

Consolidated Financial Statements of

**NORTHEASTERN CATHOLIC
DISTRICT SCHOOL BOARD**

Year ended August 31, 2017

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Director of Education



Manager of Finance

December 8, 2017



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements Northeastern Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2017, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation 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.

Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation 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 Qualification

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, net revenue, financial assets and net financial position.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, the consolidated financial statements of the Northeastern Catholic District School Board 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(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 8, 2017

Sudbury, Canada

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

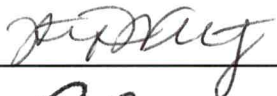
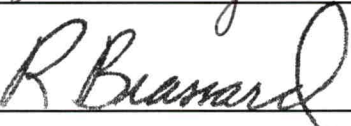
Consolidated Statement of Financial Position

As at August 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 8,601,738	8,770,667
Accounts receivable (note 3)	1,690,110	2,179,903
Accounts receivable - Government of Ontario Capital (note 4)	4,725,853	2,829,094
Assets held for sale (note 5)	648,456	354,896
Total financial assets	15,666,157	14,134,560
Financial liabilities:		
Accounts payable and accrued liabilities (note 6)	2,969,636	2,446,289
Deferred revenue (note 8)	4,985,310	3,304,013
Accrued interest on net long-term liabilities	74,352	93,835
Retirement and other employee future benefits payable (note 10)	1,216,206	1,196,245
Net long-term liabilities (note 11)	3,995,097	5,009,396
Deferred capital contributions (note 9)	28,193,942	26,305,714
Total financial liabilities	41,434,543	38,355,492
Net debt	(25,768,386)	(24,220,932)
Non-financial assets:		
Prepaid expenses	192,956	346,905
Tangible capital assets (note 13)	30,912,185	29,210,202
Total non-financial assets	31,105,141	29,557,107
Commitments (note 16)		
Contingent liabilities (note 17)		
Accumulated surplus (note 14)	\$ 5,336,755	5,336,175

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Board of Trustee 
Board of Trustee 

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
Municipal grants	\$ 4,231,128	4,110,565	4,187,013
Government of Ontario grants:			
- Grants for Student Needs	30,318,502	31,153,192	30,990,714
- Other	1,376,893	1,158,170	1,531,154
- Amortization of deferred capital contributions	1,494,318	1,440,973	1,469,743
Federal grants and fees	130,479	277,868	351,673
Other revenue - school boards	15,000	32,474	40,422
Other fees and revenue	282,659	1,094,546	457,087
Investment income	70,000	80,121	78,102
School generated funds	1,010,000	975,019	1,010,780
Total revenue	38,928,979	40,322,928	40,116,688
Expenses (note 12):			
Instruction	27,826,455	27,730,097	28,443,827
Administration	1,960,461	2,449,587	2,023,858
Transportation	3,018,528	3,005,353	2,874,505
Pupil accommodation	5,313,702	5,928,613	5,513,495
Other	-	130,441	133,192
School funded activities	1,010,000	1,078,257	1,044,849
Total expenses	39,129,146	40,322,348	40,033,726
Annual surplus (deficit)	(200,167)	580	82,962
Accumulated surplus, beginning of year	5,336,175	5,336,175	5,253,213
Accumulated surplus, end of year	\$ 5,136,008	5,336,755	5,336,175

See accompanying notes to the consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	\$ (200,167)	580	82,962
Tangible capital assets:			
Acquisition of tangible capital assets	(2,033,270)	(4,272,207)	(2,329,950)
Amortization of tangible capital assets	1,692,988	1,626,720	1,647,510
Assets held for sale	-	293,560	354,896
Write-down of tangible capital assets	-	478,006	-
Loss on sale of tangible capital assets	-	171,938	317,290
	(340,282)	(1,701,983)	(10,254)
Prepaid expenses:			
Acquisition of prepaid expenses	(346,905)	(192,956)	(346,905)
Use of prepaid expenses	346,905	346,905	194,223
	-	153,949	(152,682)
Decrease in net debt	(540,449)	(1,547,454)	(79,974)
Net debt, beginning of year	(24,220,932)	(24,220,932)	(24,140,958)
Net debt, end of year	\$ (24,761,381)	(25,768,386)	(24,220,932)

