

**Nipissing-Parry Sound Catholic
District School Board**

**Management Report,
Independent Auditor's Report and
Consolidated Financial Statements**

August 31, 2016

Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Nipissing-Parry Sound Catholic District School 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 to the consolidated financial statements, except for the effect of adjustments, if any, which the auditors may have determined to be necessary had they been able to obtain sufficient audit evidence to form an opinion with respect to the completeness of school generated funds.

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

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

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

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


Director of Education


Superintendent of Business

November 29, 2016

Independent Auditor's Report

To the Board of Trustees of Nipissing-Parry Sound Catholic District School Board

We have audited the accompanying consolidated financial statements of Nipissing-Parry Sound 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, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (Continued)

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fund-raising activities held throughout the year, which, by their nature, are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fund-raising revenue, annual surplus, financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements of Nipissing-Parry Sound Catholic District School Board for the year ended August 31, 2016, are prepared, in all material respects, 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 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.

North Bay, Ontario
November 29, 2016

Collins Barrow SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Nipissing-Parry Sound Catholic District School Board

Consolidated Financial Statements August 31, 2016

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Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2016

	<u>2016</u>	<u>2015</u>
Financial Assets		
Cash (note 2)	\$ 1,798,908	\$ 1,374,786
Accounts receivable (note 3)	2,925,498	2,830,470
Accounts receivable - Government of Ontario - Approved Capital (note 4)	23,298,301	23,541,220
Assets held for sale (note 5)	<u>57,817</u>	<u>-</u>
	<u>28,080,524</u>	<u>27,746,476</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 6)	2,482,293	2,801,065
Net long-term debt (note 7)	22,780,806	23,506,690
Deferred revenue (note 8)	723,539	705,714
Deferred capital contributions (note 9)	42,005,389	41,712,642
Retirement and other employee future benefits (note 10)	<u>1,644,694</u>	<u>1,666,808</u>
	<u>69,636,721</u>	<u>70,392,919</u>
Net Debt	<u>(41,556,197)</u>	<u>(42,646,443)</u>
Non-Financial Assets		
Prepaid expenses	79,006	101,196
Tangible capital assets (note 12)	<u>45,295,651</u>	<u>46,213,794</u>
Total Non-Financial Assets	<u>45,374,657</u>	<u>46,314,990</u>
Accumulated Surplus (note 13)	<u>\$ 3,818,460</u>	<u>\$ 3,668,547</u>
Contingent Liabilities (note 14)		

Approved by the Board:

M. Bitonti Director of Education

B. McLoof Chair of the Board

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended August 31, 2016

	<u>2016</u> Budget (Unaudited)	<u>2016</u> Actual	<u>2015</u> Actual
Revenues			
Local taxation	\$ 5,149,179	\$ 5,190,794	\$ 5,109,230
Provincial grants - Grants for Student Needs	34,106,963	34,190,309	34,569,948
Provincial grants - Other	1,487,228	1,633,595	1,821,035
Federal grants and fees - First Nations	1,227,415	1,309,029	1,230,599
Other revenues - First Nations - Nipissing First Nation	-	231,155	185,482
Other fees and revenues	1,055,129	1,222,279	1,074,521
Investment income	25,000	19,304	10,720
School fund-raising and other revenues	1,050,000	1,023,898	1,034,729
Amortization of deferred capital contributions	<u>1,984,253</u>	<u>2,097,630</u>	<u>1,998,304</u>
	<u>46,085,167</u>	<u>46,917,993</u>	<u>47,034,568</u>
Expenses			
Instruction	32,212,578	32,681,019	33,781,328
Administration	2,164,860	2,112,869	1,919,056
Transportation	3,445,802	3,160,735	3,208,946
Pupil accommodation	6,353,510	6,896,399	6,223,887
School funded activities	1,050,000	1,051,212	1,038,290
Other	<u>735,844</u>	<u>865,846</u>	<u>758,815</u>
	<u>45,962,594</u>	<u>46,768,080</u>	<u>46,930,322</u>
Annual Surplus	122,573	149,913	104,246
Accumulated Surplus, Beginning of Year	<u>3,668,547</u>	<u>3,668,547</u>	<u>3,564,301</u>
Accumulated Surplus, End of Year	<u><u>\$ 3,791,120</u></u>	<u><u>\$ 3,818,460</u></u>	<u><u>\$ 3,668,547</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Cash Flows

