase) in net debt	<b>349,672</b>	<b>(322,294)</b>	248,660
Net debt, beginning of year	<b>(15,927,013)</b>	<b>(15,927,013)</b>	(16,175,673)
<b>Net debt, end of year</b>	<b>(15,577,341)</b>	<b>(16,249,307)</b>	(15,927,013)

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

	2017	2016
	\$	\$
<b>OPERATIONS</b>		
Annual deficit	(36,250)	(48,121)
<b>Non-cash charges</b>		
Amortization of tangible capital assets	1,148,148	1,101,205
Amortization of deferred capital contributions	(1,095,780)	(1,028,717)
Decrease in employee future benefits liability	(67,549)	(62,305)
<b>Net change in non-cash working capital balances</b>		
Increase in accounts receivable	(97,031)	(105,410)
Increase in other health care benefit plan surplus	-	(35,517)
Increase (decrease) in accounts payable and accrued liabilities	203,358	(742,145)
Increase in accounts payable - other	24,025	17,489
Decrease in deferred revenue	(135,699)	(697,687)
Decrease (increase) in prepaid expenses	10,989	(5,911)
<b>Net decrease in cash from operating transactions</b>	<b>(45,789)</b>	<b>(1,607,119)</b>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(1,445,181)	(798,513)
<b>Net decrease in cash from capital transactions</b>	<b>(1,445,181)</b>	<b>(798,513)</b>
<b>FINANCING</b>		
Grant received – deferred capital contributions	1,445,181	780,097
Decrease in accounts receivable – Government of Ontario	330,652	316,848
Debt repayments	(335,723)	(316,849)
<b>Net increase in cash from financing transactions</b>	<b>1,440,110</b>	<b>780,096</b>
<b>Net change in cash and cash equivalents</b>	<b>(50,860)</b>	<b>(1,625,536)</b>
Opening cash and cash equivalents	5,859,984	7,485,520
<b>Closing cash and cash equivalents</b>	<b>5,809,124</b>	<b>5,859,984</b>

See accompanying notes to the consolidated financial statements.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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### 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 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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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, 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.

#### **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 revenues or expenses for the year ended December 31, 2016 or for the period ending August 31, 2017. The directors and officers of the corporation are all officers of the 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, revenues 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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### **[d] 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.

### **[e] 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.

### **[f] 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 2016-17: OECTA. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers). These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting April 1, 2017, the Board is no longer responsible to provide certain benefits to teachers (excluding daily occasional teachers). Beginning in the 2016-17 school year, school boards whose employee groups transitioned their health, dental and life benefits to the ELHT are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for the following employee groups: principals and vice-principals, SEIU employees and non-union employees and continues to have a liability for payment of benefits for those who are on long-term disability.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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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.

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.

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.

### **[g] 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements with finite lives	15 years
Buildings and building improvements	40 years
Other buildings	20 years
Furniture and equipment	5 or 10 years
Computer hardware and software	5 years
First-time equipping of schools	10 years
Vehicles	5 to 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.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service 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.

### **[h] 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.

### **[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 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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### **[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] 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.

### **[m] Use of estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the year. Accounts subject to significant estimates include accounts receivable, accounts payable and accrued liabilities, employee future benefits liability and tangible capital assets. Actual results could differ from these estimates.

## **2. TEMPORARY LOANS**

The Board has available a line of credit of \$1,500,000 [2016 - \$1,500,000] of which \$nil [2016 - \$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 Province of Ontario ("Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable.

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

The Board has a receivable from the Province of Ontario of \$6,400,485 as at August 31, 2017 [2016 - \$6,731,137] with respect to capital grants.

