Kenora Catholic District School Board
Financial Statements
For the year ended August 31, 2018

Contents

KENORA CATHOLIC
DISTRICT SCHOOL BOARD

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MANAGEMENT'S RESPONSIBILITY

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Kenora 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.

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 BDO Canada 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.

Mrs. A. Dille

Director of Education

ASmith

Superintendent of Business Services

November 13, 2018

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BDO Canada LLP
301 First Avenue S
Suite 300
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Independent Auditor's Report

To the Board of Trustees of
Kenora Catholic District School Board

We have audited the accompanying consolidated financial statements of Kenora Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations, cash flows and changes 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 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year at all schools to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, 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 generated funds revenues, annual surplus, financial assets and accumulated surplus for the years ended August 31, 2018 and 2017, financial assets as at August 31, 2018 and 2017, and accumulated surplus as at September 1 and August 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended August 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Kenora Catholic District School Board as at and for the year ended August 31, 2018 are prepared in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 (significant accounting policies) 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.

BDO Canada LLP

Chartered Professional Accountants, Licenced Public Accountants

Kenora, Ontario
November 13, 2018

Kenora Catholic District School Board
Consolidated Statement of Financial Position

August 31	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	$ 3,879,903	$ 3,509,670
Accounts receivable (Note 2)	13,451,006	14,127,331
Investments (Note 3)	200,000	200,000
TOTAL FINANCIAL ASSETS	17,530,909	17,837,001
LIABILITIES		
Accounts payable and accrued liabilities	1,613,271	2,547,889
Deferred revenue (Note 4)	1,202,704	956,996
Long term debt (Note 7)	9,965,055	10,457,418
Employee benefits payable (Note 6)	618,972	686,733
Deferred capital contributions (Note 5)	27,530,150	27,089,945
TOTAL LIABILITIES	40,930,152	41,738,981
NET DEBT	(23,399,243)	(23,901,980)
NON-FINANCIAL ASSETS		
Prepaid expenses	68,139	72,008
Inventories of supplies	84,659	63,841
Tangible capital assets (Note 11)	28,700,414	28,287,286
TOTAL NON-FINANCIAL ASSETS	28,853,212	28,423,135
ACCUMULATED SURPLUS (Note 12)	$ 5,453,969	$ 4,521,155

Signed on behalf of the Board:

Mrs. P. [signature]
Director of Education

[signature]
Chair of the Board

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Kenora Catholic District School Board
Consolidated Statement of Operations

August 31	Budget	2018	2017
REVENUES			
Provincial legislative grants	$ 22,440,940	**$ 22,837,833**	$ 21,360,997
Provincial grants - other	460,684	**1,534,954**	1,345,056
Local taxation	2,477,901	**2,329,804**	2,382,080
School generated funds revenues	870,300	**797,680**	826,675
Federal grants and fees	1,621,958	**1,440,149**	1,528,127
Investment income	30,000	**45,607**	81,131
Other fees and revenues from school boards	20,000	**18,839**	28,990
Fees and revenues from other sources	131,500	**150,498**	98,022
	28,053,283	**29,155,364**	27,651,078
EXPENSES			
Instruction	19,175,259	**19,433,388**	19,130,390
Administration	2,074,120	**2,103,353**	1,991,051
Transportation	1,105,000	**1,157,550**	1,128,034
Pupil accommodation	4,758,435	**4,707,196**	4,471,803
School generated funds	870,300	**821,063**	741,463
	27,983,114	**28,222,550**	27,462,741
Annual Surplus	70,169	**932,814**	188,337
Accumulated Surplus, Beginning of Year	4,428,402	**4,521,155**	4,332,818
Accumulated Surplus, End of Year	$ 4,498,571	**$ 5,453,969**	$ 4,521,155

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Kenora Catholic District School Board
Consolidated Statement of Cash Flow

August 31	2018	2017
OPERATING TRANSACTIONS		
Annual surplus	$ 932,814	$ 188,337
Non-cash items including:		
Amortization, write downs, (gain) loss on disposal of TCA	1,776,803	1,602,927
Deferred capital contributions revenue	(1,749,726)	(1,575,852)
Decrease (Increase) in accounts receivable - other	(571,202)	(498,679)
Increase (Decrease) in accounts payable & accrued liabilities	(1,043,546)	1,125,260
Increase (Decrease) in deferred revenues - operating	110,153	64,370
Increase (Decrease) in employee benefits payable	(67,761)	(181,471)
Decrease (Increase) in prepaid expenses	3,869	(11,307)
Decrease (Increase) in inventories of supplies	(20,818)	18,953
Cash provided by (applied to) operating transactions	(629,414)	732,538
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(2,189,931)	(2,970,572)
FINANCING TRANSACTIONS		
Debt repaid	(492,363)	(469,285)
Decrease (Increase) in accounts receivable - approved capital	1,247,527	(1,658,671)
Additions to (disposals from) deferred capital contributions	2,189,931	2,970,572
Increase (Decrease) in deferred revenues - capital	244,483	123,571
Net increase in cash from financing	3,189,578	966,187
Change in Cash and Cash Equivalents	370,233	(1,271,847)
Opening Cash and Cash Equivalents	3,509,670	4,781,517
Closing Cash and Cash Equivalents	$ 3,879,903	$ 3,509,670

