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smith &
swallow*

**NIAGARA CATHOLIC DISTRICT
SCHOOL BOARD**

Consolidated Financial Statements

August 31, 2016



NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

August 31, 2016

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD MANAGEMENT REPORT

August 31, 2016


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.

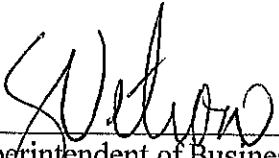
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis 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 22, 2016



Superintendent of Business
and Financial Services
Mr. Giancarlo Vetrone
November 22, 2016

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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, 2016, 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 audits. 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.

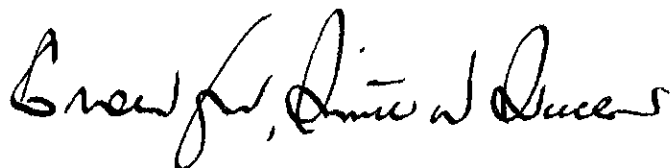
Opinion

In our opinion, the consolidated financial statements of the Niagara Catholic District School Board as at and for the year ended August 31, 2016 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 22, 2016


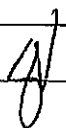


CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 August 31, 2016

	2016 \$	2015 \$
Financial Assets		
Cash	22,446,983	17,109,380
Accounts receivable	7,689,394	10,249,652
Accounts receivable - Province of Ontario approved capital - note 2	70,586,125	72,746,779
Assets held for sale - note 3	1,471,116	-
	102,193,618	100,105,811
Contingent Liabilities - note 14		
Financial Liabilities		
Accounts payable and accrued liabilities	16,030,889	11,550,230
Deferred revenue - note 4	8,250,467	7,623,797
Employee future benefits - note 5	9,497,751	10,189,041
Net long-term liabilities and capital leases- note 6	74,056,018	78,796,272
Deferred capital contributions - note 7	172,995,333	173,248,564
	280,830,458	281,407,904
Net Debt	(178,636,840)	(181,302,093)
Non-Financial Assets		
Tangible capital assets - schedule 1	189,005,870	190,488,702
Prepaid expenses	859,625	784,768
	189,865,495	191,273,470
Accumulated Surplus - note 8	11,228,655	9,971,377

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, 2016

	Budget \$	2016 \$	2015 \$
Revenues			
Provincial legislative grants	241,931,289	240,885,948	238,524,055
Provincial grants - other	3,144,915	4,529,789	4,993,496
Federal grants and fees	381,156	386,535	397,436
Other fees and revenue	2,933,000	3,198,778	3,137,516
Investment income	266,681	229,658	260,418
School fundraising	8,372,100	8,251,253	8,374,730
Amortization of deferred capital contributions	10,935,876	10,624,110	9,668,826
Deferred capital contributions funding of loss on disposal of tangible capital assets		11,055	-
	267,965,017	268,117,126	265,356,477
Expenditures			
Instruction	202,808,950	203,958,818	204,114,156
Administration	7,429,860	8,134,441	8,287,114
Transportation	9,520,800	9,416,753	9,821,210
Pupil accommodation	38,246,821	36,989,128	36,540,414
Other operating expenses	117,487	117,487	117,487
School funded activities	8,372,100	8,243,221	8,430,727
	266,496,018	266,859,848	267,311,108
Annual Surplus (Deficit)	1,468,999	1,257,278	(1,954,631)
Accumulated Surplus, Beginning of Year	9,971,377	9,971,377	11,926,008
Accumulated Surplus, End of Year	11,440,376	11,228,655	9,971,377