### 4. LONG-TERM DEBT

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

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Empire Life Insurance Company</b>		
Debenture repayable in semi-annual instalments of \$126,078 including interest at 5.961% per annum, maturing January, 2029.	<b>2,077,385</b>	2,200,191
<b>Manufacturers Life Insurance Company</b>		
Debenture repayable in semi-annual instalments of \$126,054 including interest at 6.482% per annum, maturing March, 2028.	<b>1,961,252</b>	2,080,407
Debenture repayable in semi-annual instalments of \$27,353 including interest at 5.437% per annum, maturing September, 2032.	<b>568,081</b>	590,963
<b>Ontario Financing Authority</b>		
Debenture repayable in semi-annual instalments of \$26,648 including interest at 4.56% per annum, maturing November, 2031.	<b>560,921</b>	587,720
Debenture repayable in semi-annual instalments of \$21,217 including interest at 4.9% per annum, maturing May, 2033.	<b>462,884</b>	481,933
Debenture repayable in semi-annual instalments of \$22,187 including interest at 5.232% per annum, maturing May, 2035.	<b>511,793</b>	528,723
Debenture repayable in semi-annual instalments of \$10,315 including interest at 4.833% per annum, maturing March, 2036.	<b>253,098</b>	261,200
	<b>6,395,414</b>	<b>6,731,137</b>



# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

Principal and interest payments relating to long-term debt of \$6,395,414, outstanding as at August 31, 2017, are due as follows:

	Principal \$	Interest \$	Total \$
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	4,839,941	1,428,519	6,268,460
	<b>6,395,414</b>	<b>2,751,858</b>	<b>9,147,272</b>

### 5. CHARGES FOR LONG-TERM DEBT

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

	2017 \$	2016 \$
Principal payments on long-term debt	335,723	316,849
Interest payments on long-term debt	383,980	402,854
	<b>719,703</b>	<b>719,703</b>

### 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, 2017 is comprised of:

	Balance as at August 31, 2016 \$	Externally restricted revenue and investment income \$	Revenue recognized in period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2017 \$
Energy efficient schools	191,168	1,338	—	—	192,506
School renewal	151,338	752,427	(150,341)	(370,718)	382,706
Special education	658,343	1,986,471	(1,824,060)	—	820,754
School condition improvement	1,111,347	—	—	(544,758)	566,589
Other Ministry of Education grants	63,189	2,677,629	(2,090,429)	(529,705)	120,684
Other	88,251	181,155	(224,708)	—	44,698
	<b>2,263,636</b>	<b>5,599,020</b>	<b>(4,289,538)</b>	<b>(1,445,181)</b>	<b>2,127,937</b>

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

### 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.

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>19,669,805</b>	19,918,425
Additions to deferred capital contributions	<b>1,445,181</b>	780,097
Revenue recognized in period	<b>(1,095,780)</b>	(1,028,717)
<b>Balance, end of year</b>	<b>20,019,206</b>	19,669,805

### 8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

#### Retirement and Other Employee Future Benefits Liability

	2017			2016
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefit obligations	<b>271,176</b>	<b>7,279</b>	<b>278,455</b>	406,846
Unamortized actuarial gain (loss)	<b>4,988</b>	—	<b>4,988</b>	(55,854)
<b>Employee future benefits liability</b>	<b>276,164</b>	<b>7,279</b>	<b>283,443</b>	350,992

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

### Retirement and Other Employee Future Benefits Expenses

	2017			2016
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	—	4,457	4,457	(9,567)
Interest on accrued benefit obligation	7,287	37	7,324	9,903
Cost of plan amendments	3,969	—	3,969	—
Recognition of unamortized actuarial losses on plan amendments	9,875	5,793	15,668	5,276
<b>Employee future benefits expenses *</b>	<b>21,131</b>	<b>10,287</b>	<b>31,418</b>	<b>5,612</b>
Benefit payments	(89,174)	(9,793)	(98,967)	(67,917)
<b>Change in liability</b>	<b>(68,043)</b>	<b>494</b>	<b>(67,549)</b>	<b>(62,305)</b>

Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 6.36 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, up to 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 are based on actuarial valuations for accounting purposes as at August 31, 2016. 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:

	2017 %	2016 %
Inflation	2.0	2.0
Interest	2.55	2.05
Insurance and health care cost escalation	4.0	4.0
Dental cost escalation	4.0	4.0
Discount on accrued benefit obligations	2.55	2.05

### 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, 2017, the Board contributed \$269,560 [2016 - \$253,491] 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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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.

### [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, 2017 were \$99,557 [2016 - \$100,471] 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.

### [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 to employees who are not yet vendors of an ELHT. 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.

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

### [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 \$6,441 [2016 – \$3,997].

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, 2016 (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, 2017.

