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smith &
swallow*

**NIAGARA CATHOLIC DISTRICT
SCHOOL BOARD**

Consolidated Financial Statements

August 31, 2018



NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

August 31, 2018

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD MANAGEMENT REPORT

August 31, 2018

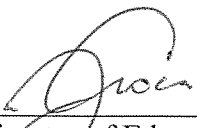
The accompanying consolidated financial statements of the Niagara Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2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

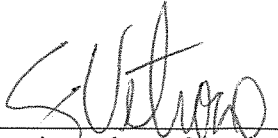
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis 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 27, 2018



Superintendent of Business
and Financial Services
Mr. Giancarlo Vetrone
November 27, 2018

Crawford, Smith and Swallow
Chartered Accountants LLP

4741 Queen Street
Niagara Falls, Ontario
L2E 2M2
Telephone (905) 356-4200
Telecopier (905) 356-3410

*crawford
smith &
swallow*

Offices in:
Niagara Falls, Ontario
St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Niagara Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations and accumulated surplus, cash flows and change in net debt for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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, the auditor considers 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.

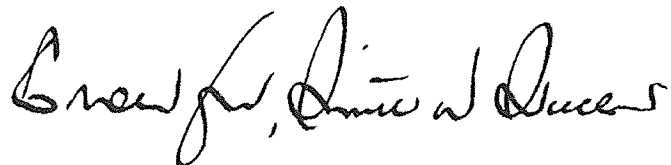
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Niagara Catholic District School Board as at and for the year ended August 31, 2018 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 27, 2018

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2018

	2018	2017
	\$	\$
Financial Assets		
Cash	18,977,012	24,802,158
Investments - note 2	10,000,000	-
Accounts receivable	9,473,622	7,705,740
Accounts receivable - Province of Ontario approved capital - note 3	64,971,155	72,809,073
	103,421,789	105,316,971
Contingent Liabilities - note 15		
Financial Liabilities		
Accounts payable and accrued liabilities	14,456,491	16,079,359
Deferred revenue - note 4	15,901,808	15,689,303
Employee future benefits - note 5	7,178,658	9,141,666
Net long-term liabilities and capital leases - note 6	64,281,845	70,117,402
Deferred capital contributions - note 7	185,351,181	180,097,906
	287,169,983	291,125,636
Net Debt	(183,748,194)	(185,808,665)
Non-Financial Assets		
Tangible capital assets - schedule 1	200,122,195	196,011,297
Prepaid expenses	486,123	691,003
	200,608,318	196,702,300
Accumulated Surplus - note 8	16,860,124	10,893,635

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, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial legislative grants	243,358,117	242,628,169	238,946,387
Provincial grants - other - note 10	3,095,456	6,643,352	3,892,302
Federal grants and fees	390,000	591,643	303,310
Other fees and revenue	2,914,800	3,371,734	2,109,036
Investment income	220,000	340,964	235,631
School fundraising	8,180,000	7,569,685	6,891,892
Amortization of deferred capital contributions	10,606,942	12,601,871	11,236,763
	268,765,315	273,747,418	263,615,321
Expenditures			
Instruction	204,035,992	201,599,523	201,103,672
Administration	7,888,676	7,917,928	8,462,591
Transportation	9,828,728	9,860,901	9,055,162
Pupil accommodation	37,820,340	38,800,132	38,369,800
Other operating expenses - note 10	-	2,206,112	117,487
School funded activities	8,180,000	7,396,333	6,841,629
	267,753,736	267,780,929	263,950,341
Annual Surplus (Deficit)	1,011,579	5,966,489	(335,020)
Accumulated Surplus, Beginning of Year	10,893,635	10,893,635	11,228,655
Accumulated Surplus, End of Year	11,905,214	16,860,124	10,893,635