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Kenora Catholic District School Board
Consolidated Statement of Changes in Net Debt

August 31	Budget	2018	2017
Annual Surplus	$ 70,169	**$ 932,814**	$ 188,337
TANGIBLE CAPITAL ASSET ACTIVITY			
Acquisition of tangible capital assets	(1,849,790)	**(2,189,931)**	(2,970,572)
Amortization of tangible capital assets	1,560,901	**1,776,803**	1,602,927
Total tangible capital asset activity	(288,889)	**(413,128)**	(1,367,645)
OTHER NON-FINANCIAL ASSET ACTIVITY			
Acquisition of supplies inventories	-	**(20,818)**	18,953
Acquisition (use) of prepaid expenses	-	**3,869**	(11,307)
Total other non-financial asset activity	-	**(16,949)**	7,646
Change in net debt	(218,720)	**502,737**	(1,171,662)
Net debt, beginning of year	(23,901,980)	**(23,901,980)**	(22,730,318)
Net debt, end of year	$ (24,120,700)	**$ (23,399,243)**	$(23,901,980)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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 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 requires that:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES – continued

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 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 include the Northwestern Ontario Student Services Consortium and 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) Cash and Cash Equivalents

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

e) Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

f) 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.

1. **SIGNIFICANT ACCOUNTING POLICIES – continued**

g) 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
- Property taxation revenues which were historically used to fund capital assets

h) Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-2017 for OECTA groups. The following ELHTs were established in 2017-2018: non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a school board’s participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to the above mentioned groups. Upon transition of the employee groups’ health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as Stabilization Adjustment.

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

1. SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES – continued

i) Tangible Capital Assets

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	20
Furniture and equipment	5-10
Computer hardware	5
Vehicles	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 carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as “assets held for sale” on the consolidated statement of financial position.

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

j) 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.

1. SIGNIFICANT ACCOUNTING POLICIES – continued

k) 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.

l) 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.

m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a) 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 allowances for doubtful accounts receivable, accrued liabilities, future employee benefits payable and useful lives of capital assets. Actual results could differ from these estimates.

n) Property Tax Revenue

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

2. ACCOUNTS RECEIVABLE

	2018	2017
Province of Ontario – approved capital	**$ 11,337,845**	$ 12,585,372
Province of Ontario – GSN	**202,926**	4,543
Government of Canada	**880,233**	820,305
Local government	**531,608**	233,608
Other	**543,071**	527,862
Allowance for doubtful accounts	**(44,677)**	(44,359)
	$ 13,451,006	$ 14,127,331

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-2010. Kenora 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 receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $ 11,337,845 as at August 31, 2018 (2017 - $12,585,372) with respect to capital grants.

3. INVESTMENTS

Investments are comprised of term deposits totaling $200,000 that are recorded at cost, bear interest at rates ranging from 1.95% to 2.65% and mature at a rate of $40,000 annually from December 2018 to December 2022.

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, 2018 is comprised of:

	Balance as at August 31, 2017	Externally Restricted Revenue & Investment Income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance as at August 31, 2018
Legislative Grants	**$ 477,858**	**$ 1,844,719**	**$ (974,473)**	**$ (625,763)**	**$ 722,341**
Other Ministry of Education - Operating	**231,418**	**241,276**	**(346,650)**	**-**	**126,044**
Grants Third Party	**247,720**	**121,157**	**(14,558)**	**-**	**354,319**
Total Deferred Revenue	**$ 956,996**	**$ 2,207,152**	**$(1,335,681)**	**$ (625,763)**	**$ 1,202,704**

5. DEFERRED CAPITAL CONTRIBUTIONS

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

	2018	2017
Balance, beginning of year	**$ 27,089,945**	$ 25,695,225
Additions to deferred capital contributions	**2,189,931**	2,970,572
Revenue recognized in the period	**(1,749,726)**	(1,575,852)
Balance, end of year	**$ 27,530,150**	$ 27,089,945