## 9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Operating surplus available for compliance	371,503	769,080
Committed capital projects	2,196,102	225,630
Internally appropriated surplus [note 10]	1,706,236	3,382,219
Unfunded amounts to be recovered	(367,442)	(428,477)
School Generated Funds	96,853	91,050
Revenues recognized for land	714,924	714,924
	<b>4,718,176</b>	<b>4,754,426</b>

## 10. INTERNALLY APPROPRIATED SURPLUS

Internally appropriated amounts are made up of the following:

	2017	2016
	\$	\$
Retirement gratuity	304,738	448,338
Secondary credits and classroom expenditures	—	231,665
School activities	76,042	76,042
Doubtful accounts	22,793	22,793
Labour costs	88,556	88,556
Administrative contingencies	12,908	12,908
Pupil accommodation – school renewal	1,201,199	1,201,199
Capital projects	—	1,053,575
Technology	—	247,143
	<b>1,706,236</b>	<b>3,382,219</b>

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

August 31, 2017

### 11. TANGIBLE CAPITAL ASSETS - NET

	Cost			Accumulated Amortization			Net Book Value	
	Balance Sept. 1, 2016 \$	Additions \$	Disposals \$	Balance Sept. 1, 2016 \$	Amortization Disposals \$	Balance Aug. 31, 2017 \$	Aug. 31, 2017 \$	Aug. 31, 2016 \$
Land	714,924	—	—	—	—	—	714,924	714,924
Land improvements	771,060	7,049	—	257,084	—	—	469,679	513,976
Buildings and building improvements	31,340,424	1,138,934	—	12,426,854	—	13,360,941	19,118,417	18,913,570
Other buildings	27,450	107,592	—	8,443	—	12,503	122,539	19,007
Furniture and equipment	43,637	8,210	—	9,537	—	15,587	36,260	34,100
Computer hardware and software	779,272	71,384	233,668	380,763	233,668	286,721	330,267	398,509
First-time equipping of schools	95,429	64,487	75,015	76,337	75,015	10,338	74,563	19,092
Vehicles	—	39,631	—	—	—	3,963	35,668	—
Construction-in-progress	—	7,894	—	—	—	—	7,894	—
<b>Total</b>	<b>33,772,196</b>	<b>1,445,181</b>	<b>308,683</b>	<b>13,159,018</b>	<b>1,148,148</b>	<b>308,683</b>	<b>20,910,211</b>	<b>20,613,178</b>

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

### 12. EXPENSES BY OBJECT

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

	2017 Budget \$	2017 Actual \$	2016 Actual \$
<b>Expenses</b>			
Salaries and wages	12,072,062	11,966,012	11,636,484
Employee benefits	1,890,092	1,964,836	1,801,944
Staff development	316,973	614,511	659,941
Supplies and services	2,152,621	2,014,664	2,677,771
Interest charges on capital	378,390	378,462	396,308
Rental expenses	26,300	26,568	22,595
Fees and contract services	494,307	564,061	701,770
Other	77,107	93,959	110,830
Transfer to other boards	553,000	565,254	539,906
Amortization of tangible capital assets	1,138,281	1,148,148	1,101,205
	<b>19,099,133</b>	<b>19,336,475</b>	<b>19,648,754</b>

### 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. The current five-year term expires December 31, 2021.

### 14. COMMITMENTS

- [i] In 2017, the Superior North Catholic District School Board entered into an agreement to renovate the library at St. Martin School at a cost of \$199,219. As of August 31, 2017, approximately \$190,500 has been incurred. All work is expected to be completed by October 15, 2017. Conseil scolaire de district catholique des Aurores boréales will be reimbursing 38% of the costs.
- [ii] In 2017, the Superior North Catholic District School Board entered into an agreement to renovate the library at St. Edward School at a cost of \$198,089. As of August 31, 2017, approximately \$134,300 has been incurred. All work is expected to be completed by October 24, 2017.



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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2017

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[iii] In 2017, the Superior North Catholic District School Board entered into an agreement to purchase furniture for the library renovation project at St. Martin School at a cost of \$58,549. As of August 31, 2017, no costs have been incurred. All work is expected to be completed by September 30, 2017. Conseil scolaire de district catholique des Aurores boréales will be reimbursing 38% of the costs.

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

	\$
2018	124,381
2019	124,381
2020	27,862
	<hr/> 276,624

### 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.

### 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.