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Operating transactions:		
Annual surplus	\$ 580	82,962
Items not involving cash:		
Amortization of tangible capital assets	1,626,720	1,647,510
Amortization of deferred capital contributions	(1,440,973)	(1,469,743)
Loss on sale of tangible capital assets	171,938	317,290
	358,265	578,019
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	489,793	(332,170)
Increase in accounts payable and accrued liabilities	523,347	68,762
Increase (decrease) in deferred revenue	1,681,297	(148,910)
Decrease in accrued interest on long-term debt	(19,483)	(3,862)
Increase (decrease) in employee future benefits	19,961	(246,815)
Decrease (increase) in prepaid expenses	153,949	(152,682)
Cash provided by (used for) operating transactions	3,207,129	(237,658)
Capital transactions:		
Cash used to acquire tangible capital assets	(4,272,207)	(2,329,950)
Cash applied to capital transactions	(4,272,207)	(2,329,950)
Financing transactions:		
Long-term debt repaid	(1,014,299)	(203,345)
Capital contributions received	4,272,207	2,329,950
Increase in accounts receivable - Approved Capital Funding	(1,896,759)	(1,094,116)
Transfer from deferred capital contributions	(465,000)	(352,275)
Cash provided by financing transactions	896,149	680,214
Decrease in cash and cash equivalents	(168,929)	(1,887,394)
Cash and cash equivalents, beginning of year	8,770,667	10,658,061
Cash and cash equivalents, end of year	\$ 8,601,738	8,770,667

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

The Northeastern Catholic District School Board is an English Catholic school board formed on January 1, 1998 from the English Language sections of four separate school boards. The School Board, which covers an area from Cobalt to Moosonee, Ontario, has one secondary and thirteen elementary schools under its jurisdiction.

1. Significant accounting policies:

The consolidated financial statements of the Northeastern Catholic District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(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 Government of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations 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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies:

(a) Basis of accounting (continued):

As a result, revenue recognized in the 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:

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

- i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.
- ii) The Board is one of three school boards that entered into a partnership agreement to share certain costs related to transportation. As a result, the Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses.

(c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(d) Cash and cash equivalents:

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

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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 performed.

(f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits:

The Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans.

As part of the ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the OECTA employee group. ELHTs for the following employee groups will be established in 2017-18: CUPE and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Once employees transition to ELHT, the board is no longer responsible to provide benefits to the above-mentioned groups. The board will transfer to the ELHT an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

The Board has adopted the following accounting 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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services 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 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits (continued):

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(h) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost and accumulated amortization.

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

Land improvements with finite lives	15 years
Buildings and improvements	40 years
Portable and other structures	20 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Computer hardware and software	5 years

Amortization is taken at 50% of the above rates in the year of acquisition.

Assets under construction and assets that related to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. 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 and historic assets are not recorded as assets in these consolidated financial statements.

(i) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations, which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(i) Government transfers (continued):

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(j) Investment income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as proceeds of disposition, special education, transition, distance schools and school renewal forms part of the respective deferred revenue balances.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2016-2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 15, 2016.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(m) Municipal grants:

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

2. School leave program:

Under the school leave program, teachers have the opportunity to be paid 80% of their salaries over four years. The remaining 20% is accumulated in a bank account to cover 80% of their salaries in the fifth year when they take a year leave of absence. The cash and related liability in the amount of \$106,561 (2016 - \$52,528) have been included with cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

3. Accounts receivable:

	2017	2016
Municipalities	\$ 349,259	480,294
Government of Canada	535,931	665,207
Government of Ontario	753,652	998,238
Other school boards	38,299	32,322
Other	12,969	3,842
	\$ 1,690,110	2,179,903

4. Accounts receivable – Approved Capital Funding:

The Province of Ontario 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 account receivable.

The Board has an account receivable from the Province of Ontario of \$4,725,853 (2016 - \$2,829,094) as at August 31, 2017 with respect to capital grants.

5. Assets held for sale:

As of August 31, 2017, \$587,956 (2016 - \$294,896) related to buildings and \$60,500 (2016 - \$60,000) related to land were recorded as assets held for sale. During the year, one of the school properties was sold, and additional properties with a net book value of \$465,000 were reclassified during the year. Net proceeds of \$485,000 (2016 - \$100,000) were received on the sale of this property, which had a carrying value of \$Nil (2016 - \$Nil), resulting in a gain of \$485,000 (2016 - \$100,000), which was deferred for future capital asset purchases according to Ontario Regulation 193/10.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

6. Accounts payable and accrued liabilities:

	2017	2016
Trade payables and accrued liabilities	\$ 2,402,531	2,204,323
Government of Canada	1,373	2,227
Government of Ontario	259,775	64,185
Vacation payable	166,930	151,594
Other school boards	139,027	23,960
	\$ 2,969,636	2,446,289

7. Temporary borrowing:

The School Board has available to it a \$3,000,000 revolving demand credit facility to finance general operating requirements which bears interest at the Royal Bank Prime rate less 0.75% per annum. The School Board also has available to it a \$1,000,000 lease line of credit to finance the acquisition of equipment only. The Board did not utilize these credit facilities during the year.

8. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance at August 31, 2016	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2017
Amounts restricted by legislation, regulation or agreement:					
Proceeds of disposition	\$ 1,008,068	493,044	-	(347,589)	1,153,523
Special education	494,319	4,407,483	(4,092,145)	-	809,657
School renewal	1,153,066	1,015,715	-	(101,378)	2,067,403
School condition improvement	-	-	-	-	-
Assets held for sale	294,896	943,005	(649,944)	-	587,957
Mental Health Leader	119,832	121,161	(121,161)	-	119,832
Ministry of Advanced Education and Skills Development	52,140	367,678	(263,830)	-	155,988
Education Programs – Other (EPO)	112,529	773,917	(826,793)	-	59,653
Childcare retrofit	40,906	-	-	(37,504)	3,402
	3,275,756	8,122,003	(5,953,873)	(486,471)	4,957,415
Amounts restricted by external contributor	28,257	272,879	(273,241)	-	27,895
Total	\$ 3,304,013	8,394,882	(6,227,114)	(486,471)	4,985,310

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

9. 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.

	2017	2016
Balance, beginning of year	\$ 26,305,714	25,797,782
Additions to deferred capital contributions	4,272,207	2,329,950
Assets held for sale	(943,006)	(294,896)
Disposal of deferred capital contributions	-	(57,379)
Revenue recognized during the year	(1,440,973)	(1,469,743)
Balance, end of year	\$ 28,193,942	26,305,714

10. Employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits.

a) Plan changes:

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

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

b) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Government 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

10. Employee future benefits (continued):

b) Retirement benefits (continued):

(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 \$473,332 (2016 - \$452,159) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(iv) Retirement life insurance, dental and health care benefits:

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

c) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Long-term disability life insurance, dental and health care benefits:

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in this plan.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

10. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2017. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2017	2016
	%	%
Inflation	1.5	1.5
Discount on accrued benefit obligations	2.55	2.05
Discount on accrued benefit obligations - WSIB	2.55	2.05

Assumed health care cost trend rates:

	2017	2016
Health care cost escalation	8% for 2016/17 reducing by ¼% in each year to an ultimate rate of 4.0%	8% for 2015/16 reducing by ¼% in each year to an ultimate rate of 4.75%
Dental care cost escalation	4% for 2016/17 reducing by ¼% in each year to an ultimate rate of 3%	4% for 2015/16 reducing by ¼% in each year to an ultimate rate of 3%
Insurance and health care cost escalation - WSIB	4.0%	4.0%

The Board has internally appropriated an amount for sick leave totaling \$329,319 (2016 - \$326,161) and for WSIB totaling \$115,322 (2016 - \$114,214).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

10. Employee future benefits (continued):

Information with respect to the Board's retirement and other employee future benefit liability is as follows:

Accrued benefit obligation			2017	2016
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	3,480	1,300,528	1,304,008	1,340,238
Unamortized actuarial losses	-	(87,802)	(87,802)	(143,993)
	3,480	1,212,726	1,216,206	1,196,245

Employee future benefit expenses			2017	2016
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	-	1,165	1,165	(11,049)
Interest on accrued benefit obligation	141	26,802	26,943	33,838
Benefit payments	(7,033)	(26,390)	(33,423)	(240,232)
Amortization of actuarial losses (gains)	(13)	25,289	25,276	(4,395)
Employee future benefits expenses ¹	(6,905)	26,866	19,961	(221,838)

¹ Excluding pension contributions to multi-employer pension plans, described in note 10(b).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

11. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consist of the following:

	2017	2016
Loan payable to The Canada Life Assurance Company, bearing interest at 5.109% per annum, repayable in semi-annual blended payments of \$120,011 (2016 - \$160,394), is an unsecured debenture, maturing April 5, 2031	\$ 2,379,659	3,332,825
Loan payable to the Ontario Financing Authority with interest rate of 4.9% per annum, repayable semi-annual blended payments of \$45,090, is an unsecured debenture maturing on March 3, 2033	983,724	1,024,208
Loan payable to the Ontario Financing Authority with interest rate of 5.232% per annum, repayable semi-annual blended payments of \$27,376, is an unsecured debenture maturing on April 13, 2035	631,714	652,363
	\$ 3,995,097	5,009,396

Payments relating to the net long-term liabilities outstanding as at August 31, 2017 are due as follows:

	Principal	Interest	Total
2017-2018	\$ 184,447	200,507	384,954
2018-2019	193,928	191,026	384,954
2019-2020	203,896	181,058	384,954
2020-2021	214,376	170,578	384,954
2021-2022	225,396	159,558	384,954
Thereafter	2,973,054	1,012,216	3,985,270
	\$ 3,995,097	1,914,943	5,910,040

