

*crawford
smith &
swallow*

**NIAGARA CATHOLIC DISTRICT
SCHOOL BOARD**

Consolidated Financial Statements

August 31, 2017



NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

August 31, 2017

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD MANAGEMENT REPORT

August 31, 2017

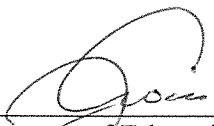
The accompanying consolidated financial statements of the Niagara Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2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

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

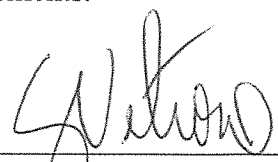
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis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

The Board meets with management and 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 Crawford, Smith and Swallow Chartered Accountants 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/
Secretary Treasurer
Mr. John Crocco
November 21, 2017



Superintendent of Business
and Financial Services
Mr. Giancarlo Vetrone
November 21, 2017

Crawford, Smith and Swallow
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Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Niagara 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, cash flows and change in net debt 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(a) to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

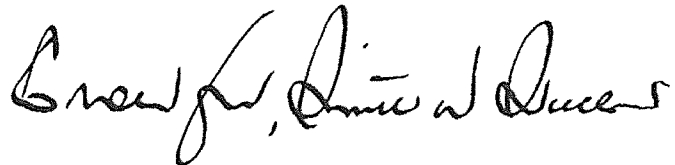
We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Niagara 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(a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.



Niagara Falls, Ontario
November 21, 2017

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

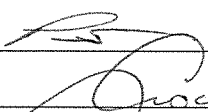
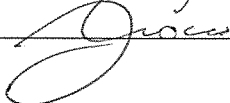
NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2017

	2017	2016
	\$	\$
Financial Assets		
Cash	24,802,158	22,446,983
Accounts receivable	7,705,740	7,689,394
Accounts receivable - Province of Ontario approved capital - note 2	72,809,073	70,586,125
Assets held for sale - note 3	-	1,471,116
	105,316,971	102,193,618
Contingent Liabilities - note 14		
Financial Liabilities		
Accounts payable and accrued liabilities	16,079,359	16,030,889
Deferred revenue - note 4	15,689,303	8,250,467
Employee future benefits - note 5	9,141,666	9,497,751
Net long-term liabilities and capital leases- note 6	70,117,402	74,056,018
Deferred capital contributions - note 7	180,097,906	172,995,333
	291,125,636	280,830,458
Net Debt	(185,808,665)	(178,636,840)
Non-Financial Assets		
Tangible capital assets - schedule 1	196,011,297	189,005,870
Prepaid expenses	691,003	859,625
	196,702,300	189,865,495
Accumulated Surplus - note 8	10,893,635	11,228,655

Signed on behalf of the Board:

Chairperson of the Board

Director of Education/Secretary Treasurer

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended August 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Revenues			
Provincial legislative grants	239,869,846	238,946,387	240,885,948
Provincial grants - other	3,695,000	3,892,302	4,529,789
Federal grants and fees	375,000	303,310	386,535
Other fees and revenue	3,736,477	2,109,036	3,198,778
Investment income	266,000	235,631	229,658
School fundraising	8,225,000	6,891,892	8,251,253
Amortization of deferred capital contributions	10,953,774	11,236,763	10,624,110
Deferred capital contributions funding of loss on disposal of tangible capital assets	-	-	11,055
	267,121,097	263,615,321	268,117,126
Expenditures			
Instruction	201,971,659	201,103,672	203,958,818
Administration	8,158,973	8,462,591	8,134,441
Transportation	9,553,680	9,055,162	9,416,753
Pupil accommodation	38,000,161	38,369,800	36,989,128
Other operating expenses	117,487	117,487	117,487
School funded activities	8,225,000	6,841,629	8,243,221
	266,026,960	263,950,341	266,859,848
Annual Surplus (Deficit)	1,094,137	(335,020)	1,257,278
Accumulated Surplus, Beginning of Year	11,228,655	11,228,655	9,971,377
Accumulated Surplus, End of Year	12,322,792	10,893,635	11,228,655

