

Consolidated Financial Statements of

**NORTHEASTERN CATHOLIC
DISTRICT SCHOOL BOARD**

And Independent Auditors' Report thereon

Year ended August 31, 2019

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Northeastern Catholic District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1 to the consolidated financial statements.

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

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

The 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 KPMG 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



Superintendent of Business

December 2, 2019



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the consolidated financial statements of Northeastern Catholic District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school generated funds revenue referred to in the following paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2019, and its consolidated results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools.

Therefore, we were not able to determine whether adjustments might be necessary to:

- the financial assets reported in the consolidated statements of financial position as at August 31, 2019 and August 31, 2018



- the school generated funds revenues and annual surplus reported in the consolidated statements of operations and accumulated surplus for the years ended August 31, 2019 and August 31, 2018
- the accumulated surplus, at the beginning and end of the year, reported in the consolidated statements of financial position and consolidated statements of operations and accumulated surplus for the years ended August 31, 2019 and August 31, 2018
- the annual surplus reported in the consolidated statements of cash flows for the years ended August 31, 2019 and August 31, 2018

Our opinion on the financial statements for the year ended August 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 qualified opinion.

Emphasis of Matter - Financial Reporting Framework

Without modifying our opinion, we draw attention to note 1 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.



- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 2, 2019

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

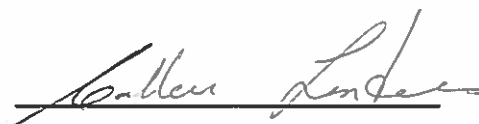
As at August 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 6,620,213	9,517,619
Accounts receivable (note 3)	6,051,129	1,829,844
Accounts receivable - Government of Ontario Capital (note 4)	2,908,253	5,290,104
Assets held for sale (note 5)	182,956	577,956
Total financial assets	15,762,551	17,215,523
Financial liabilities:		
Accounts payable and accrued liabilities (note 6)	3,825,920	5,865,882
Deferred revenue (note 8)	3,128,939	3,591,475
Accrued interest on net long-term liabilities	49,515	22,362
Retirement and other employee future benefits payable (note 10)	1,168,189	1,146,181
Net long-term liabilities (note 11)	2,883,967	2,993,676
Deferred capital contributions (note 9)	41,024,848	39,111,773
Total financial liabilities	52,081,378	52,731,349
Net debt	(36,318,827)	(35,515,826)
Non-financial assets:		
Prepaid expenses	194,616	376,872
Tangible capital assets (note 13)	43,371,601	41,644,270
Total non-financial assets	43,566,217	42,021,142
Commitments (note 17)		
Contingent liabilities (note 18)		
Accumulated surplus (note 14)	\$ 7,247,390	6,505,316

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Board of Trustee



Board of Trustee



NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenue:			
Government of Ontario grants:			
- Grants for Student Needs	\$ 34,648,164	34,187,329	33,430,958
- Provincial legislative grant	4,014,717	4,080,920	3,842,421
- Other	1,695,788	2,164,051	1,684,729
- Amortization of deferred capital contributions	1,397,355	2,004,020	1,590,173
Federal grants and fees	226,236	400,495	500,932
Other revenue - school boards	25,000	29,899	59,398
Other fees and revenue	102,000	247,072	381,269
Investment income	35,000	89,120	90,170
School generated funds	975,000	974,657	1,065,599
Total revenue	43,119,260	44,177,563	42,645,649
Expenses (note 12):			
Instruction	30,508,751	29,566,167	28,701,479
Administration	2,666,041	2,984,633	2,777,756
Transportation	3,358,810	3,440,787	3,215,494
Pupil accommodation	5,470,244	6,335,057	5,663,179
Other	130,443	130,443	130,415
School funded activities	975,000	978,402	988,765
Total expenses	43,109,289	43,435,489	41,477,088
Annual surplus	9,971	742,074	1,168,561
Accumulated surplus, beginning of year	6,505,316	6,505,316	5,336,755
Accumulated surplus, end of year	\$ 6,515,287	7,247,390	6,505,316

See accompanying notes to the consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Annual surplus	\$ 9,971	742,074	1,168,561
Tangible capital assets:			
Acquisition of tangible capital assets	(5,528,968)	(3,962,457)	(12,552,727)
Amortization of tangible capital assets	1,583,100	2,189,764	1,775,919
Proceeds on disposal of capital assets	-	8,000	-
Loss on sale of tangible capital assets	-	37,362	44,723
	(3,945,868)	(1,727,331)	(10,732,085)
Prepaid expenses:			
Acquisition of prepaid expenses	-	(194,616)	(376,872)
Use of prepaid expenses	-	376,872	192,956
	-	182,256	(183,916)
Decrease in net debt	(3,935,897)	(803,001)	(9,747,440)
Net debt, beginning of year	(35,515,826)	(35,515,826)	(25,768,386)
Net debt, end of year	\$ (39,451,723)	(36,318,827)	(35,515,826)