For The Year Ended August 31, 2016

	<u>2016</u>	<u>2015</u>
Operation transactions		
Annual Surplus	\$ 149,913	\$ 104,246
Cash provided by (used for)		
Non-cash items including amortization, write-downs and loss on disposals		
Amortization of tangible capital assets	2,194,235	1,970,400
Loss on disposal of tangible capital assets	-	144,229
Amortization of deferred capital contributions	(2,097,630)	(1,998,304)
Decrease (increase) in accounts receivable	(95,028)	215,957
Decrease in accounts receivable - Government of Ontario - Approved Capital	242,919	469,583
Decrease in prepaid expenses	22,190	340,113
Decrease in accounts payable and accrued liabilities	(318,772)	(1,849,829)
Increase (decrease) in deferred revenues	17,825	(82,895)
Decrease in retirement and other employee future benefits	<u>(22,114)</u>	<u>(65,603)</u>
Cash provided by (applied to) operating transactions	<u>93,538</u>	<u>(752,103)</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(1,333,909)</u>	<u>(2,927,570)</u>
Cash applied to capital transactions	<u>(1,333,909)</u>	<u>(2,927,570)</u>
Financing transactions		
Decrease in bank indebtedness	-	(5,060,785)
Repayments on long-term debt	(725,884)	(479,207)
Proceeds from long-term debt	-	8,187,433
Deferred capital contributions received	<u>2,390,377</u>	<u>2,407,018</u>
Cash provided by financing transactions	<u>1,664,493</u>	<u>5,054,459</u>
Increase in cash	424,122	1,374,786
Cash, Beginning of Year	<u>1,374,786</u>	<u>-</u>
Cash, End of Year	<u>\$ 1,798,908</u>	<u>\$ 1,374,786</u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Changes In Net Debt
For The Year Ended August 31, 2016

	<u>2016</u> Budget (Unaudited)	<u>2016</u> Actual	<u>2015</u> Actual
Annual Surplus	\$ 122,573	\$ 149,913	\$ 104,246
Amortization of tangible capital assets	2,105,146	2,194,235	1,970,400
Loss on sale of tangible capital assets	-	-	144,229
Acquisition of tangible capital assets	(2,098,149)	(1,333,909)	(2,927,570)
Transfer of assets held for sale	-	57,817	-
Decrease in prepaid expenses	<u>-</u>	<u>22,190</u>	<u>340,113</u>
Decrease (increase) in Net Debt	129,570	1,090,246	(368,582)
Net Debt, Beginning of Year	<u>(42,646,443)</u>	<u>(42,646,443)</u>	<u>(42,277,861)</u>
Net Debt, End of Year	<u>\$ (42,516,873)</u>	<u>\$ (41,556,197)</u>	<u>\$ (42,646,443)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

1. Significant Accounting Policies

These 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 statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with 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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

1. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian public sector accounting standard PS3510.

As a result, revenue recognized in the consolidated statement of operations and accumulates surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Reporting Entity

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities

Nipissing-Parry Sound Student Transportation Services
 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) 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 expenses are incurred or services performed.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

1. Significant Accounting Policies (Continued)

(e) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

(f) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuity, 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 determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are 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 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 employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is determined using management's best estimates.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

1. Significant Accounting Policies (Continued)

(f) Retirement and Other Employee Future Benefits (Continued)

- (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.

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

1. Significant Accounting Policies (Continued)

(g) Non-Financial Assets (Continued)

(i) Tangible Capital Assets (Continued)

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	10
First-time equipping of schools	10
Furniture and equipment	5-10
Vehicles	5
Computer hardware	5
Computer software	5

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 cost and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

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

(ii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

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 the stipulations are met.

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

(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) 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.

(k) 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 the useful life of tangible capital assets and the related amortization, accrued liabilities and employee future benefits. Actual results could differ from these estimates.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

2. Cash (Bank Indebtedness)

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,841,083	\$ 1,379,443
Cheques in circulation	<u>(42,175)</u>	<u>(4,657)</u>
	<u>\$ 1,798,908</u>	<u>\$ 1,374,786</u>

The Board has an operating line of credit available to a maximum of \$4,000,000 to address operating requirements and bears interest at the bank's prime lending rate. The credit facility is unsecured and due on demand.

3. Accounts Receivable

	<u>2016</u>	<u>2015</u>
School Boards	\$ 11,632	\$ 12,613
Province of Ontario - other	415,030	673,769
Government of Canada	1,134,486	1,007,064
Municipalities	796,534	762,020
Other	<u>567,816</u>	<u>375,004</u>
	<u>\$ 2,925,498</u>	<u>\$ 2,830,470</u>

4. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. Nipissing-Parry Sound Catholic District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$23,298,301 as at August 31, 2016 (2015 - \$23,541,220) with respect to capital grants.

