

Consolidated Financial Statements

Niagara Catholic District School Board

August 31, 2019

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Niagara Catholic District School Board

Management Report

August 31, 2019

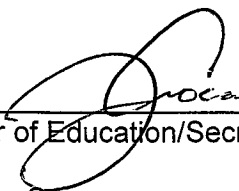
The accompanying consolidated financial statements of the Niagara Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2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

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

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.

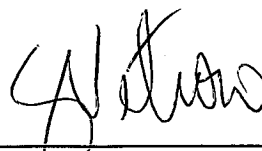
The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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



Director of Education/Secretary Treasurer

Mr. John Crocco



Superintendent of Business and
Financial Services

Mr. Giancarlo Vetrone

November 26, 2019

Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Niagara Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2019, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present, in all material respects, the financial position of Niagara Catholic District School Board as at August 31, 2019, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended August 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 27, 2018.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Port Colborne, Canada
November 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Niagara Catholic District School Board

Consolidated Statement of Financial Position

As at August 31

2019

2018

Financial assets

Cash and cash equivalents	\$ 23,550,701	\$ 18,977,012
Investments (Note 2)	10,000,000	10,000,000
Accounts receivable	12,993,752	9,473,622
Accounts receivable – Government of Ontario (Note 3)	<u>58,687,679</u>	<u>64,971,155</u>

Total financial assets

105,232,132 103,421,789

Liabilities

Accounts payable and accrued liabilities	12,707,327	14,456,491
Deferred revenue (Note 4)	16,164,863	15,901,808
Retirement and other employee future benefits (Note 6)	6,535,777	7,178,658
Net long-term debt and capital leases (Note 7)	60,057,387	64,281,845
Deferred capital contributions (Note 5)	<u>184,192,514</u>	<u>185,351,181</u>

Total liabilities

279,657,868 287,169,983

Net debt

(174,425,736) (183,748,194)

Non-financial assets

Tangible capital assets (Pages 26 and 27)	198,404,552	200,122,195
Prepaid expenses	<u>583,845</u>	<u>486,123</u>

Total non-financial assets

198,988,397 200,608,318


Accumulated surplus (Note 11)

\$ 24,562,661 \$ 16,860,124

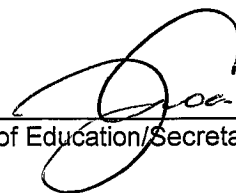
Contractual obligations and contingent liabilities (Note 15)

Commitments (Note 16)

Signed on behalf of the Board:



Chairperson of the Board



Director of Education/Secretary Treasurer



See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended August 31	Budget 2019	Actual 2019	Actual 2018
Revenues			
Provincial legislative grants	\$ 244,043,701	\$ 245,179,136	\$ 242,628,169
Provincial grants – other (Note 19)	2,465,280	3,868,040	6,643,352
Federal grants and fees	482,806	479,615	591,643
Other fees and revenues	3,326,600	3,416,965	3,371,734
Investment income	200,000	625,267	340,964
School fundraising	6,995,000	7,587,961	7,569,685
Amortization of deferred capital contributions	<u>14,000,396</u>	<u>13,449,767</u>	<u>12,601,871</u>
Total revenues	<u>271,513,783</u>	<u>274,606,751</u>	<u>273,747,418</u>
Expenses (Note 13)			
Instruction	202,363,244	201,402,145	201,599,523
Administration	7,688,052	7,574,674	7,917,928
Transportation	10,175,191	10,691,040	9,860,901
Pupil accommodation	41,475,964	39,705,473	38,800,132
Other (Note 19)	117,487	118,706	2,206,112
School funded activities	<u>6,995,000</u>	<u>7,412,176</u>	<u>7,396,333</u>
Total expenses	<u>268,814,938</u>	<u>266,904,214</u>	<u>267,780,929</u>
Annual surplus	2,698,845	7,702,537	5,966,489
Accumulated surplus, beginning of year	<u>16,860,124</u>	<u>16,860,124</u>	<u>10,893,635</u>
Accumulated surplus, end of year	<u>\$ 19,558,969</u>	<u>\$ 24,562,661</u>	<u>\$ 16,860,124</u>