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended August 31, 2016

	2016 \$	2015 \$
Operations		
Annual surplus (deficit)	1,257,278	(1,954,631)
Sources (Uses)		
Change in accounts receivable	2,560,258	(1,849,509)
Change in accounts receivable - Province of Ontario approved capital	2,160,654	9,295,527
Change in prepaid expenses	(74,857)	(374,138)
Change in accounts payable and accrued liabilities	4,480,659	(1,924,123)
Change in deferred revenue	626,670	(1,366,012)
Change in employee future benefits	(691,290)	(690,764)
	9,062,094	3,090,981
Non-cash charges to operations		
Amortization of tangible capital assets	11,019,100	10,068,004
Loss on disposal of tangible capital assets	11,055	-
Amortization of deferred capital contributions	(10,624,110)	(9,668,826)
	406,045	399,178
Net increase in cash from operations	10,725,417	1,535,528
Capital		
Acquisition of tangible capital assets	(11,018,439)	(11,620,345)
Proceeds on disposal of tangible capital assets	-	-
Net additions to deferred capital contributions	10,370,879	13,119,269
Net increase (decrease) in cash from capital	(647,560)	1,498,924
Financing		
Debt and capital lease issued	79,366	212,018
Debt repayments and sinking fund contributions	(4,819,620)	(4,531,059)
Net decrease in cash from financing	(4,740,254)	(4,319,041)
Increase (Decrease) in Cash Position	5,337,603	(1,284,589)
Cash Position, Beginning of Year	17,109,380	18,393,969
Cash Position, End of Year	22,446,983	17,109,380

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

for the year ended August 31, 2016

	2016	2015
	\$	\$
Annual Surplus (Deficit)	1,257,278	(1,954,631)
Acquisition of Tangible Capital Assets	(11,018,439)	(11,620,345)
Amortization of Tangible Capital Assets	11,019,100	10,068,004
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	(74,857)	(374,138)
(Increase) Decrease in Net Debt	2,665,253	(3,881,110)
Net Debt, Beginning of Year	(181,302,093)	(177,420,983)
Net Debt, End of Year	(178,636,840)	(181,302,093)

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

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, 2016

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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

1. Significant Accounting Policies - continued

(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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

<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

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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

1. Significant Accounting Policies - continued

(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.

(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. 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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

1. Significant Accounting Policies - continued

(g) Retirement and other employee future benefits - continued

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.

(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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

1. Significant Accounting Policies - continued

(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, 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.

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 \$ 70,586,125 as at August 31, 2016 (2015 - \$ 72,746,779) with respect to capital grants.

3. Assets Held for Sale

As of August 31, 2016, net book values of \$ 618,477 related to buildings and \$ 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, 2016

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, 2016 is comprised of:

	Balance, as at August 31, 2015 \$	Externally Restricted Revenue and Investment Income \$	Revenue recognized in the period \$	Transfers to deferred capital contributions Revenue \$	Balance, as at August 31, 2016 \$
Retrofitting school spaces for child care	1,698,990	-	-	-	1,698,990
Proceeds of disposition	857,036	-	(207,518)	-	649,518
Assets held for sale	-	618,477	-	-	618,477
Education development charges	3,208	293,140	(170,878)	-	125,470
Land sale deposits	-	105,000	-	-	105,000
Mental health leader	25,874	119,832	(95,978)	-	49,728
Special education	1,739,135	799,322	(524,287)	-	2,014,170
Energy efficient schools - operating	10,522	-	-	-	10,522
Energy efficient schools - capital	272,200	-	-	(20,710)	251,490
School renewal	1,246,954	3,983,297	(1,111,998)	(2,489,130)	1,629,123
School condition improvement	443,171	-	-	(443,171)	-
Education Programs - Other	857,351	3,352,780	(3,337,938)	(344,894)	527,299
Tuition	335,441	1,020,126	(1,069,341)	-	286,226
Miscellaneous	133,915	167,903	(17,364)	-	284,454
Total deferred revenue	7,623,797	10,459,877	(6,535,302)	(3,297,905)	8,250,467

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

5. Employee Future Benefits

	2016	2015
	\$	\$
Retirement gratuities	4,901,206	6,145,436
Retirement health care benefits	132,118	189,528
Long-term disability health care benefits	2,671,813	2,077,787
WSIB - Schedule II future liability	1,657,453	1,669,257
Compensated absences	135,161	107,033
	9,497,751	10,189,041

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, 2016, the Board contributed \$ 3,499,229 (2015 - \$ 3,508,621) 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.