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended August 31, 2017

	2017 \$	2016 \$
Operations		
Annual surplus (deficit)	(335,020)	1,257,278
Sources (Uses)		
Change in accounts receivable	(16,346)	2,560,258
Change in accounts receivable - Province of Ontario approved capital	(2,222,948)	2,160,654
Change in prepaid expenses	168,622	(74,857)
Change in assets held for sale	1,471,116	-
Change in accounts payable and accrued liabilities	48,470	4,480,659
Change in deferred revenue	7,438,836	626,670
Change in employee future benefits	(356,085)	(691,290)
	6,531,665	9,062,094
Non-cash charges to operations		
Amortization of tangible capital assets	11,657,535	11,019,100
Loss (gain) on disposal of tangible capital assets	-	11,055
Amortization of deferred capital contributions	(11,236,763)	(10,624,110)
	420,772	406,045
Net increase in cash from operations	6,617,417	10,725,417
Capital		
Acquisition of tangible capital assets	(18,662,962)	(11,018,439)
Net additions to deferred capital contributions	18,339,336	10,370,879
Net decrease in cash from capital	(323,626)	(647,560)
Financing		
Debt and capital lease issued	-	79,366
Debt repayments and sinking fund contributions	(3,938,616)	(4,819,620)
Net decrease in cash from financing	(3,938,616)	(4,740,254)
Increase in Cash Position	2,355,175	5,337,603
Cash Position, Beginning of Year	22,446,983	17,109,380
Cash Position, End of Year	24,802,158	22,446,983

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

for the year ended August 31, 2017

	2017	2016
	\$	\$
Annual Surplus (Deficit)	(335,020)	1,257,278
Acquisition of Tangible Capital Assets	(18,662,962)	(11,018,439)
Amortization of Tangible Capital Assets	11,657,535	11,019,100
Loss on Disposal of Tangible Capital Assets	-	11,055
Reclassification of Tangible Capital Assets to Assets Held for Sale	-	1,471,116
Change in Prepaid Expenses	168,622	(74,857)
(Increase) Decrease in Net Debt	(7,171,825)	2,665,253
Net Debt, Beginning of Year	(178,636,840)	(181,302,093)
Net Debt, End of Year	(185,808,665)	(178,636,840)

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

1. Significant Accounting Policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the 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 to 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 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 Canadian 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 Canadian public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian public sector accounting standard PS3510.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2017

1. Significant Accounting Policies - continued

(a) Basis of accounting - continued

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

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.

School generated funds, which include 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.

The following entities are consolidated with the Board:

Niagara Student Transportation Services Consortium
School Generated Funds

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(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) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction.

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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

1. Significant Accounting Policies - continued

(d) Tangible capital assets - continued

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

<u>Asset Class</u>	<u>Period</u>	<u>Basis</u>
General Assets		
Land	- NIL	
Land improvements	- 15 years	straight line
Buildings	- 40 years	straight line
Portable structures	- 20 years	straight line
Equipment	- 5-15 years	straight line
First-time equipping	- 10 years	straight line
Furniture	- 10 years	straight line
Computer hardware	- 5 years	straight line
Computer software	- 5 years	straight line
Vehicles	- 5 years	straight line
Computers under capital lease	- 5 years	straight line
Leasehold improvements	- 5 years	straight line

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 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 statements of financial position.

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

(e) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

1. Significant Accounting Policies - continued

(f) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, are 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:

- government transfers received or receivable for capital purpose;
- other restricted contributions received or receivable for capital purpose;
- property taxation which were historically used to fund capital assets.

(g) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health care benefits, dental benefits, retirement gratuity, workers' 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, an Employee Life and Health Trust ("ELHT") was established in 2016-17 for the OECTA employee group. Starting June 1, 2017, the Board was no longer responsible to provide certain benefits to OECTA. The ELHT provides health, life and dental benefits to teachers (excluding daily occasional teachers). These benefits are being provided through a joint governance structure between OECTA, school board trustees associations and the Government of Ontario. 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 ELHT 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 retired individuals and the following employee groups: CUPE and non-unionized employees including principals and vice-principals. The board continues to have a liability for payment of benefits under these plans.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2017

1. Significant Accounting Policies - continued

(g) Retirement and other employee future benefits - continued

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by the employees, such as health care benefits for retirees or retirement gratuities, the cost is actuarially determined using 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 workers' 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 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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

1. Significant Accounting Policies - continued

(h) 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 that meet the definition of a liability are referred to as deferred capital contributions ("DCC"). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

(i) 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.