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Consolidated Statement of Cash Flows

For the Year Ended August 31

2019

2018

Operating transactions		
Annual surplus	\$ 7,702,537	\$ 5,966,489
Sources and (uses)		
Non-cash items including:		
Amortization of tangible capital assets	14,008,743	12,959,886
Amortization of deferred capital contributions (Note 5)	(13,449,767)	(12,601,871)
Decrease in retirement and other employee future benefits	(642,881)	(1,963,008)
Increase in accounts receivable	(3,520,130)	(1,767,882)
(Increase) decrease in prepaid expenses	(97,722)	204,880
Decrease in accounts payable and accrued liabilities	(1,749,164)	(1,622,868)
Increase in deferred revenue	263,055	212,505
Cash provided by operating transactions	2,514,671	1,388,131
Capital transactions		
Acquisition of tangible capital assets	(12,291,100)	(17,070,784)
Net additions to deferred capital contributions	12,291,100	17,855,146
Cash provided by capital transactions	-	784,362
Investing transactions		
Increase in investments	-	(10,000,000)
Cash applied to investing transactions	-	(10,000,000)
Financing transactions		
Decrease in accounts receivable – Government of Ontario	6,283,476	7,837,918
Debt repayment (Note 9)	(4,224,458)	(5,835,557)
Cash provided by financing transactions	2,059,018	2,002,361
Change in cash and cash equivalents	4,573,689	(5,825,146)
Cash and cash equivalents, beginning of year	18,977,012	24,802,158
Cash and cash equivalents, end of year	\$ 23,550,701	\$ 18,977,012

See accompanying notes to the consolidated financial statements.

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

For the Year Ended August 31

2019

2018

Annual surplus	\$ 7,702,537	\$ 5,966,489
Non-financial asset activity		
Acquisition of tangible capital assets	(12,291,100)	(17,070,784)
Amortization of tangible capital assets	14,008,743	12,959,886
Change in prepaid expenses	<u>(97,722)</u>	<u>204,880</u>
Decrease in net debt	9,322,458	2,060,471
Net debt, beginning of year	<u>(183,748,194)</u>	<u>(185,808,665)</u>
Net debt, end of year	<u>\$ (174,425,736)</u>	<u>\$ (183,748,194)</u>

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 require that:

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 Niagara Catholic District School Board (“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.

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

Inter-departmental 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 and demand deposits.

(e) 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.

(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 are performed.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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 capital 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, life insurance, health care benefits, dental benefits, 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, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE EWBT) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance 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 provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the Non-Union employee group.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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:

- 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, health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is 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 accumulated over the periods of service provided by employees, such as health care benefits for retirees, the cost is actuarially determined using the 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 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;

- 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;
- 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.

Leases which transfer substantially all 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 the Consolidated Financial Statements

August 31, 2019

1. Significant accounting policies (continued)

(i) Tangible capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Equipment	5-15
First-time equipping of schools	10
Furniture	10
Computer hardware	5
Computer software	5
Vehicles	5
Computers under capital lease	5
Leasehold improvements	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) School fundraising and other revenue

School fundraising and other revenue are reported as revenue in the period earned.

(k) 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.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

1. Significant accounting policies (continued)

(l) 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.

(m) 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.

(n) 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 retirement and other future employee benefits and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

(o) 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. Investments

Investments are comprised as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
2.71% Guaranteed investment certificate (matures November, 2022)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Mutual funds	<u>5,000,000</u>	<u>4,905,500</u>	<u>5,000,000</u>	<u>4,786,007</u>
Balance, end of year	<u>\$10,000,000</u>	<u>\$ 9,905,500</u>	<u>\$10,000,000</u>	<u>\$ 9,786,007</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

3. Accounts receivable - Government 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 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 as at August 31, 2019 of \$ 58,687,679 (2018 - \$ 64,971,155) 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, 2019 is comprised of:

	Balance as at August 31, <u>2018</u>	Externally restricted revenue and investment <u>income</u>	Revenue and adjustments recognized in the <u>period</u>	Transfers to deferred capital <u>contributions</u>	Balance as at August 31, 2019
Retrofitting school spaces for child care	\$ 1,698,990	\$ -	\$ -	\$ -	\$ 1,698,990
Proceeds of disposition	4,978,471	-	(20,873)	(305,721)	4,651,877
Education development charges	953,671	534,174	(12,503)	-	1,475,342
Mental health leader	89,712	-	(89,712)	-	-
Library staff	31,567	133,769	(117,893)	-	47,443
Student achievement	-	1,603,595	(1,471,215)	-	132,380
Indigenous education	131,836	216,113	(260,497)	-	87,452
Special education	2,443,776	764,065	(356,269)	-	2,851,572
Energy efficient schools					
- operating	10,522	-	-	-	10,522
- capital	251,490	-	-	(29,791)	221,699
School renewal	3,318,528	3,802,888	(760,745)	(3,287,020)	3,073,651
Temporary accommodation	124,500	750,000	(594,261)	-	280,239
Education programs - other	445,569	2,047,475	(2,084,323)	(98,746)	309,975
Tuition	888,971	1,264,382	(1,188,210)	-	965,143
Miscellaneous	534,205	60,191	(175,627)	(60,191)	358,578
Total deferred revenue	<u>\$ 15,901,808</u>	<u>\$ 11,176,652</u>	<u>\$ (7,132,128)</u>	<u>\$ (3,781,469)</u>	<u>\$ 16,164,863</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

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.

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 185,351,181	\$ 180,097,906
Additions to deferred capital contributions	12,291,100	17,070,784
Recognition of deferred revenue related to prior eligible capital expenses	-	1,000,000
Revenue recognized in the period	(13,449,767)	(12,601,871)
Unsupported capital spending	<u>-</u>	<u>(215,638)</u>
Balance, end of year	<u>\$ 184,192,514</u>	<u>\$ 185,351,181</u>

6. Retirement and other employee future benefits

Retirement and other employee future benefits liabilities and expense as of August 31, 2019 is comprised of:

	<u>2019</u>	<u>2018</u>
Retirement gratuities	\$ 3,653,034	\$ 3,914,130
Retirement health care benefits	269,284	218,975
WSIB – Schedule II future liability	2,457,539	2,892,830
Compensated absences	<u>155,920</u>	<u>152,723</u>
	<u>\$ 6,535,777</u>	<u>\$ 7,178,658</u>

(a) Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019. Actuarial probabilities were determined and based on updated average daily salary and banked sick days as at August 31, 2019. These valuations take into account the plan changes outlined below and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2019</u>	<u>2018</u>
	%	%
Inflation		
WSIB	2.0	2.0
All other benefits	1.5	1.5
Discount rate		
WSIB	2.0	2.9
All other benefits	2.0	2.9
Wage and salary escalation	Nil	Nil
Health and dental care cost escalation		
WSIB	4.0	4.0
Health care for all other benefits	7.25	7.5
Dental care for all other benefits	4.5	3.5

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

6. Retirement and other employee future benefits (continued)

(b) Retirement benefits

Ontario Teacher's Pension Plan ("OTPP")

Teachers and related employee groups are eligible to be members of OTPP. 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 ("OMERS")

All non-teaching employees of the Board are eligible to be members of 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, 2019, the Board contributed \$ 3,543,742 (2018 - \$ 3,555,244) 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 at August 31, 2012.

As at August 31, 2019, an unamortized actuarial loss of \$ 273,135 (2018 - \$ 212,444) exists. This amount is being amortized over the expected average remaining service lives of several employee groups. The actual obligation is \$ 3,926,169 (2018 - \$ 4,126,574).