During 2015-16, OECTA and CUPE ratified agreements at the central level, which included a voluntary retirement gratuity early payout provision. The provision provided OECTA and CUPE members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016 (or the first pay period in September 2016 for CUPE).

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

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

5. Employee Future Benefits - continued

Retirement Gratuities - continued

Some employees took the early payouts, which were discounted from current carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity early payout option was accompanied by actuarial gains in the Board's 2015-16 consolidated financial statements. This resulted in the Board's employee future benefit liability decreasing by \$ 745,916.

As at August 31, 2016, an unamortized actuarial loss of \$ 525,531 exists. This amount is being amortized over the expected average remaining service lives of several employee groups. The actual obligation is \$ 5,426,737.

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. 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, 2016, the actual obligation is \$ 132,118.

Long-Term Disability Health Care Benefits

The Board provides dental and health care benefits to employees on long-term disability leave. 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, 2016, the actual obligation is \$ 2,671,813.

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. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of four and one-half years for employees receiving payments from WSIB, where the previously negotiated collective agreement included such provision. As at August 31, 2016, the actual obligation is \$ 1,657,453. A reserve has been established for this liability. The balance as at August 31, 2016 is \$ 928,687 (2015 - \$ 928,687).

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

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 \$ 28,128 (2015 - \$ 2,100).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2015 and is based on the average daily salary and banked sick days of employees as at August 31, 2015.

As at August 31, 2016, the actual obligation is \$ 135,161.

Retirement gratuities:

	2016 \$	2015 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	4,901,206	6,145,436
Employee benefit plan deficit	4,901,206	6,145,436
	2016 \$	2015 \$
Accrued benefit obligation, beginning of year	6,145,436	6,771,449
Benefit cost and interest	146,950	182,246
Amortized loss	30,241	2,160
Benefits paid during the year	(1,419,085)	(810,419)
Change due to plan curtailment	(2,336)	-
Accrued benefit obligation, end of year	4,901,206	6,145,436

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

5. Employee Future Benefits - continued

Retirement health care benefits:

	2016	2015
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	132,118	189,528
Employee benefit plan deficit	132,118	189,528

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	189,528	226,576
Benefit cost and interest	4,047	5,798
Amortized loss (gain)	(12,729)	3,445
Benefits paid during the year	(48,728)	(46,291)
Accrued benefit obligation, end of year	132,118	189,528

Long-term disability health care benefits:

	2016	2015
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	2,671,813	2,077,787
Employee benefit plan deficit	2,671,813	2,077,787

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	2,077,787	2,466,573
Benefit cost and interest expense (recovery)	838,474	(151,962)
Benefits paid during the year	(244,448)	(236,824)
Accrued benefit obligation, end of year	2,671,813	2,077,787

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

5. Employee Future Benefits - continued

WSIB Schedule II future liability:

	2016	2015
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	1,657,453	1,669,257
Employee benefit plan deficit	1,657,453	1,669,257

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	1,669,257	1,310,274
Benefit cost and interest	266,729	784,089
Benefits paid during the year	(278,533)	(425,106)
Accrued benefit obligation, end of year	1,657,453	1,669,257

Compensated absences:

	2016	2015
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	135,161	107,033
Employee benefit plan deficit	135,161	107,033

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	107,033	104,933
Benefit cost and interest	135,161	107,033
Amortized loss	84,179	-
Benefits paid during the year	(191,212)	(104,933)
Accrued benefit obligation, end of year	135,161	107,033

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

5. Employee Future Benefits - continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2016 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% (2015 - 1.5%).

Interest (Discount) Rate - The present value of future liabilities and the expense were determined using a discount rate of 2.05% (2015 - 2.45%).