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended August 31, 2018

	2018 \$	2017 \$
Operations		
Annual surplus (deficit)	5,966,489	(335,020)
Sources (Uses)		
Change in accounts receivable	(1,767,882)	(16,346)
Change in prepaid expenses	204,880	168,622
Change in assets held for sale	-	1,471,116
Change in accounts payable and accrued liabilities	(1,622,868)	48,470
Change in deferred revenue	212,505	7,438,836
Change in employee future benefits	(1,963,008)	(356,085)
	(4,936,373)	8,754,613
Non-cash charges to operations		
Amortization of tangible capital assets	12,959,886	11,657,535
Amortization of deferred capital contributions	(12,601,871)	(11,236,763)
	358,015	420,772
Net increase in cash from operations	1,388,131	8,840,365
Capital		
Acquisition of tangible capital assets	(17,070,784)	(18,662,962)
Net additions to deferred capital contributions	17,855,146	18,339,336
Net increase (decrease) in cash from capital	784,362	(323,626)
Investing		
Increase in investments	(10,000,000)	-
Financing		
Change in accounts receivable - Province of Ontario approved capital	7,837,918	(2,222,948)
Debt repayments and sinking fund contributions	(5,835,557)	(3,938,616)
Net increase (decrease) in cash from financing	2,002,361	(6,161,564)
Increase (Decrease) in Cash Position	(5,825,146)	2,355,175
Cash Position, Beginning of Year	24,802,158	22,446,983
Cash Position, End of Year	18,977,012	24,802,158

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

for the year ended August 31, 2018

	2018	2017
	\$	\$
Annual Surplus (Deficit)	5,966,489	(335,020)
Acquisition of Tangible Capital Assets	(17,070,784)	(18,662,962)
Amortization of Tangible Capital Assets	12,959,886	11,657,535
Change in Prepaid Expenses	204,880	168,622
Decrease (Increase) in Net Debt	2,060,471	(7,171,825)
Net Debt, Beginning of Year	(185,808,665)	(178,636,840)
Net Debt, End of Year	(183,748,194)	(185,808,665)

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2018

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, 2018

1. Significant Accounting Policies - continued

(a) Basis of accounting - continued

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Reporting entity

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

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

The following entities are consolidated with the Board:

Niagara Student Transportation Services Consortium
School Generated Funds

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

(c) Trust funds

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

(d) Investments

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.

(e) Tangible capital assets

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

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

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

1. Significant Accounting Policies - continued

(e) Tangible capital assets - continued

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

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

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statements of financial position.

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

(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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

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, 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.

(h) Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts ("ELHTs") were established in 2016-2017: OECTA. The following ELHTs were established in 2017-2018: CUPE EWBT and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs 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 are being provided through a joint governance structure between bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to OECTA, CUPE principals and vice-principals, and non-unionized employees. 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 ELHT 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 a Stabilization Adjustment.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

1. Significant Accounting Policies - continued

(h) Retirement and other employee future benefits - continued

The Board has adopted the following policies with respect to accounting for these employee benefits:

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by the employees, such as health care benefits for retirees or retirement gratuities, the cost is actuarially determined using projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(i) Government transfers

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

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2018

1. Significant Accounting Policies - continued

(i) Government transfers - continued

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

(j) Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

(k) Long-term debt

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

(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. The budget figures are unaudited.

(m) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include accounts receivable, accounts receivable - Province of Ontario, tangible capital assets, accounts payable and accrued liabilities and employee future benefits. Actual results could differ from these estimates.

(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 municipalities is recorded as part of Provincial Legislative Grants.

2. Investments

Investments have a book value of \$ 10,000,000 (2017 - nil) and a market value of \$ 9,786,007 (2017 - nil).

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

3. 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 \$ 64,971,155 as at August 31, 2018 (2017 - \$ 72,809,073) with respect to capital grants.

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 and Investment Income \$	Revenue and adjustments recognized in the period \$	Transfers to deferred capital contributions \$	Balance, as at August 31, 2018 \$
Retrofitting school spaces					
for child care	1,698,990	-	-	-	1,698,990
Proceeds of disposition	6,140,890	-	(41,631)	(1,120,788)	4,978,471
Education development charges	581,831	408,762	(36,922)	-	953,671
Mental health leader	71,108	123,113	(104,509)	-	89,712
Library staff	15,811	131,996	(116,240)	-	31,567
Indigenous education	39,330	222,714	(130,208)	-	131,836
Special education	2,152,138	772,712	(481,074)	-	2,443,776
Energy efficient schools					
- operating	10,522	-	-	-	10,522
Energy efficient schools					
- capital	251,490	-	-	-	251,490
School renewal	2,904,066	3,827,226	(774,017)	(2,638,747)	3,318,528
Temporary Accommodation	-	596,500	(472,000)	-	124,500
Education Programs - Other	753,816	2,573,675	(2,826,505)	(55,417)	445,569
Tuition	873,015	1,409,073	(1,393,117)	-	888,971
Miscellaneous	196,296	282,492	55,417	-	534,205
Total deferred revenue	15,689,303	10,348,263	(6,320,806)	(3,814,952)	15,901,808