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

12. Expenses by object:

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

	2017 Budget	2017 Actual	2016 Actual
Current expenses:			
Salary and wages	\$ 24,553,971	24,671,539	24,856,452
Employee benefits	3,354,251	3,303,738	3,101,780
Staff development	539,940	315,825	290,091
Supplies and services	2,726,463	2,948,751	3,521,482
Interest on long-term debt	251,911	431,938	258,511
Rental	128,000	171,717	143,975
Fees and contract services	4,735,585	4,826,223	4,787,839
School funded activities	1,010,000	1,078,257	1,044,849
Other	136,037	297,696	381,237
Amortization of tangible capital assets	1,692,988	1,626,720	1,647,510
Loss on write-down of tangible capital assets	-	649,944	-
	\$ 39,129,146	40,322,348	40,033,726

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

13. Tangible capital assets:

Cost	Balance at August 31, 2016	Additions	Transfers	Disposals and Write-offs	Balance at December 31, 2017
Land	\$ 274,600	-	(500)	-	274,100
Land improvements	564,108	418,050	-	-	982,158
Buildings	44,218,257	3,712,071	(2,117,470)	-	45,812,858
Other buildings	456,450	5,108	29,167	-	490,725
Portable structures	669,300	6,481	-	-	675,781
Furniture	34,893	-	-	-	34,893
Equipment	242,258	-	-	-	242,258
First-time equipping	117,676	-	-	-	117,676
Vehicles	123,909	-	-	-	123,909
Computer hardware and software	638,847	130,497	-	-	769,344
Total	\$ 47,340,298	4,272,207	(2,088,803)	-	49,523,702

Cost	Balance at December 31, 2016	Disposals	Transfers	Amortization Expense	Balance at August 31, 2017
Land	\$ -	-	-	-	-
Land improvements	47,788	-	-	36,095	83,883
Buildings	16,443,688	-	(1,146,010)	1,431,870	16,729,548
Other buildings	187,427	-	711	23,727	211,865
Portable structures	600,407	-	-	34,071	634,478
Furniture	33,658	-	-	955	34,613
Equipment	201,865	-	-	14,950	216,815
First-time equipping	41,352	-	-	11,862	53,214
Vehicles	54,543	-	-	10,673	65,216
Computer hardware and software	519,368	-	-	62,517	581,885
Total	\$ 18,130,096	-	(1,145,299)	1,626,720	18,611,517

	Net book value, August 31, 2016	Net book value, August 31, 2017
Land	\$ 274,600	274,100
Land improvements	516,320	898,275
Buildings	27,774,569	29,083,310
Other buildings	269,023	278,860
Portable structures	68,893	41,303
Furniture	1,235	280
Equipment	40,393	25,443
First-time equipping	76,324	64,462
Vehicles	69,366	58,693
Computer hardware and software	119,479	187,459
Total	\$ 29,210,202	30,912,185

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

14. Accumulated surplus:

Accumulated surplus consists of the following:

	2017	2016
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 3,131,098	2,376,322
Available for compliance – internally appropriated		
Reserve funds	532,678	527,568
Transportation surplus from prior years	270,872	324,945
	803,550	852,513
Unavailable for compliance – externally appropriated		
Employee future benefits	(817,671)	(1,182,666)
Accrued interest	(74,352)	(93,835)
	(892,023)	(1,276,501)
Other		
School activities fund	316,114	419,351
Revenues recognized for land	334,600	334,600
Tangible capital assets – unsupported amortization	1,643,416	2,629,890
	2,294,130	3,383,841
Total accumulated surplus	\$ 5,336,755	5,336,175

15. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24 million per occurrence.

The 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

16. Commitments:

Lease and service agreements:

The Board has entered into various lease and service agreements. Minimum payments (including taxes excluding tax rebates) for the next four years are approximately as follows:

2018	\$	1,562,046
2019		547,931
2020		396,577
2021		146,674
2022		117,454

17. Contingent liabilities:

The Board is contingently liable with respect to litigation and claims which arrive from time to time in the normal course of business. In the opinion of management, the liability that may arrive from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board.

18. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Schedule of Reserve Funds Continuity

Year ended August 31, 2017, with comparative information for 2016

	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	Total 2017	Total 2016
Balance, beginning of year	\$ 326,161	114,214	83,840	3,353	527,568	522,984
Additions:						
Interest earned	3,158	1,108	812	32	5,110	4,584
Balance, end of year	\$ 329,319	115,322	84,652	3,385	532,678	527,568