5. Assets Held for Sale

As of August 31, 2016, \$57,817 related to land and buildings was recorded as assets held for sale.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

6. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Government of Ontario	\$ 7,197	\$ 8,155
Trade	1,498,187	1,785,659
Payroll related	938,464	961,807
Other	<u>38,445</u>	<u>45,444</u>
	<u>\$ 2,482,293</u>	<u>\$ 2,801,065</u>

7. Net Long-Term Debt

Net long-term debt, on the consolidated statement of financial position comprises the following:

	<u>2016</u>	<u>2015</u>
Debenture - Amortizing, payable in semi-annual instalments of \$70,460 including interest at the rate of 4.56%, final instalment due November 15, 2031	\$ 1,553,980	\$ 1,621,713
Debenture - Amortizing, payable in semi-annual instalments of \$125,660 including interest at the rate of 4.90%, final instalment due March 3, 2033	2,854,318	2,961,810
Debenture - Amortizing, payable in semi-annual instalments of \$21,348 including interest at the rate of 5.062%, final instalment due March 13, 2034	497,431	514,304
Debenture - Amortizing, payable in semi-annual instalments of \$41,351 including interest at the rate of 5.232%, final instalment due April 13, 2035	985,390	1,015,355
Debenture - Amortizing, payable in semi-annual instalments of \$216,338 including interest at the rate of 3.564%, final instalment due March 9, 2037	6,320,170	6,522,180
Debenture - Amortizing, payable in semi-annual instalments of \$85,197 including interest at the rate of 3.799%, final instalment due March 19, 2038	2,513,568	2,586,391
Debenture - Amortizing, payable in semi-annual instalments of \$3,194 including interest at the rate of 4.003%, final instalment due March 11, 2039	94,994	97,504
Debenture - Amortizing, payable in semi-annual instalments of \$234,923 including interest at the rate of 2.993%, final instalment due March 9, 2040	<u>7,960,955</u>	<u>8,187,433</u>
	<u>\$ 22,780,806</u>	<u>\$ 23,506,690</u>

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

7. Net Long-Term Debt (Continued)

Principal and interest payments relating to the net long-term debt of \$22,780,806 outstanding as at August 31, 2016 are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 753,778	\$ 843,163	\$ 1,596,941
2018	782,789	814,151	1,596,940
2019	812,952	783,979	1,596,931
2020	844,345	752,595	1,596,940
2021	876,989	719,953	1,596,942
Thereafter	<u>18,709,953</u>	<u>6,095,460</u>	<u>24,805,413</u>
Net Long-Term Debt	<u>\$ 22,780,806</u>	<u>\$ 10,009,301</u>	<u>\$ 32,790,107</u>

8. 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:

	<u>Balance as at August 31, 2015</u>	<u>Externally restricted revenue and investment income</u>	<u>Revenue recognized in the period</u>	<u>Transfers from (to) deferred capital contributions</u>	<u>Balance as at August 31, 2016</u>
Energy Efficient Schools	\$ 82,574	\$ -	\$ -	\$ (33,241)	\$ 49,333
Assets Held for Sale	-	-	-	57,817	57,817
Integrated Services for Northern Children	89,001	192,314	(204,451)	-	76,864
Education Programs - Other (EPO)	178,249	1,394,956	(1,320,921)	-	252,284
Other - Capital	121,274	2,711,200	(1,338,902)	(1,489,472)	4,100
Other - Operating	<u>234,616</u>	<u>7,714,894</u>	<u>(7,666,369)</u>	<u>-</u>	<u>283,141</u>
Total Deferred Revenue	<u>\$ 705,714</u>	<u>\$12,013,364</u>	<u>\$(10,530,643)</u>	<u>\$ (1,464,896)</u>	<u>\$ 723,539</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

9. Deferred Capital Contributions

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

	<u>2016</u>	<u>2015</u>
Balance as at August 31, 2015	\$ 41,712,642	\$ 41,303,928
Additions to deferred capital contributions	925,481	34,531
Transfers from deferred revenue	<u>1,522,713</u>	<u>2,372,487</u>
	44,160,836	43,710,946
Revenue recognized in the period	(2,097,630)	(1,998,304)
Transfer of a building from net tangible capital assets to assets held for sale	<u>(57,817)</u>	<u>-</u>
Balance as at August 31, 2016	<u>\$ 42,005,389</u>	<u>\$ 41,712,642</u>