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefit Liabilities			2018	2017
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31	**$ 630,892**	**$ 27,774**	**$ 658,666**	$ 751,261
Unamortized Actuarial Gains (Losses) at August 31	**(39,694)**	**-**	**(39,694)**	(64,528)
Employee Future Benefits Liability at August 31	**$ 591,198**	**$ 27,774**	**$ 618,972**	$ 686,733

Retirement and Other Employee Future Benefit Expenses			2018	2017
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Recognized Actuarial (Gains) Losses	**$ 9,386**	**$ (6,795)**	**$ 2,591**	$ 23,405
Current Year Benefit Cost and Other (Recovery)	**-**	**3,715**	**3,715**	(159,510)
Interest on Accrued Benefit Obligation	**17,042**	**551**	**17,593**	17,498
Employee Future Benefits Expenses (Recovery)[1]	**$ 26,428**	**$ (2,529)**	**$ 23,899**	$ (118,607)

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

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS - continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2016 (date actuarial probabilities were determined) and based on updated average daily salary and banked sick days (if applicable) as at August 31, 2018. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2018	2017
	%	%
Inflation	**1.50**	1.50
Discount on accrued benefit obligations	**2.90**	2.55

Retirement Benefits

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

(ii) Ontario Municipal Employees Retirement System
All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including the investment of the assets and administration of benefits. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Plan has approximately 482,000 members and approximately 1,000 employers.

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2017, the estimated accrued pension obligation for all members (including survivors) of the Plan was $93,614 million (2016 - $86,959 million). The resulting funding surplus was $605 million as at December 31, 2017 (2016 - $(2,341) million deficit). The actuary does not attribute portions of the unfunded liability to individual employers. The Board contributions equal the employee contributions to the plan.

During the year ended August 31, 2018, the Board contributed $394,284 (2017 - $393,941) to the plan.

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS - continued

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

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations
The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2018 were $140,204 (2017 - $134,802) 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 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(ii) Long-term Disability Benefits
The Board provides life insurance, dental and health care benefits to employees on long-term disability leave to employees who are not yet members of an ELHT. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan to a maximum of four years. 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.

(iii) Sick Leave Top-Up Benefits
A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $ 14,221 (2017 – $13,771).

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, 2018 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

(iv) Health Care and Dental Benefits
The Board sponsors a separate plan for certain retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' are required to pay 100% of the premium costs. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

7. LONG TERM DEBT

Long term debt reported on the Consolidated Statement of Financial Position comprises the following:

	2018	2017
5.138% debenture, repayable $339,586 semi-annually on February 18 and August 18, maturing August 2031	**$ 6,383,161**	$ 6,721,281
Demand installment loan, repayable annually at $21,667 plus interest at prime plus 0.25%, matured during the year	**-**	21,662
4.56% debenture, repayable $10,081 semi-annually on November 15 and May 15, maturing November 2031	**201,587**	212,196
5.232% debenture, repayable $124,941 semi-annually on November 15 and May 15, maturing April 2035	**2,781,609**	2,882,000
3.97% debenture, repayable $22,997 semi-annually on November 16 and May 15, maturing November 2036	**598,698**	620,279
Balance as at August 31	**$ 9,965,055**	$10,457,418

Estimated principal and interest payments relating to long term debt outstanding as at August 31, 2018 are due as follows:

	Principal	Interest Payments	Total
2019	$ 495,200	$ 500,008	$ 995,208
2020	520,729	474,479	995,208
2021	547,579	447,629	995,208
2022	575,818	419,390	995,208
2023	605,515	389,693	995,208
Thereafter	7,220,214	1,977,479	9,197,693
Total	$ 9,965,055	$ 4,208,678	$ 14,173,733

Interest on long term debt amounted to $ 524,603 (2017 - $548,287).

8. TEMPORARY BORROWING

The Board has a revolving line of credit available to the maximum of $3 million to address operating requirements. Interest on the operating facility is payable at the bank's prime lending rate plus 0.25% (3.95% at August 31, 2018). The facility is unsecured and due on demand. As at August 31, 2018, the amount drawn on the line of credit was $nil (2017 - $nil). Subsequent to the year-end, the credit limit was increased to $5 million.