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

5. Employee Future Benefits

	2018	2017
	\$	\$
Retirement gratuities	3,914,130	4,200,459
Retirement health care benefits	218,975	263,640
Long-term disability health care benefits	-	2,088,436
WSIB - Schedule II future liability	2,892,830	2,440,219
Compensated absences	152,723	148,912
	7,178,658	9,141,666

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, 2018, the Board contributed \$ 3,555,244 (2017 - \$ 3,602,932) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

Retirement Gratuities

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

As at August 31, 2018, an unamortized actuarial loss of \$ 212,444 exists. This amount is being amortized over the expected average remaining service lives of several employee groups. The actual obligation is \$ 4,126,574.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

5. Employee Future Benefits - continued

Retirement 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, with one exception to age 75. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, ELHTs were established in 2016-18 for all employee groups. Retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT. After retirees transition to the ELHT, the Board continued to be responsible for its share of cost of benefits based on the cost sharing agreement prior to the transition to the ELHT. As at August 31, 2018, the actual obligation is \$ 218,975. The change in retiree and active benefit costs under the ELHT will be reflected in the August 31, 2019 full valuation.

Long-Term Disability Health Care 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, ELHTs were established in 2016-18 for all employee groups. Benefits for employee groups that have transitioned to the ELHT are similar to a defined contributions plan and the Board is no longer responsible for this benefit. There are no employee groups remaining for which the Board is responsible for providing Health, Dental and Life insurance benefits as at the valuation date and as a result, the liability for this benefit has been eliminated.

WSIB - Schedule II Future Liability

The Board is a Schedule II employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of four and one-half years for employees receiving payments from WSIB, where the collective agreement negotiated prior to 2012 included such a provision. As at August 31, 2018, the actual obligation is \$ 2,892,830.

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 \$ 3,811 (2017 - \$ 13,751).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2017 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2018

5. Employee Future Benefits - continued

As at August 31, 2018, the actual obligation is \$ 152,723 .

Retirement gratuities:

	2018 \$	2017 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	3,914,130	4,200,459
Employee benefit plan deficit	3,914,130	4,200,459

	2018 \$	2017 \$
Accrued benefit obligation, beginning of year	4,200,459	4,901,206
Benefit cost and interest	109,783	122,572
Amortized loss	58,309	74,975
Benefits paid during the year	(454,421)	(898,294)
Accrued benefit obligation, end of year	3,914,130	4,200,459

Retirement health care benefits:

	2018 \$	2017 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	218,975	263,640
Employee benefit plan deficit	218,975	263,640

	2018 \$	2017 \$
Accrued benefit obligation, beginning of year	263,640	132,118
Benefit cost and interest	6,113	2,393
Change due to reinstatement of benefits	-	161,265
Amortized gain	(2,957)	(1,384)
Benefits paid during the year	(47,821)	(30,752)
Accrued benefit obligation, end of year	218,975	263,640

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

5. Employee Future Benefits - continued

Long-term disability health care benefits:

	2018	2017
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	-	2,088,436
Employee benefit plan deficit	-	2,088,436

	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	2,088,436	2,671,813
Benefit cost and interest expense (recovery)	(2,006,148)	(316,629)
Benefits paid during the year	(82,288)	(266,748)
Accrued benefit obligation, end of year	-	2,088,436

WSIB Schedule II future liability:

	2018	2017
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	2,892,830	2,440,219
Employee benefit plan deficit	2,892,830	2,440,219

	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	2,440,219	1,657,453
Benefit cost and interest	1,268,876	1,291,458
Benefits paid during the year	(816,265)	(508,692)
Accrued benefit obligation, end of year	2,892,830	2,440,219

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

5. Employee Future Benefits - continued

Compensated absences:

	2018	2017
	\$	\$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	152,723	148,912
Employee benefit plan deficit	152,723	148,912

	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	148,912	135,161
Benefit cost and interest	152,723	148,912
Amortized loss (gain)	8,358	(9,068)
Benefits paid during the year	(157,270)	(126,093)
Accrued benefit obligation, end of year	152,723	148,912

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. 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% (2017 - 1.5%).

Interest (Discount) Rate - The present value of future liabilities and the expense were determined using a discount rate of 2.90% (2017 - 2.55%).