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

Benefit Plan Future Changes

Currently the Board provides health, dental and life insurance benefits for certain employees and retired individuals and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts ("ELHT's") will be established in 2016-17 for the following employee groups: OECTA, CUPE and non-unionized employees including principals and vice-principals. The ELHT's will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting February 1, 2017 for OECTA and by August 31, 2017 for all other groups, the Board will no longer be responsible to provide benefits to the above mentioned groups. The Board will transfer to the ELHT's an amount per full-time equivalency ("FTE") based on 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. These amounts will then be transferred to the ELHT for the provision of employee and retiree benefits.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

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:

	2016	2015
	\$	\$
Unmatured debenture debt	72,034,279	76,713,658
Sinking fund debentures	2,729,430	2,729,430
Obligations under capital leases	94,842	61,700
Less: Sinking fund assets	(802,533)	(708,516)
	74,056,018	78,796,272

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 \$ 74,056,018 outstanding as at August 31, 2016 are due as follow:

	Principal and Sinking Fund Contributions	Interest	Capital Lease Payments	Total
	\$	\$	\$	\$
2017	3,690,494	3,860,498	45,084	7,596,076
2018	6,614,095	3,579,273	15,841	10,209,209
2019	3,616,550	3,287,182	16,575	6,920,307
2020	4,433,353	3,060,945	17,342	7,511,640
2021	4,671,418	2,822,451	-	7,493,869
Thereafter	50,935,266	14,383,276	-	65,318,542
	73,961,176	30,993,625	94,842	105,049,643

Included in net debenture debt are outstanding sinking fund debentures of \$ 2,729,430 (2015 - \$ 2,729,430) secured by sinking fund assets with a carrying value of \$ 802,533 (market value - \$ 802,533). Sinking fund assets are comprised of bank deposits.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

7. Deferred Capital Contributions

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

	2016	2015
	\$	\$
Balance, beginning of year	173,248,564	169,798,121
Additions to deferred capital contributions	10,330,246	11,426,534
Recognition of deferred revenue related to prior eligible capital expenses	117,718	1,693,828
Revenue recognized in the period	(10,624,110)	(9,668,826)
Unsupported capital spending	(77,085)	(1,093)
Balance, end of year	172,995,333	173,248,564

8. Accumulated Surplus

	2016	2015
	\$	\$
Available for Compliance		
Operating fund	266,047	(301,039)
Available for Compliance - Internally Appropriated		
WSIB	928,687	928,687
Capital planning capacity - unspent	152,613	150,672
Committed sinking fund interest	665,780	654,427
Pupil accommodation	109,871	109,871
Committed capital	6,505,117	6,777,690
	8,362,068	8,621,347
Unavailable for Compliance		
Amounts to be recovered - employee future benefits	(7,852,529)	(8,652,723)
Interest accrued	(1,239,481)	(1,322,066)
School activities fund	2,137,839	2,129,807
Revenues recognized for land purchases	9,554,711	9,496,051
	2,600,540	1,651,069
	11,228,655	9,971,377

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

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:

	2016	2015
	\$	\$
Larkin Award Fund	16,801	14,045
Kristen French Scholarship Fund	121,744	123,827
Marion Oakley Fund	5,651	5,601
Nicole Longe Memorial Fund	6,236	6,378
James and Anna McGarry	8,196	8,222
Teachers Finance Leave Plan	1,460,239	1,665,112
Michael and Isabelle Moran	49,599	50,150
Hugo and Corrinne Massotti	53,596	53,613
	1,722,062	1,926,948

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:

	2016	2015
	\$	\$
Principal payments on long-term capital loans and sinking fund contributions	4,773,408	4,497,740
Interest payments on long-term capital loans	4,040,489	4,308,547
	8,813,897	8,806,287

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:

	2016	2015
	\$	\$
Principal payments on capital leases	46,212	33,319
Interest payments on capital leases	4,719	2,604
	50,931	35,923

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

11. Expenditures by Object

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

	2016	2015
	\$	\$
Current expenditures:		
Salaries and wages	181,274,780	182,469,432
Employee benefits	29,979,806	29,486,046
Staff development	539,344	393,664
Supplies and services	19,249,632	19,399,223
Interest	4,045,208	4,311,151
Rental expenditures	557,354	570,334
Fee and contract services	11,940,348	12,182,527
	<hr/>	<hr/>
	247,586,472	248,812,377
Amortization of tangible capital assets	11,019,100	10,068,004
Loss on disposal of tangible capital assets	11,055	-
School funded activities	8,243,221	8,430,727
	<hr/>	<hr/>
Total expenditures by object	266,859,848	267,311,108

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, 2016.