(j) Long-term debt

Long-term debt is recorded net of related sinking fund assets.

(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 budget figures are unaudited.

(l) 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 expenses during the year. Accounts subject to significant estimates include accounts receivable, accounts receivable - Province of Ontario, tangible capital assets, accounts payable and accrued liabilities and employee future benefits. Actual results could differ from these estimates.

(m) Property Tax Revenue

Under Canadian public sector accounting standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from municipalities is recorded as part of Provincial Legislative Grants.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

2. Accounts Receivable - Province of Ontario

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognized capital debt as of August 31, 2010 that was 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 accounts receivable from the Province of \$ 72,809,073 as at August 31, 2017 (2016 - \$ 70,586,125) with respect to capital grants.

3. Assets Held for Sale

As of August 31, 2017, net book values of \$ nil (2016 - \$ 618,477) related to buildings and \$ nil (2016 - \$ 852,639) related to land were reclassified from tangible capital assets to assets held for sale.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

4. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2017 is comprised of:

	Balance, as at August 31, 2016 \$	Externally Restricted Revenue and Investment Income \$	Revenue and adjustments recognized in the period \$	Transfers to deferred capital contributions Revenue \$	Balance, as at August 31, 2017 \$
Retrofitting school spaces for child care	1,698,990	-	-	-	1,698,990
Proceeds of disposition	649,518	6,296,577	-	(805,205)	6,140,890
Assets held for sale	618,477	-	(618,477)	-	-
Education development charges	125,470	500,630	(44,269)	-	581,831
Land sale deposits	105,000	-	(105,000)	-	-
Mental health leader	49,728	121,161	(99,781)	-	71,108
Library staff	-	131,585	(115,774)	-	15,811
Indigenous education	-	165,520	(126,190)	-	39,330
Special education	2,014,170	790,047	(652,079)	-	2,152,138
Energy efficient schools - operating	10,522	-	-	-	10,522
Energy efficient schools - capital	251,490	-	-	-	251,490
School renewal	1,629,123	3,925,438	(1,102,587)	(1,547,908)	2,904,066
Education Programs - Other	527,299	3,021,656	(2,795,139)	-	753,816
Tuition	286,226	1,458,993	(872,204)	-	873,015
Miscellaneous	284,454	7,298	(95,456)	-	196,296
Total deferred revenue	8,250,467	16,418,905	(6,626,956)	(2,353,113)	15,689,303

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2017

5. Employee Future Benefits

	2017	2016
	\$	\$
Retirement gratuities	4,200,459	4,901,206
Retirement health care benefits	263,640	132,118
Long-term disability health care benefits	2,088,436	2,671,813
WSIB - Schedule II future liability	2,440,219	1,657,453
Compensated absences	148,912	135,161
	9,141,666	9,497,751

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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.

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 \$ 3,602,932 (2016 - \$ 3,499,229) 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.

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 as at August 31, 2012.

As at August 31, 2017, an unamortized actuarial loss of \$ 331,976 exists. This amount is being amortized over the expected average remaining service lives of several employee groups. The actual obligation is \$ 4,532,435.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

5. Employee Future Benefits - continued

Retirement Health Care Benefits

The Board continues to provide dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age, with one exception to age 75. The premiums are based on the Board's experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to this 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, no longer qualified for Board subsidized premiums or contributions. As at August 31, 2017, the actual obligation is \$ 263,640.

Long-Term Disability Health Care Benefits

The Board provides dental and health care benefits to employees on long-term disability leave who are not yet members of an ELHT. The Board is responsible for the payment of 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 not included in this plan. As at August 31, 2017, the actual obligation is \$ 2,088,436.

WSIB - Schedule II Future Liability

The Board is a Schedule II 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 four and one-half years for employees receiving payments from WSIB, where the collective agreement negotiated prior to 2012 included such a provision. As at August 31, 2017, the actual obligation is \$ 2,440,219.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

5. Employee Future Benefits - continued

Compensated Absences

As a result of changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 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 net benefit costs expensed in the consolidated financial statements are \$ 13,751 (2016 - \$ 28,128).

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 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

As at August 31, 2017, the actual obligation is \$148,912 .