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

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

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:

	2018 \$	2017 \$
Unmatured debenture debt	64,247,908	68,242,234
Sinking fund debentures	-	2,729,430
Obligations under capital leases	33,937	49,779
Less: Sinking fund assets	-	(904,041)
	64,281,845	70,117,402

The net long-term debt outstanding bears interest at annual rates ranging from 2.425% to 6.55% maturing between 2020 and 2036. Principal and interest payments relating to net debenture debt and capital leases of \$ 64,281,845 outstanding as at August 31, 2018 are due as follow:

	Principal and Sinking Fund Contributions \$	Interest \$	Capital Lease Payments \$	Total \$
2019	4,207,884	3,287,182	16,575	7,511,641
2020	4,433,353	3,060,940	17,362	7,511,655
2021	4,671,418	2,822,451	-	7,493,869
2022	4,786,423	2,571,066	-	7,357,489
2023	4,910,535	2,310,574	-	7,221,109
Thereafter	41,238,295	9,501,536	-	50,739,831
	64,247,908	23,553,749	33,937	87,835,594

Included in net debenture debt are outstanding sinking fund debentures of nil (2017 - \$ 2,729,430).

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

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.

	2018	2017
	\$	\$
Balance, beginning of year	180,097,906	172,995,333
Additions to deferred capital contributions	17,070,784	18,475,306
Recognition of deferred revenue related to prior eligible capital expenses	1,000,000	59,578
Revenue recognized in the period	(12,601,871)	(11,236,763)
Unsupported capital spending	(215,638)	(195,548)
Balance, end of year	185,351,181	180,097,906

8. Accumulated Surplus

	2018	2017
	\$	\$
Available for Compliance - Operating fund	4,047,427	475,600
Available for Compliance - Internally Appropriated		
Capital planning capacity - unspent	146,942	169,755
Committed sinking fund interest	713,307	684,655
Special purpose	362,363	-
Greenshield surplus	-	152,787
Committed capital	5,169,640	6,280,649
	6,392,252	7,287,846
Unavailable for Compliance		
Amounts to be recovered - employee future benefits	(3,783,677)	(6,770,890)
Interest accrued	(1,047,058)	(1,176,749)
School activities fund	2,361,454	2,188,102
Revenues recognized for land purchases	8,889,726	8,889,726
	6,420,445	3,130,189
Total	16,860,124	10,893,635

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

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:

	2018	2017
	\$	\$
Larkin Award Fund	16,307	19,517
Kristen French Scholarship Fund	118,682	119,854
Marion Oakley Fund	5,791	5,703
Nicole Longe Memorial Fund	5,985	6,093
James and Anna McGarry	8,295	8,170
Teachers Finance Leave Plan	1,096,260	1,499,805
Michael and Isabelle Moran	49,293	49,046
Hugo and Corrinne Massotti	53,897	53,583
	1,354,510	1,761,771

10. Putting Students First Act, 2012 Settlement

A settlement was reached between the Province of Ontario and several labour partners, including CUPE, OECTA, the principals and vice-principals associations, and non-unionized Education Workers. As part of the settlement, employees within these labour groups were entitled to receive a one-time remedy payment with respect to the constitutional breach of the Putting Students First Act, 2012. As part of the remedy, the Crown was to provide payment to all eligible employees of affected labour groups for lost or reduced sick leave credit gratuities as at August 31, 2012, through the applicable District School Board. The remedy payments provided to the Niagara Catholic District School Board under this settlement total \$ 2,128,829 and the related one-time revenues and expenses are reflected in these consolidated financial statements.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

11. 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:

	2018	2017
	\$	\$
Principal payments on long-term capital loans and sinking fund contributions	5,819,716	3,893,539
Interest payments on long-term capital loans	3,447,578	3,794,683
	9,267,294	7,688,222

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:

	2018	2017
	\$	\$
Principal payments on capital leases	15,841	45,077
Interest payments on capital leases	1,921	18,825
	17,762	63,902

12. Expenditures by Object

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

	2018	2017
	\$	\$
Current expenditures:		
Salaries and wages	182,439,660	178,823,144
Employee benefits	27,901,497	30,139,836
Staff development	277,554	489,453
Supplies and services	17,542,986	19,658,404
Interest	3,449,499	3,813,508
Rental expenditures	682,785	595,227
Fee and contract services	12,373,980	11,415,833
Other expenses - note 10	2,756,749	515,772
	247,424,710	245,451,177
Amortization of tangible capital assets	12,959,886	11,657,535
School funded activities	7,396,333	6,841,629
Total expenditures by object	267,780,929	263,950,341

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

13. Ontario School Board Insurance Exchange

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

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

14. Related Party Transactions

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

An amount of \$ 234,768 has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

15. Contractual Obligations and Contingent Liabilities

Legal

As at August 31, 2018, the Board has certain legal claims outstanding. It is management's assertion that adequate defenses and insurance coverages are in for the settlement of these claims, if necessary.

