



Consolidated Financial Statements

Superior North Catholic District School Board

August 31, 2018



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MANAGEMENT REPORT

Year ended August 31, 2018

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 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.

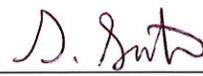
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

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



Interim Director of Education



Manager of Finance

December 10, 2018

Geraldton Saint Joseph Catholic School	Longlac Our Lady of Fatima Catholic School	Marathon Holy Saviour Catholic School	Manitouwadge Our Lady of Lourdes Catholic School	Nakina Saint Brigid Catholic School	Nipigon Saint Edward Catholic School	Red Rock Saint Hilary Catholic School	Schreiber Holy Angels Catholic School	Terrace Bay Saint 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, 2018, 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements as at and for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which 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.

Grant Thornton LLP

Thunder Bay, Canada
December 10, 2018

Chartered Professional Accountants
Licensed Public Accountants

**Superior North Catholic
District School Board**

Statement 1

Consolidated Statement of Financial Position

As at August 31

2018

2017

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	2,980,342	5,809,124
Accounts receivable	3,266,490	1,987,476
Accounts receivable - Government of Ontario <i>[note 3]</i>	9,569,536	6,400,485
Other - health care benefit plan surplus	135,517	135,517
TOTAL FINANCIAL ASSETS	15,951,885	14,332,602
LIABILITIES		
Accounts payable and accrued liabilities	3,609,336	1,553,986
Accounts payable - other	173,201	201,923
Long-term debt <i>[note 4]</i>	6,039,677	6,395,414
Deferred revenue <i>[note 6]</i>	2,009,783	2,127,937
Deferred capital contributions <i>[note 7]</i>	23,735,126	20,019,206
Employee future benefits liability <i>[note 8]</i>	243,077	283,443
TOTAL LIABILITIES	35,810,200	30,581,909
NET DEBT	(19,858,315)	(16,249,307)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 11]</i>	24,660,068	20,910,211
Prepaid expenses	179,195	57,272
TOTAL NON-FINANCIAL ASSETS	24,839,263	20,967,483
ACCUMULATED SURPLUS <i>[note 9]</i>	4,980,948	4,718,176

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Interim
Director of Education

Chair of the Board

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

Statement 2

Year ended August 31	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
REVENUES			
Provincial legislative grants	16,384,306	16,231,639	15,246,630
Provincial grants - other	578,079	1,309,056	1,155,878
Federal grants and fees	1,495,406	1,585,657	1,424,242
Other fees and revenues	18,140	73,457	69,935
Investment income	50,000	51,975	37,024
School fundraising and other	250,000	299,687	270,736
Amortization of deferred capital contributions	1,151,846	1,284,698	1,095,780
TOTAL REVENUES	19,927,777	20,836,169	19,300,225
EXPENSES			
Instruction	12,881,871	13,488,141	13,087,903
Administration	1,900,194	2,065,982	1,815,800
Transportation	580,626	674,761	587,621
Pupil accommodation	3,690,155	3,920,760	3,572,172
Other	9,700	147,511	8,046
School funded activities	250,000	276,242	264,933
TOTAL EXPENSES [note 12]	19,312,546	20,573,397	19,336,475
Annual surplus (deficit)	615,231	262,772	(36,250)
Accumulated surplus, beginning of year	4,718,176	4,718,176	4,754,426
Accumulated surplus, end of year [note 9]	5,333,407	4,980,948	4,718,176

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	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	615,231	262,772	(36,250)
Acquisition of tangible capital assets	(8,227,347)	(5,055,009)	(1,445,181)
Amortization of tangible capital assets	1,253,459	1,305,152	1,148,148
Acquisition of prepaid expenses	—	(179,195)	(57,272)
Use of prepaid expenses	—	57,272	68,261
Increase in net debt	(6,358,657)	(3,609,008)	(322,294)
Net debt, beginning of year	(16,249,307)	(16,249,307)	(15,927,013)
Net debt, end of year	(22,607,964)	(19,858,315)	(16,249,307)

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

	2018	2017
	\$	\$
OPERATIONS		
Annual surplus (deficit)	262,772	(36,250)
Non-cash charges		
Amortization of tangible capital assets	1,305,152	1,148,148
Amortization of deferred capital contributions	(1,284,696)	(1,095,780)
Decrease in employee future benefits liability	(40,366)	(67,549)
Net change in non-cash working capital balances		
Increase in accounts receivable	(1,279,014)	(97,031)
Increase in accounts payable and accrued liabilities	2,055,350	203,358
Increase (decrease) in accounts payable - other	(28,722)	24,025
Decrease in deferred revenue	(118,154)	(135,699)
Decrease (increase) in prepaid expenses	(121,923)	10,989
Net increase (decrease) in cash from operating transactions	750,399	(45,789)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(5,055,009)	(1,445,181)
Net decrease in cash from capital transactions	(5,055,009)	(1,445,181)
FINANCING		
Grant received – deferred capital contributions	5,000,616	1,445,181
Decrease (increase) in accounts receivable–Government of Ontario	(3,169,051)	330,652
Debt repayments	(355,737)	(335,723)
Net increase in cash from financing transactions	1,475,828	1,440,110
Net change in cash and cash equivalents	(2,828,782)	(50,860)
Opening cash and cash equivalents	5,809,124	5,859,984
Closing cash and cash equivalents	2,980,342	5,809,124

See accompanying notes to the consolidated financial statements.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

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, 2017 or for the period ending August 31, 2018. 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.