Retirement gratuities:

	2017 \$	2016 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	4,200,459	4,901,206
Employee benefit plan deficit	4,200,459	4,901,206

	2017 \$	2016 \$
Accrued benefit obligation, beginning of year	4,901,206	6,145,436
Benefit cost and interest	122,572	146,950
Amortized loss	74,975	30,241
Benefits paid during the year	(898,294)	(1,419,085)
Change due to plan curtailment	-	(2,336)
Accrued benefit obligation, end of year	4,200,459	4,901,206

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

5. Employee Future Benefits - continued

Retirement health care benefits:

	2017 \$	2016 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	263,640	132,118
Employee benefit plan deficit	263,640	132,118

	2017 \$	2016 \$
Accrued benefit obligation, beginning of year	132,118	189,528
Benefit cost and interest	2,393	4,047
Change due to reinstatement of benefits	161,265	-
Amortized loss (gain)	(1,384)	(12,729)
Benefits paid during the year	(30,752)	(48,728)
Accrued benefit obligation, end of year	263,640	132,118

Long-term disability health care benefits:

	2017 \$	2016 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	2,088,436	2,671,813
Employee benefit plan deficit	2,088,436	2,671,813

	2017 \$	2016 \$
Accrued benefit obligation, beginning of year	2,671,813	2,077,787
Benefit cost and interest expense (recovery)	(316,629)	838,474
Benefits paid during the year	(266,748)	(244,448)
Accrued benefit obligation, end of year	2,088,436	2,671,813

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

5. Employee Future Benefits - continued

WSIB Schedule II future liability:

	2017	2016
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	2,440,219	1,657,453
Employee benefit plan deficit	2,440,219	1,657,453

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	1,657,453	1,669,257
Benefit cost and interest	1,291,458	266,729
Benefits paid during the year	(508,692)	(278,533)
Accrued benefit obligation, end of year	2,440,219	1,657,453

Compensated absences:

	2017	2016
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	148,912	135,161
Employee benefit plan deficit	148,912	135,161

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	135,161	107,033
Benefit cost and interest	148,912	135,161
Amortized loss	(9,068)	84,179
Benefits paid during the year	(126,093)	(191,212)
Accrued benefit obligation, end of year	148,912	135,161

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

5. Employee Future Benefits - continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 are based on the most recent actuarial valuations completed for accounting purposes. These valuations take into account the plan changes outlined above and the economic assumptions used in the valuations are the Board's best estimates of expected rates of:

General Inflation - Future general inflation levels were assumed to be 1.5% (2016 - 1.5%).

Interest (Discount) Rate - The present value of future liabilities and the expense were determined using a discount rate of 2.55% (2016 - 2.05%).

Wage and Salary Escalation - There is no salary increase assumption required as the benefit is based on August 31, 2012 salaries.

6. Net Long-Term Liabilities and Capital Leases

Debenture debt and capital lease debt reported on the consolidated statement of financial position comprises of the following:

	2017	2016
	\$	\$
Unmatured debenture debt	68,242,234	72,034,279
Sinking fund debentures	2,729,430	2,729,430
Obligations under capital leases	49,779	94,842
Less: Sinking fund assets	(904,041)	(802,533)
	70,117,402	74,056,018

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

6. Net Long-Term Liabilities and Capital Leases - continued

The net long-term debt outstanding bears interest at annual rates ranging from 2.425% to 6.55% maturing between 2017 and 2036. Principal and interest payments relating to net debenture debt and capital leases of \$ 70,117,402 outstanding as at August 31, 2017 are due as follow:

	Principal and Sinking Fund Contributions \$	Interest \$	Capital Lease Payments \$	Total \$
2018	6,723,756	3,577,342	15,841	10,316,939
2019	4,207,884	3,285,985	16,575	7,510,444
2020	4,433,353	3,060,516	17,363	7,511,232
2021	4,671,418	2,829,451	-	7,500,869
2022	4,786,423	2,571,066	-	7,357,489
Thereafter	46,148,830	11,812,210	-	57,961,040
	70,971,664	27,136,570	49,779	98,158,013

Included in net debenture debt are outstanding sinking fund debentures of \$ 2,729,430 (2016 - \$ 2,729,430) secured by sinking fund assets with a carrying value of \$ 904,041 (market value - \$ 904,041). Sinking fund assets are comprised of bank deposits.