	<u>2019</u>	<u>2018</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>3,653,034</u>	<u>3,914,130</u>
Deficit	<u>\$ 3,653,034</u>	<u>\$ 3,914,130</u>
Accrued benefit obligation, beginning of year	\$ 3,914,130	\$ 4,200,459
Benefit cost and interest	113,575	109,783
Amortized loss	45,744	58,309
Benefits paid during the year	<u>(420,415)</u>	<u>(454,421)</u>
Accrued benefit obligation, end of year	<u>\$ 3,653,034</u>	<u>\$ 3,914,130</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

6. Retirement and other employee future benefits (continued)

Retirement health care benefits

The Board provides dental and health care 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.

	<u>2019</u>	<u>2018</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>269,284</u>	<u>218,975</u>
Deficit	<u>\$ 269,284</u>	<u>\$ 218,975</u>
Accrued benefit obligation, beginning of year	\$ 218,975	\$ 263,640
Benefit cost and interest	115,049	6,113
Amortized gain	(31,695)	(2,957)
Benefits paid during the year	<u>(33,045)</u>	<u>(47,821)</u>
Accrued benefit obligation, end of year	<u>\$ 269,284</u>	<u>\$ 218,975</u>

Workplace Safety and Insurance Board obligations

The Board is a Schedule II employer under the Workplace Safety and Insurance Act ("WSIB") 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 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

	<u>2019</u>	<u>2018</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>2,457,539</u>	<u>2,892,830</u>
Deficit	<u>\$ 2,457,539</u>	<u>\$ 2,892,830</u>
Accrued benefit obligation, beginning of year	\$ 2,893,830	\$ 2,440,219
Benefit cost and interest (recovery)	69,287	1,268,876
Benefits paid during the year	<u>(505,578)</u>	<u>(816,265)</u>
Accrued benefit obligation, end of year	<u>\$ 2,457,539</u>	<u>\$ 2,892,830</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

6. Retirement and other employee future benefits (continued)

Compensated absences

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 relating to this are \$ 155,920 (2018 - \$ 152,723).

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, 2019 and is based on the average daily salary, and banked sick days of employees as at August 31, 2019.

	<u>2019</u>	<u>2018</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>155,920</u>	<u>152,723</u>
Deficit	<u>\$ 155,920</u>	<u>\$ 152,723</u>
Accrued benefit obligation, beginning of year	\$ 152,723	\$ 148,912
Benefit cost and interest	155,920	152,723
Amortized loss	11,965	8,358
Benefits paid during the year	<u>(164,688)</u>	<u>(157,270)</u>
Accrued benefit obligation, end of year	<u>\$ 155,920</u>	<u>\$ 152,723</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

7. Net long-term debt and capital leases

Debenture debt, capital loans and obligation under capital leases reported on the consolidated statement of financial position is comprised of the following:

	<u>2019</u>	<u>2018</u>
Unmatured debenture debt	\$ 60,040,024	\$ 64,247,908
Obligations under capital leases	<u>17,363</u>	<u>33,937</u>
	<u>\$ 60,057,387</u>	<u>\$ 64,281,845</u>

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, capital loans and leases of \$ 60,057,386 outstanding as at August 31, 2019 are due as follows:

	<u>Principal</u>	<u>Interest Payments</u>	<u>Capital Lease Payments</u>	<u>Total</u>
2020	\$ 4,433,353	\$ 3,060,940	\$ 17,363	\$ 7,511,656
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
2024	5,184,132	2,036,978	-	7,221,110
Thereafter	<u>36,054,163</u>	<u>7,464,558</u>	-	<u>43,518,721</u>
Total	<u>\$ 60,040,024</u>	<u>\$ 20,266,567</u>	<u>\$ 17,363</u>	<u>\$ 80,323,954</u>

8. 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, 2019, \$ 437,058 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.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

9. Debt charges and capital loans and leases interest

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

	<u>2019</u>	<u>2018</u>
Principal payments on long-term liabilities	\$ 4,207,884	\$ 5,819,716
Interest payments on long-term liabilities	<u>3,211,604</u>	<u>3,447,578</u>
	<u>\$ 7,419,488</u>	<u>\$ 9,267,294</u>

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:

	<u>2019</u>	<u>2018</u>
Principal payments on capital leases	\$ 16,574	\$ 15,841
Interest payments on capital leases	<u>1,197</u>	<u>1,921</u>
	<u>\$ 17,771</u>	<u>\$ 17,762</u>

10. Liability for contaminated sites

The Board reports environmental liabilities related to the management and remediation of any contaminated sites where the Board is obligated or likely obligated to incur such costs. Currently no such contaminated sites have been identified and therefore no liability has been recorded.