Letters of Credit

The Board has authorized letters of credit in favour of the City of St. Catharines in the amount of \$ 57,397, the Township of West Lincoln in the amount of \$ 1,051,732, the City of Niagara Falls in the amount of \$ 164,038, the Town of Grimsby of \$ 119,207 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 17.

16. Commitments

Capital Expenditures

The Board is committed to spending approximately \$ 16,300,000 on capital projects in the following year.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2018

16. Commitments - continued

Lease Obligations

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

	\$
2019 -	560,997
2020 -	366,596
2021 -	283,171
2022 -	161,601
2023 -	59,768

17. Credit Facilities

The Board has two credit facilities available for use at any time. 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, 2018, \$ 1,707,123 has been drawn upon by way of letters of credit as per note 15 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.

18. 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.

19. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended August 31, 2018

Schedule 1

	Cost				Accumulated Amortization			Balance, End of Year	Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Amortization	Disposals	Balance, End of Year		
	\$	\$	\$	\$	\$	\$	\$	\$	
Land	8,889,725	-	-	8,889,725	-	-	-	8,889,725	
Land improvements	11,805,773	2,860,963	49,147	14,617,589	896,757	49,147	4,301,038	10,316,551	
Buildings	278,793,603	22,248,106	-	301,041,709	11,150,741	-	123,393,667	177,648,042	
Portable structures	4,019,800	-	2,097,200	1,922,600	112,602	2,097,200	1,920,634	1,966	
Equipment	367,177	95,021	175,157	287,041	65,422	175,157	124,610	162,431	
First-time equipping	1,595,495	274,365	-	1,869,860	173,268	-	812,964	1,056,896	
Furniture	95,532	-	-	95,532	9,553	-	43,091	52,441	
Computer hardware	1,694,781	387,741	131,821	1,950,701	364,548	131,821	830,224	1,120,477	
Computer software	279,217	181,774	5,967	455,024	73,424	5,967	111,933	343,091	
Vehicles	246,681	136,421	34,055	349,047	61,921	34,055	122,779	226,268	
Computers under capital lease	174,385	-	-	174,385	34,877	-	106,196	68,189	
Leasehold improvements	83,865	-	-	83,865	16,773	-	25,159	58,706	
Construction in progress	9,291,019	(9,113,607)	-	177,412	-	-	-	177,412	
August 31, 2018	317,337,053	17,070,784	2,493,347	331,914,490	12,959,886	2,493,347	131,792,295	200,122,195	
Land	8,702,071	187,654	-	8,889,725	-	-	-	8,889,725	
Land improvements	9,973,381	1,974,775	142,383	11,805,773	733,867	142,383	3,453,428	8,352,345	
Buildings	268,176,997	10,616,606	-	278,793,603	10,148,636	-	112,242,926	166,550,677	
Portable structures	4,019,800	-	-	4,019,800	87,348	-	3,905,232	114,568	
Equipment	716,959	8,054	357,836	367,177	108,414	357,836	234,345	132,832	
First-time equipping	1,564,041	32,803	1,349	1,595,495	158,044	1,349	639,696	955,799	
Furniture	96,973	5,544	6,985	95,532	7,911	6,985	33,538	61,994	
Computer hardware	1,408,893	569,665	283,777	1,694,781	289,383	283,777	597,497	1,097,284	
Computer software	130,277	243,796	94,856	279,217	32,048	94,856	44,476	234,741	
Vehicles	239,526	77,289	70,134	246,681	48,621	70,134	94,913	151,768	
Computers under capital lease	174,385	-	-	174,385	34,877	-	71,319	103,066	
Leasehold improvements	-	83,865	-	83,865	8,386	-	8,386	75,479	
Construction in progress	4,428,108	4,862,911	-	9,291,019	-	-	-	9,291,019	
August 30, 2017	299,631,411	18,662,962	957,320	317,337,053	11,657,535	957,320	121,325,756	196,011,297	

See accompanying notes