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. These contributions are amortized into revenue over the life of the asset acquired.

	2017 \$	2016 \$
Balance, beginning of year	172,995,333	173,248,564
Additions to deferred capital contributions	18,475,306	10,330,246
Recognition of deferred revenue related to prior eligible capital expenses	59,578	117,718
Revenue recognized in the period	(11,236,763)	(10,624,110)
Unsupported capital spending	(195,548)	(77,085)
Balance, end of year	180,097,906	172,995,333

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2017

8. Accumulated Surplus

	2017 \$	2016 \$
Available for Compliance Operating fund	475,600	266,047
Available for Compliance - Internally Appropriated WSIB		928,687
Capital planning capacity - unspent	169,755	152,613
Committed sinking fund interest	684,655	665,780
Pupil accommodation	-	109,871
Greenshield Surplus	152,787	-
Committed capital	6,280,649	6,505,117
	7,287,846	8,362,068
Unavailable for Compliance		
Amounts to be recovered - employee future benefits	(6,770,890)	(7,852,529)
Interest accrued	(1,176,749)	(1,239,481)
School activities fund	2,188,102	2,137,839
Revenues recognized for land purchases	8,889,726	9,554,711
	3,130,189	2,600,540
	10,893,635	11,228,655

9. Trust Funds

Trust Funds administered by the Board, which have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations and accumulated surplus, are comprised of the following:

	2017 \$	2016 \$
Larkin Award Fund	19,517	16,801
Kristen French Scholarship Fund	119,854	121,744
Marion Oakley Fund	5,703	5,651
Nicole Longe Memorial Fund	6,093	6,236
James and Anna McGarry	8,170	8,196
Teachers Finance Leave Plan	1,499,805	1,460,239
Michael and Isabelle Moran	49,046	49,599
Hugo and Corrinne Massotti	53,583	53,596
	1,761,771	1,722,062

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

10. Debt Charges and Capital Lease Interest

The expenditure for debt charges and capital lease interest includes principal, sinking fund contributions and interest payments as follows:

	2017	2016
	\$	\$
Principal payments on long-term capital loans and sinking fund contributions	3,893,539	4,773,408
Interest payments on long-term capital loans	3,794,683	4,040,489
	7,688,222	8,813,897

The expenditure for capital leases is allocated to the related expenditure category. The total principal, sinking fund contributions and interest payments for capital leases are as follows:

	2017	2016
	\$	\$
Principal payments on capital leases	45,077	46,212
Interest payments on capital leases	18,825	4,719
	63,902	50,931

11. Expenditures by Object

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated surplus by object:

	2017	2016
	\$	\$
Current expenditures:		
Salaries and wages	178,823,144	181,274,780
Employee benefits	30,139,836	29,979,806
Staff development	480,453	539,344
Supplies and services	19,658,404	19,249,632
Interest	3,813,508	4,045,208
Rental expenditures	595,227	557,354
Fee and contract services	11,931,605	11,940,348
	245,442,177	247,586,472
Amortization of tangible capital assets	11,657,535	11,019,100
Loss on disposal of tangible capital assets	-	11,055
School funded activities	6,841,629	8,243,221
Total expenditures by object	263,941,341	266,859,848

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

12. Ontario School Board Insurance Exchange

The Board is a member of the Ontario School Board Insurance Exchange ("OSBIE"), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$ 24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro-rata share of claims experience. The current five year term expires December 31, 2021.

13. Related Party Transactions

Related party transactions during the year not separately disclosed in the consolidated financial statements include the following:

An amount of \$ 123,744 has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

14. Contractual Obligations and Contingent Liabilities

Legal

As at August 31, 2017, the Board has certain legal claims outstanding. It is management's assertion that adequate defenses and insurance coverages are in effect for the settlement of these claims, if necessary.

Letters of Credit

The Board has authorized letters of credit in favour of the City of St. Catharines in the amount of \$ 35,029, the Township of West Lincoln in the amount of \$ 1,051,732, the City of Niagara Falls in the amount of \$ 5,000, and the Town of Port Colborne in the amount of \$ 314,749. All of these letters of credit relate to site plan deposits. These letters of credit are covered under the security as described under credit facilities in note 16.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2017

15. Commitments

Capital Expenditures

The Board is committed to spending approximately \$ 22,400,000 on capital projects in the following year.