[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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

[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 2016-2017: OECTA. The following were established in 2017-2018: March 1 – EWAO administered by OTIP, April 1 – Principal/Vice Principal administered by Cowan ONE-T and June 1 – Non-union group administered by Cowan ONE-T. 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). Upon transition of the employee groups' health, dental and life benefits plan to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) additional ministry funding in the form of a Crown contribution as well as Stabilization Adjustment.

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

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

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.

[j] Investment income

Investment income is reported as revenue in the period earned.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

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 [2017 - \$1,500,000] of which \$nil [2017 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [3.7% 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.

The Board has a receivable from the Province of Ontario of \$9,569,536 as at August 31, 2018 [2017 - \$6,400,485] with respect to capital grants.

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

August 31, 2018

4. LONG-TERM DEBT

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

	2018 \$	2017 \$
Empire Life Insurance Company Debenture repayable in semi-annual instalments of \$126,078 including interest at 5.961% per annum, maturing January, 2029.	1,947,150	2,077,385
Manufacturers Life Insurance Company Debenture repayable in semi-annual instalments of \$126,054 including interest at 6.482% per annum, maturing March, 2028.	1,834,248	1,961,252
Debenture repayable in semi-annual instalments of \$27,353 including interest at 5.437% per annum, maturing September, 2032.	543,938	568,081
Ontario Financing Authority Debenture repayable in semi-annual instalments of \$26,648 including interest at 4.56% per annum, maturing November, 2031.	532,887	560,921
Debenture repayable in semi-annual instalments of \$21,217 including interest at 4.9% per annum, maturing May, 2033.	442,890	462,884
Debenture repayable in semi-annual instalments of \$22,187 including interest at 5.232% per annum, maturing May, 2035.	493,965	511,793
Debenture repayable in semi-annual instalments of \$10,315 including interest at 4.833% per annum, maturing May, 2036.	244,599	253,098
	6,039,677	6,395,414

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

Principal and interest payments relating to long-term debt of \$6,039,677, outstanding as at August 31, 2018, are due as follows:

	Principal \$	Interest \$	Total \$
2019	376,958	342,745	719,703
2020	399,459	320,244	719,703
2021	423,318	296,385	719,703
2022	448,619	271,084	719,703
2023	475,448	244,255	719,703
Thereafter	3,915,875	913,180	4,829,055
	6,039,677	2,387,893	8,427,570

5. CHARGES FOR LONG-TERM DEBT

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

	2018 \$	2017 \$
Principal payments on long-term debt	355,737	335,723
Interest payments on long-term debt	363,966	383,980
	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, 2018 is comprised of:

	Balance as at August 31, 2017 \$	Externally restricted revenue and investment income \$	Revenue recognized in period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2018 \$
Energy efficient schools	192,506	1,921	—	—	194,427
School renewal	382,706	1,622,491	(705,861)	(516,168)	783,168
Special education	820,754	1,992,252	(1,964,215)	—	848,791
School condition improvement	566,589	—	—	(566,589)	—
Other Ministry of Education grants	120,684	1,904,448	(1,861,347)	—	163,785
Other	44,698	186,516	(211,602)	—	19,612
	2,127,937	5,707,628	(4,743,025)	(1,082,757)	2,009,783

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

August 31, 2018

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.

	2018 \$	2017 \$
Balance, beginning of year	20,019,206	19,669,805
Additions to deferred capital contributions	5,000,616	1,445,181
Revenue recognized in period	(1,284,696)	(1,095,780)
Balance, end of year	23,735,126	20,019,206

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefits Liability

	2018			2017
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefit obligations	222,083	14,097	236,180	278,455
Unamortized actuarial gain	6,897	—	6,897	4,988
Employee future benefits liability	228,980	14,097	243,077	283,443

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

Retirement and Other Employee Future Benefits Expenses

	2018	2018	2018	2017
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	—	21,173	21,173	4,457
Interest on accrued benefit obligation	6,183	90	6,273	7,324
Cost of plan amendments	—	—	—	3,969
Recognition of unamortized actuarial losses on plan amendments	4,013	3,307	7,320	15,668
Employee future benefits expenses *	10,196	24,570	34,766	31,418
Benefit payments	(57,378)	(17,754)	(75,132)	(98,967)
Change in liability	(47,182)	6,816	(40,366)	(67,549)

Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 5.56 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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2018

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on actuarial valuations for accounting purposes as at August 31, 2017. 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:

	2018	2017
	%	%
Inflation	2.0	2.0
Interest	2.90	2.55
Insurance and health care cost escalation	—	4.0
Dental cost escalation	—	4.0
Discount on accrued benefit obligations	2.90	2.55

Retirement Benefits

[i] Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

[ii] Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2018, the Board contributed \$277,014 [2017 - \$269,560] 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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[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.