10. Retirement and Other Employee Future Benefits

	<u>2016</u>		<u>2015</u>
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued Employee Future Benefit Obligations	<u>\$ 1,200,831</u>	<u>\$ 443,863</u>	<u>\$ 1,644,694</u>
			<u>\$ 1,666,808</u>

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

10. Retirement and Other Employee Future Benefits (Continued)

Retirement and Other Employee Future Benefit Expenses	2016			2015
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost	\$ -	\$ 3,739	\$ 3,739	\$ 35,152
Interest on Accrued Benefit Obligation	<u>59,131</u>	<u>-</u>	<u>59,131</u>	<u>39,505</u>
Employee Future Benefit Expenses ¹	<u>\$ 59,131</u>	<u>\$ 3,739</u>	<u>\$ 62,870</u>	<u>\$ 74,657</u>

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Retirement Benefits

(a) 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

10. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits (Continued)

(b) 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. During the year ended August 31, 2016, the Board contributed \$703,993 (2015 - \$657,180) 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.

On January 1, 2016, the yearly maximum pension earnings increased to \$54,900 from \$53,600 in 2015. The contributions are calculated at a rate of 9.0% (2015 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2015 -14.6%) for the amount above the yearly maximum pension earnings.

(c) 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 now based on their salary, accumulated sick days, and years of service at August 31, 2012.

The Board has designated reserves for retirement gratuities. The balance of these reserves totaled \$500,000 at August 31, 2016 (2015 - \$500,000).

1. Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, OECTA, CUPE and OCEW (including COPE) ratified agreements at the local and centre level, which included a voluntary retirement gratuity early payout provision. The provision provided OECTA, CUPE and OCEW 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).

The provision was also made available to all non-unionized school board employees, including principals and vice-principals.

Some employees took the early payout's thus reducing the liability.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
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10. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits (Continued)

(d) Retirement Dental and Health Care Benefits

The Board provides dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

Other Employee Future Benefits

(a) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2016 were \$227,347 (2015 - \$223,827) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(b) Sick Leave Top-Up Benefits

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 illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$3,739 (2015 - \$18,547).

(c) Accrued Vacation Time

The Board provides accumulations for vacation time through an unfunded defined benefit plan. Under this plan employees can accumulate vacation time for use in the future. The benefit costs and the liability related to this plan are included in the consolidated financial statements of the Board.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

11. Benefit Plan Future Changes

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: OECTA, CUPE, OCEW (including COPE) and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals 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. Commencing February 1, 2017, the Board will phase out providing benefits to the above mentioned groups. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

Nipissing-Parry Sound Catholic District School Board
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August 31, 2016

12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value August 31, 2016	Net Book Value August 31, 2015
	Balance at August 31, 2015	Additions	Transfers and Write-downs	Balance at August 31, 2016	Balance at August 31, 2015	Amortization	Transfers and Write-downs	Balance at August 31, 2016		
Land	\$ 1,361,261	\$ -	\$ -	\$ 1,361,261	\$ -	\$ -	\$ -	\$ -	\$ 1,361,261	\$ 1,361,261
Land improvements	3,224,798	175,252	-	3,400,050	905,887	220,828	-	1,126,715	2,273,335	2,318,911
Buildings and building improvements	57,659,991	604,911	(205,700)	58,059,202	17,341,886	1,443,919	(147,883)	18,637,922	39,421,280	40,318,105
Portable structures	453,642	45,721	(422,900)	76,463	445,956	5,360	(422,900)	28,416	48,047	7,686
First-time equipping of schools	216,805	-	-	216,805	90,466	21,680	-	112,146	104,659	126,339
Furniture and equipment	1,055,798	48,808	(532,636)	571,970	910,833	48,392	(532,636)	426,589	145,381	144,965
Vehicles	33,250	30,615	(33,250)	30,615	33,250	3,061	(33,250)	3,061	27,554	-
Computer hardware	4,610,556	428,602	(2,592,040)	2,447,118	3,342,671	442,583	(2,592,040)	1,193,214	1,253,904	1,267,885
Computer software	112,882	-	(31,417)	81,465	85,979	8,412	(31,417)	62,974	18,491	26,903
Construction in progress	<u>641,739</u>	<u>-</u>	<u>-</u>	<u>641,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,739</u>	<u>641,739</u>
Total	<u>\$ 69,370,722</u>	<u>\$ 1,333,909</u>	<u>\$ (3,817,943)</u>	<u>\$ 66,886,688</u>	<u>\$ 23,156,928</u>	<u>\$ 2,194,235</u>	<u>\$ (3,760,126)</u>	<u>\$ 21,591,037</u>	<u>\$ 45,295,651</u>	<u>\$ 46,213,794</u>