Lease Obligations

The Board is committed to make the following minimum future lease payments under several operating leases over the next five years:

	\$
2018 -	695,885
2019 -	262,086
2020 -	173,554
2021 -	101,838
2022 -	101,838

16. Credit Facilities

The Board has two facilities available at any time for use. Credit facility #1 is a revolving demand operating credit available in the amount of \$ 12,000,000 for use for current expenditures only and bears interest at prime less 0.5%. Credit facility #2 is a revolving demand instalment loan in the amount of \$ 500,000 to finance capital expenditures which would bear interest at prime. Further, the Board has a \$ 230,000 Corporate VISA and \$ 900,000 VISA purchase card credit facility available. As at August 31, 2017, \$ 1,406,510 has been drawn upon by way of letters of credit as per note 14 against credit facility #1 and no balance against credit facility #2. Security is by way of executed by-laws in compliance with applicable legislative requirements.

17. Niagara Student Transportation Services Consortium

On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara ("DSBN") to provide common administration of student transportation services. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS. No Board is in a position to exercise unilateral control.

The entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's pro-rata share of assets, liabilities, revenues and expenses. Inter-organizational transactions and balances between these organizations are eliminated.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended August 31, 2017

Schedule 1

	Cost				Accumulated Amortization			Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals		
	\$	\$	\$	\$	\$	\$	\$	\$	
Land	8,702,071	187,654	-	8,889,725	-	-	-	8,889,725	
Land improvements	9,973,381	1,974,775	142,383	11,805,773	2,861,944	733,867	142,383	3,453,428	
Buildings	268,176,997	10,616,606	-	278,793,603	102,094,290	10,148,636	-	112,242,926	
Portable structures	4,019,800	-	-	4,019,800	3,817,884	87,348	-	3,905,232	
Equipment	716,959	8,054	357,836	367,177	483,767	108,414	357,836	234,345	
First-time equipping	1,564,041	32,803	1,349	1,595,495	483,001	158,044	1,349	639,696	
Furniture	96,973	5,544	6,985	95,532	32,612	7,911	6,985	33,538	
Computer hardware	1,408,893	569,665	283,777	1,694,781	591,891	289,383	283,777	1,097,284	
Computer software	130,277	243,796	94,856	279,217	107,284	32,048	94,856	234,741	
Vehicles	239,526	77,289	70,134	246,681	116,426	48,621	70,134	151,768	
Computers under capital lease	174,385	-	-	174,385	36,442	34,877	-	103,066	
Leasehold improvements	-	83,865	-	83,865	-	8,386	-	75,479	
Construction in progress	4,428,108	4,862,911	-	9,291,019	-	-	-	9,291,019	
August 31, 2017	299,631,411	18,662,962	957,320	317,337,053	110,625,541	11,657,535	957,320	121,325,756	
Land	9,496,050	58,660	852,639	8,702,071	-	-	-	8,702,071	
Land improvements	9,149,764	1,153,351	329,734	9,973,381	2,547,385	633,238	318,679	2,861,944	
Buildings	259,295,590	10,507,315	1,625,908	268,176,997	93,730,055	9,371,666	1,007,431	102,094,290	
Portable structures	4,019,800	-	-	4,019,800	3,614,894	202,990	-	3,817,884	
Equipment	1,112,327	104,759	500,127	716,959	814,048	169,846	500,127	483,767	
First-time equipping	1,608,650	87,721	132,330	1,564,041	456,764	158,567	132,330	483,001	
Furniture	71,651	34,295	8,973	96,973	30,601	10,984	8,973	32,612	
Computer hardware	2,273,555	588,457	1,453,119	1,408,893	1,655,781	389,229	1,453,119	817,002	
Computer software	130,277	-	-	130,277	90,130	17,154	-	107,284	
Vehicles	168,813	70,713	-	239,526	77,940	38,486	-	116,426	
Computers under capital lease	95,019	79,366	-	174,385	9,502	26,940	-	36,442	
Construction in progress	6,094,306	3,667,897	5,334,095	4,428,108	-	-	-	4,428,108	
August 30, 2016	293,515,802	16,352,534	10,236,925	299,631,411	103,027,100	11,019,100	3,420,659	110,625,541	
								189,005,870	

See accompanying notes

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