The Board's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Board's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

11. Accumulated surplus	<u>2019</u>	<u>2018</u>
Accumulated surplus consists of the following:		
Available for compliance		
Operating fund	\$ 8,120,654	\$ 4,047,427
Available for compliance – internally appropriated		
Capital planning capacity – unspent	223,462	146,942
Committed sinking fund interest	667,979	713,307
Special purpose	426,321	362,363
Committed capital	<u>4,655,993</u>	<u>5,169,640</u>
Total available for compliance – internally appropriated	<u>5,973,755</u>	<u>6,392,252</u>
Unavailable for compliance		
Amounts to be recovered – employee future benefits	-	(3,783,677)
Interest accrued	(972,677)	(1,047,058)
School activities fund	2,537,239	2,361,454
Revenues recognized for land purchases	<u>8,903,690</u>	<u>8,889,726</u>
Total unavailable for compliance	<u>10,468,252</u>	<u>6,420,445</u>
Total accumulated surplus	<u>\$ 24,562,661</u>	<u>\$ 16,860,124</u>

12. 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:

	<u>2019</u>	<u>2018</u>
Larkin Award Fund	\$ 23,681	\$ 16,307
Kristen French Scholarship Fund	118,380	118,682
Marion Oakley Fund	5,913	5,791
Nicole Longe Memorial Fund	6,416	5,985
James and Anna McGarrey	8,369	8,295
Teachers Finance Leave Plan	1,127,931	1,096,260
Michael and Isabelle Moran	49,322	49,293
Hugo and Corrinne Massotti	<u>54,527</u>	<u>53,897</u>
Total trust funds	<u>\$ 1,394,539</u>	<u>\$ 1,354,510</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

13. Expenses by object

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

	<u>2019</u> Budget	<u>2019</u> Actual	<u>2018</u> Actual
Salary and wages	\$ 182,147,598	\$ 181,717,491	\$ 182,439,660
Employee benefits	29,801,347	28,215,014	27,901,497
Staff development	258,900	249,208	277,554
Supplies and services	17,359,285	17,580,575	17,542,986
Interest charges	3,352,150	3,212,801	3,449,499
Rental expenses	788,520	669,056	682,785
Fees and contract services	13,043,680	13,115,703	12,373,980
Amortization of tangible capital assets	14,393,454	14,008,740	12,959,886
Other (Note 19)	675,004	723,450	2,756,749
School funded activities	<u>6,995,000</u>	<u>7,412,176</u>	<u>7,396,333</u>
Total expenses	<u>\$ 268,814,938</u>	<u>\$ 266,904,214</u>	<u>\$ 267,780,929</u>

14. 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 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. Contractual obligations and contingent liabilities

Contingent liabilities

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 \$ 48,640, the Township of West Lincoln in the amount of \$ 105,173, the City of Niagara Falls in the amount of \$ 164,038, and the Town of Grimsby of \$ 119,207. 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 8.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

16. Commitments

Capital expenditures

The Board is committed to spending approximately \$ 14,600,000 on capital projects in the following year.

Lease obligations

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

2020	\$ 517,257
2021	376,831
2022	251,788
2023	130,337
2024	69,776

17. Transportation consortium

On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara ("DSBN") in order to provide common administration of student transportation in the Region of Niagara. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. 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.