Assets Under Construction

Assets under construction having a value of \$641,739 (2015 - \$641,739) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2016

13. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2016</u>	<u>2015</u>
Available for Compliance - Unappropriated		
Operating Surplus (Deficit)	\$ <u>34,962</u>	\$ <u>(4,664)</u>
Available for Compliance - Internally Appropriated		
Employee future benefits	500,000	500,000
Vacation accrued	(399,169)	(365,891)
General	3,035,408	3,040,072
Pathways for Student Success	<u>259,145</u>	<u>259,145</u>
Total Internally Appropriated	<u>3,395,384</u>	<u>3,433,326</u>
Unavailable for Compliance		
Revenues recognized from land	1,361,261	1,316,393
Interest accrued	(249,536)	(257,643)
Employee future benefits	(980,542)	(1,103,110)
School Generated Funds	<u>256,931</u>	<u>284,245</u>
Total Externally Appropriated	<u>388,114</u>	<u>239,885</u>
Total Accumulated Surplus	<u>\$ 3,818,460</u>	<u>\$ 3,668,547</u>

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

14. Contingent Liabilities

The Board along with other parties have been served with statements of claim. The Board is of the opinion that the claims are unfounded and that the insurance coverage would be sufficient to cover any costs attributable to these claims. Should any losses result from these claims, the amount would be charged to operations in the period in which the losses are determinable.

The Board receives subsidies and contributions from various funding agencies. Pursuant to the related agreements, if the Board does not meet established objectives, the funding agencies could be entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

The Board is disputing grievances placed through its employees' unions which may have to be settled by arbitration. It is not possible, at this time, to determine the amount, if any, of settlements that may result from any arbitration process. Any retroactive wage settlement will be charged to operations in the period in which the amount is determined to be payable.

15. Debt Charges

The expense for debt charges includes principal and interest payments is as follows:

	<u>2016</u>	<u>2015</u>
Principal on long-term debt	\$ 725,884	\$ 479,207
Interest payments on long-term debt	<u>862,952</u>	<u>757,577</u>
	<u>\$ 1,588,836</u>	<u>\$ 1,236,784</u>

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2016

16. Expenses by Object

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

	2016 Budget	2016 Actual	2015 Actual
	(Unaudited)		
Expenses			
Salary and wages	\$ 29,318,851	\$ 29,538,752	\$ 29,961,213
Employee benefits	4,402,218	4,536,598	4,936,169
Staff development	293,150	276,716	290,596
Supplies and services	2,726,018	2,722,692	2,697,658
Interest	871,059	862,952	757,577
Rentals	32,483	32,483	31,619
Fees and contract services	4,304,748	4,582,168	4,271,807
Other	858,921	970,272	830,764
Amortization of tangible capital assets	2,105,146	2,194,235	1,970,400
Loss on disposal of tangible capital assets	-	-	144,229
School Funded Activities	<u>1,050,000</u>	<u>1,051,212</u>	<u>1,038,290</u>
	<u>\$ 45,962,594</u>	<u>\$ 46,768,080</u>	<u>\$ 46,930,322</u>

17. Ontario School Board Insurance Exchange (OSBIE)

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 term expires January 1, 2017.

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

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18. Partnership in Nipissing-Parry Sound Student Transportation Services/ Services de Transport Scolaire Nipissing-Parry Sound

Transportation Consortium

On March 26, 2003, the Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was incorporated. On June 16, 2003, the Board entered into an agreement with Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement created at the time Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was established, decisions related to the financial and operating activities of Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2016		2015	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial Assets	\$ 1,214,027	\$ 199,101	\$ 1,479,635	\$ 240,946
Liabilities	<u>(1,214,027)</u>	<u>(199,101)</u>	<u>(1,479,635)</u>	<u>(240,946)</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operations:				
Revenues	\$ 17,671,260	\$ 3,118,629	\$ 17,636,386	\$ 3,166,153
Expenses	<u>(17,671,260)</u>	<u>(3,118,629)</u>	<u>(17,636,386)</u>	<u>(3,166,153)</u>
Annual Deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

19. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.