13. Related Party Transactions

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

An amount of \$ 215,357 has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2016

14. Contractual Obligations and Contingent Liabilities

Legal

As at August 31, 2016, the Board has certain legal claims outstanding. It is management's assertion that adequate 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 Welland in the amount of \$ 88,000, the City of St. Catharines in the amount of \$ 120,914, the Township of West Lincoln in the amount of \$ 1,051,732, the City of Niagara Falls in the amount of \$ 20,000, 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.

15. Commitments

Capital Expenditures

The Board is committed to spending approximately \$ 24,000,000 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:

	\$
2017 -	1,227,557
2018 -	406,355
2019 -	133,015
2020 -	71,719
2021 -	3

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, 2016, no balance has been drawn upon by way of a bank overdraft against credit facility #1 and \$ 1,910,597 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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2016

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, 2016

Schedule 1

	Balance, Beginning of Year		Cost		Balance, End of Year		Accumulated Amortization		Balance, End of Year		Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	9,496,050	58,660	852,639	8,702,071	-	-	318,679	2,861,944	-	8,702,071	
Land improvements	9,149,764	1,153,351	329,734	9,973,381	2,547,385	633,238	1,007,431	2,861,944	7,111,437		
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	166,082,707		
Portable structures	4,019,800	-	-	4,019,800	3,614,894	202,990	-	3,817,884	201,916		
Equipment	1,112,327	104,759	500,127	716,959	814,048	169,846	500,127	483,767	233,192		
First-time equipping	1,608,650	87,721	132,330	1,564,041	456,764	158,567	132,330	483,001	1,081,040		
Furniture	71,651	34,295	8,973	96,973	30,601	10,984	8,973	32,612	64,361		
Computer hardware	2,273,555	588,457	1,453,119	1,408,893	1,655,781	389,229	1,453,119	591,891	817,002		
Computer software	130,277	-	-	130,277	90,130	17,154	-	107,284	22,993		
Vehicles	168,813	70,713	-	239,526	77,940	38,486	-	116,426	123,100		
Computers under capital lease	95,019	79,366	-	174,385	9,502	26,940	-	36,442	137,943		
Construction in progress	6,094,306	3,667,897	5,334,095	4,428,108	-	-	-	-	4,428,108		
August 31, 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		
Land	9,302,241	193,809	-	9,496,050	-	-	-	-	9,496,050		
Land improvements	7,014,841	2,134,923	-	9,149,764	2,011,578	535,807	-	2,547,385	6,602,379		
Buildings	243,448,129	15,847,461	-	259,295,590	85,342,257	8,387,798	-	93,730,055	165,565,535		
Portable structures	4,019,800	-	-	4,019,800	3,411,903	202,991	-	3,614,894	404,906		
Equipment	1,188,914	54,873	131,460	1,112,327	728,466	217,042	131,460	814,048	298,279		
First-time equipping	1,790,042	420,323	601,715	1,608,650	888,544	169,935	601,715	456,764	1,151,886		
Furniture	63,267	8,384	-	71,651	24,693	5,908	-	30,601	41,050		
Computer hardware	2,415,762	190,158	332,365	2,273,555	1,519,215	468,931	332,365	1,655,781	617,774		
Computer software	217,088	29,453	116,264	130,277	171,660	34,734	116,264	90,130	40,147		
Vehicles	184,730	37,844	53,761	168,813	96,345	35,356	53,761	77,940	90,873		
Computers under Capital Lease	-	95,019	-	95,019	-	9,502	-	9,502	85,517		
Construction in progress	13,486,208	5,588,978	12,980,880	6,094,306	-	-	-	-	6,094,306		
August 31, 2015	283,131,022	24,601,225	14,216,445	293,515,802	94,194,661	10,068,004	1,235,565	103,027,100	190,488,702		

See accompanying notes