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

The following provides condensed financial information:

	<u>2019</u> <u>Total</u>	<u>2019</u> <u>Board</u> <u>Portion</u>	<u>2018</u> <u>Total</u>	<u>2018</u> <u>Board</u> <u>Portion</u>
Transportation services	\$ 28,474,903	\$ 9,856,270	\$ 26,548,002	\$ 9,487,452
Administrative expenses	1,192,229	423,624	1,111,309	373,449
Grant expenditures	13,784	-	433	-
Amortization	<u>4,086</u>	<u>-</u>	<u>4,086</u>	<u>-</u>
	<u>\$ 29,685,002</u>	<u>\$ 10,279,894</u>	<u>\$ 27,663,830</u>	<u>\$ 9,860,901</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

18. Related party transactions

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

An amount of \$ 20,289 (2018 - \$ 234,768) has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

19. 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 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 the prior year figures of these consolidated financial statements.

20. 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

August 31, 2019

	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization	Disposals	End of Year	End of Year
Land	\$ 8,889,725	\$ -	\$ -	\$ 8,889,725	\$ -	\$ -	\$ -	\$ -	\$ 8,889,725
Land improvements	14,617,589	2,580,663	-	17,198,252	4,301,038	1,076,512	-	5,377,550	11,820,702
Buildings	301,041,709	8,977,908	-	310,019,617	123,393,667	12,029,140	-	135,422,807	174,596,810
Portable structures	1,922,600	-	1,845,600	77,000	1,920,634	1,966	1,845,600	77,000	-
Equipment	287,041	7,146	24,333	269,854	124,610	55,690	24,333	155,967	113,887
First-time equipping	1,869,860	40,866	1,150	1,909,576	812,964	188,972	1,150	1,000,786	908,790
Furniture	95,532	-	-	95,532	43,091	9,553	-	52,644	42,888
Computer hardware	1,950,701	454,928	214,681	2,190,948	830,224	414,165	214,681	1,029,708	1,161,240
Computer software	455,024	60,484	-	515,508	111,933	97,053	-	208,986	306,522
Vehicles	349,047	70,359	26,780	392,626	122,779	74,167	26,780	170,166	222,460
Computers under capital lease	174,385	-	-	174,385	106,196	34,877	-	141,073	33,312
Leasehold improvements	83,865	98,746	-	182,611	25,159	26,648	-	51,807	130,804
Construction in progress	177,412	-	-	177,412	-	-	-	-	177,412
	\$ 331,914,490	\$ 12,291,100	\$ 2,112,544	\$ 342,093,046	\$ 131,792,295	\$ 14,008,743	\$ 2,112,544	\$ 143,688,494	\$ 198,404,552

Niagara Catholic District School Board

Schedule of Tangible Capital Assets

August 31, 2018

	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization	Disposals	End of Year	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	3,453,428	896,757	49,147	4,301,038	10,316,551
Buildings	278,793,603	22,248,106	-	301,041,709	112,242,926	11,150,741	-	123,393,667	177,648,042
Portable structures	4,019,800	-	2,097,200	1,922,600	3,905,232	112,602	2,097,200	1,920,634	1,966
Equipment	367,177	95,021	175,157	287,041	234,345	65,422	175,157	124,610	162,431
First-time equipping	1,595,495	274,365	-	1,869,860	639,696	173,268	-	812,964	1,056,896
Furniture	95,532	-	-	95,532	33,538	9,553	-	43,091	52,441
Computer hardware	1,694,781	387,741	131,821	1,950,701	597,497	364,548	131,821	830,224	1,120,477
Computer software	279,217	181,774	5,967	455,024	44,476	73,424	5,967	111,933	343,091
Vehicles	246,681	136,421	34,055	349,047	94,913	61,921	34,055	122,779	226,268
Computers under capital lease	174,385	-	-	174,385	71,319	34,877	-	106,196	68,189
Leasehold improvements	83,865	-	-	83,865	8,386	16,773	-	25,159	58,706
Construction in progress	9,291,019	(9,113,607)	-	177,412	-	-	-	-	177,412
	\$ 317,337,053	\$ 17,070,784	\$ 2,493,347	\$ 331,914,490	\$ 121,325,756	\$ 12,959,886	\$ 2,493,347	\$ 131,792,295	\$ 200,122,195