Employee Life and Health Trusts (ELHTs) were established for all employee groups in 2016-18. As of year-end, there are no employee groups remaining for which the Board is responsible for providing Health, Dental and Life insurance benefits. As a result, the liability for this benefit has been eliminated.

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, 2018 were \$98,179 [2017 - \$99,557] 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.

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ELHTs were established for all employee groups in 2016-18. As of year-end, there are no employee groups remaining for which the Board is responsible for the continuation of group benefits for employees on LTD. As a result, the liability for this benefit has been eliminated.

[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 \$7,796 [2017 – \$6,441].

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, 2017 (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, 2018.

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Operating surplus available for compliance	598,382	371,503
Committed capital projects	2,175,647	2,196,102
Internally appropriated surplus [note 10]	1,648,860	1,706,236
Unfunded amounts to be recovered	(277,162)	(367,442)
School Generated Funds	120,297	96,853
Revenues recognized for land	714,924	714,924
	4,980,948	4,718,176

10. INTERNALLY APPROPRIATED SURPLUS

Internally appropriated amounts are made up of the following:

	2018	2017
	\$	\$
Retirement gratuity	247,361	304,738
School activities	76,043	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
	1,648,860	1,706,236

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11. TANGIBLE CAPITAL ASSETS - NET

	Cost			Balance Aug. 31, 2018	Accumulated Amortization			Balance Aug. 31, 2018	Net Book Value	
	Balance Sept. 1, 2017	Additions	Disposals		Balance Sept. 1, 2017	Amortization	Disposals		Aug. 31, 2018	Aug. 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Land	714,924	—	—	714,924	—	—	—	—	714,924	714,924
Land improvements	778,109	716,778	—	1,494,887	308,430	75,801	—	384,231	1,110,656	469,679
Buildings and building improvements	32,479,358	3,896,940	—	36,376,298	13,360,941	1,054,665	—	14,415,606	21,960,692	19,118,417
Other buildings	135,042	—	—	135,042	12,503	6,750	—	19,253	115,789	122,539
Furniture and equipment	51,847	—	—	51,847	15,587	6,871	—	22,458	29,389	36,260
Computer hardware and software	616,988	218,303	84,981	750,310	286,721	136,731	84,981	338,471	411,839	330,267
First-time equipping of schools	84,901	170,678	—	255,579	10,338	16,408	—	26,746	228,833	74,563
Vehicles	39,631	—	—	39,631	3,963	7,926	—	11,889	27,742	35,668
Construction-in-progress	7,894	52,310	—	60,204	—	—	—	—	60,204	7,894
Total	34,908,694	5,055,009	84,981	39,878,722	13,998,483	1,305,152	84,981	15,218,654	24,660,068	20,910,211

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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:

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Expenses			
Salaries and wages	12,229,328	12,216,193	11,966,012
Employee benefits	1,953,892	2,028,628	1,964,836
Staff development	312,490	503,759	614,511
Supplies and services	1,943,749	2,317,624	2,014,664
Interest charges on capital	358,111	358,646	378,462
Rental expenses	28,800	24,917	26,568
Fees and contract services	615,237	909,406	564,061
Other	114,007	260,036	93,959
Transfer to other boards	557,500	649,036	565,254
Amortization of tangible capital assets	1,199,432	1,305,152	1,148,148
	19,312,546	20,573,397	19,336,475

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 2018, the Superior North Catholic District School Board entered into an agreement to perform structural upgrades at St. Martin School at a cost of \$1,095,874. As of August 31, 2018, approximately \$840,274 has been incurred. All work is expected to be completed by October 31, 2018.

[ii] In 2018, the Superior North Catholic District School Board entered into an agreement to perform mechanical upgrades at Holy Saviour School at a cost of \$889,028. As of August 31, 2018, approximately \$777,758 has been incurred. All work is expected to be completed by September 30, 2018.

[iii] In 2018, the Superior North Catholic District School Board entered into an agreement to retrofit exterior walls and windows at a cost of \$960,951 for Holy Angels. As of August 31, 2018, approximately \$799,724 has been incurred. All work is expected to be completed by October 31, 2018.

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

	\$
2019	116,083
2020	40,170
2021	12,308
2022	12,308
2023	12,308
	<hr/> 193,177

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.