9. EXPENSES BY OBJECT

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

	2018 Budget	**2018 Actual**	2017 Actual
Expenses:			
Employee benefits	$ 3,206,972	**$ 2,869,101**	$ 2,606,592
Salary and wages	17,591,442	**17,450,399**	17,537,529
Staff development	229,175	**558,549**	580,468
Supplies and services	2,862,516	**3,008,789**	2,565,224
Interest charges on capital	525,054	**524,603**	548,284
Rental expenses	2,300	**7,982**	9,333
Fees and contract services	1,892,700	**1,722,587**	1,567,891
Other	112,050	**303,737**	444,493
Amortization of capital assets	1,560,905	**1,776,803**	1,602,927
	$ 27,983,114	**$ 28,222,550**	$ 27,462,741

10. BOARD PERFORMS DUTIES OF A MUNICIPAL COUNCIL

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. Beginning on January 1, 2009, the City of Thunder Bay collects taxes in territories without municipal organization on behalf of the Board. Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

11. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization					Net Book Value	
	Balance at Sept 1, 2017	Additions and Transfers	Disposals	Transfer to Assets Held for Sale	Balance at August 31, 2018	Balance at Sept 1, 2017	Amortization	Disposals	Transfer to Assets Held for Sale	Balance at August 31, 2018	August 31, 2018	August 31, 2017
Land	$ 806,261	$ -	$ -	$ -	$ 806,261	$ -	$ -	$ -	$ -	$ -	$ 806,261	$ 806,261
Land Improvements	1,031,490	238,935	-	-	1,270,425	263,382	91,934	-	-	355,316	915,109	768,108
Buildings	35,743,920	1,671,073	-	-	37,414,993	11,086,957	1,266,768	-	-	12,353,725	25,061,268	24,656,963
Portable structure	622,813	-	-	-	622,813	273,621	24,721	-	-	298,342	324,471	349,192
Furniture and Equipment	1,496,260	133,807	-	-	1,630,067	536,923	134,259	-	-	671,182	958,885	959,337
Computer hardware	1,873,090	146,116	-	-	2,019,206	1,158,345	248,263	-	-	1,406,608	612,598	714,745
Vehicles	91,432	-	-	-	91,432	58,752	10,858	-	-	69,610	21,822	32,680
Total	$ 41,665,266	$ 2,189,931	$ -	$ -	$ 43,855,197	$13,377,980	$ 1,776,803	$ -	$ -	$ 15,154,783	$28,700,414	$28,287,286

a) **Assets under construction**

Assets under construction having a value of $ 151,117 (2017 - $nil) have not been amortized. Amortization of these assets commences when the asset is put into service.

b) **Write-down of Tangible Capital Assets**

The write-down of tangible capital assets during the year was $ nil (2017 - $nil).

c**) Asset inventories for resale (assets permanently removed from service)**

The Board has not identified land and building properties that qualify as “assets permanently removed from service” as of August 31, 2018.

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
Surplus	**$ 4,208,954**	$ 3,338,128
Revenues recognized for land	**679,236**	679,236
Employee future benefits to be covered in the future	**(471,763)**	(584,211)
Amounts designated for future use by board motion	**185,589**	185,589
Committed capital projects	**165,699**	192,776
School activities fund	**686,254**	709,637
Total surplus	**$ 5,453,969**	$ 4,521,155

13. TRUST FUNDS

Scholarship Trust Fund

A scholarship trust fund administered by the Board amounting to $15,000 (2017 - $15,000) has not been included in the consolidated statement of financial position nor has its operations been included in the consolidated statement of operations.

14. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE

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

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

15. SEGMENTED INFORMATION

The Kenora Catholic District School Board is a government institution that provides primarily education services. No additional disclosure on a segmented basis is considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

16. CONTRACTUAL OBLIGATIONS

The board has a contractual obligation through the Northwestern Ontario Student Services Consortium for transportation services with First Student of Canada, for two years ending July 31, 2020. The value of the contract and the portion attributable to the Board fluctuates year to year based on ridership and the routes added or subtracted. For 2018-2019, the contract value is estimated at $6,866,676 excluding taxes, $1,198,340 of which is estimated to be attributable to the Board.

17. PARTNERSHIP IN NORTHWESTERN ONTARIO STUDENT SERVICES CONSORTIUM

Effective the first day of the 2010-2011 year, the Board entered into an agreement with Keewatin-Patricia District School Board and Northwest Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boreales 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 in each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Northwestern Ontario Student Services Consortium are shared. No partner is in a position to exercise unilateral control.

The Board’s consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred and its pro-rate share of revenues and expenses.

The following provides condensed financial information.

	2018		2017	
	Total	**Board Portion**	Total	Board Portion
Financial Position:				
Financial Assets	**$ 75,735**	**$ 13,207**	$ 87,360	$ 15,612
Liabilities	**75,735**	**13,207**	87,360	15,612
Non-Financial Assets	**-**	**-**	-	-
Accumulated Surplus (Deficit)	**$ -**	**$ -**	$ -	$ -
Operations:				
Revenues	**$6,287,061**	**$1,096,355**	$6,032,156	$1,078,023
Expenses	**6,287,061**	**1,096,355**	6,032,156	1,078,023
Annual Surplus (Deficit)	**$ -**	**$ -**	$ -	$ -