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Operating transactions:		
Annual surplus	\$ 742,074	1,168,561
Items not involving cash:		
Amortization of tangible capital assets	2,189,764	1,775,919
Amortization of deferred capital contributions	(2,004,020)	(1,590,173)
Gain on sale of assets held for sale	(180,000)	-
Gain on disposal of deferred capital contributions	(45,362)	-
Loss on sale of tangible capital assets	37,362	70,500
	739,818	1,424,807
Change in non-cash assets and liabilities:		
Decrease in accounts receivable	(4,221,285)	(139,734)
Increase (decrease) in accounts payable and accrued liabilities	(2,039,962)	2,896,246
Decrease in deferred revenue	(462,536)	(1,393,835)
Increase (decrease) in accrued interest on long-term debt	27,153	(51,990)
Increase (decrease) in employee future benefits	22,008	(70,025)
Decrease (increase) in prepaid expenses	182,256	(183,916)
Cash provided by (used for) operating transactions	(5,752,548)	2,481,553
Capital transactions:		
Cash used to acquire tangible capital assets	(3,962,457)	(12,552,727)
Proceeds on disposal of assets held for sale	575,000	-
Proceeds on disposal of tangible capital assets	8,000	-
Cash applied to capital transactions	(3,379,457)	(12,552,727)
Financing transactions:		
Long-term debt repaid	(109,709)	(1,001,421)
Increase (decrease) in accounts receivable - Approved Capital Funding	2,381,851	(564,251)
Transfer to (from) deferred capital contributions	3,962,457	12,552,727
Cash provided by financing transactions	6,234,599	10,987,055
Increase (decrease) in cash and cash equivalents	(2,897,406)	915,881
Cash and cash equivalents, beginning of year	9,517,619	8,601,738
Cash and cash equivalents, end of year	\$ 6,620,213	9,517,619

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

The Northeastern Catholic District School Board is an English Catholic school board formed on January 1, 1998 from the English Language sections of four separate school boards. The School Board, which covers an area from Cobalt to Moosonee, Ontario, has one secondary and thirteen elementary schools under its jurisdiction.

1. Significant accounting policies:

The consolidated financial statements of the Northeastern Catholic District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(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 Government 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 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 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 amortization, 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 Ontario 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the 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, including:

- i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.
- ii) The Board is one of three school boards that entered into a partnership agreement to share certain costs related to transportation. As a result, the Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses.

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

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits:

The Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans.

As part of the ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established between 2016 and 2018 for all employee groups. Additionally, retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT in 2017-18. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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) and additional ministry funding in the form of a crown contribution and stabilization adjustment. After retirees transition, the Board continues to be responsible for its share of costs of benefits based on the cost sharing agreement prior to the transition to the ELHT.

The Board has adopted the following accounting 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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using 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 services life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and 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.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits (continued):

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(h) 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. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost and accumulated amortization.

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

Land improvements with finite lives	15 years
Buildings and improvements	40 years
Portable and other structures	20 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Computer hardware and software	5 years

Amortization is taken at 50% of the above rates in the year of acquisition.

Assets under construction and assets that related 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.

(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 the stipulations are met.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

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 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 proceeds of disposition, special education, transition, distance schools and school renewal forms part of the respective deferred revenue balances.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2018-2019 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 20, 2018.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(m) Provincial legislative grants:

Under 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 as municipal grants.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

2. School leave program:

Under the school leave program, teachers have the opportunity to be paid 80% of their salaries over four years. The remaining 20% is accumulated in a bank account to cover 80% of their salaries in the fifth year when they take a year leave of absence. The cash and related liability in the amount of \$26,351 (2018 - \$90,277) have been included with cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

3. Accounts receivable:

	2019	2018
Municipalities	\$ 468,878	652,710
Government of Canada	165,444	367,140
Government of Ontario	5,241,461	761,080
Other school boards	123,512	29,124
Other	51,834	19,790
	<u>\$ 6,051,129</u>	<u>1,829,844</u>

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$4,709,461.

4. Accounts receivable – approved capital funding:

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

5. Assets held for sale:

As of August 31, 2019, \$122,956 (2018 - \$517,956) related to buildings and \$60,000 (2018 - \$60,000) related to land were recorded as assets held for sale. During the year, a piece of land and vacant school were sold. Net proceeds of \$575,000 (2018 - \$Nil) were received on the sale of this property, which had a carrying value of \$395,000 (2018 - \$70,500), resulting in a gain (2018 – loss) of \$180,000 (2018 - \$70,500), which was recognized in revenues according to Ontario Regulation 193/10.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

6. Accounts payable and accrued liabilities:

	2019	2018
Trade payables and accrued liabilities	\$ 3,410,562	5,652,581
Government of Canada	569	390
Government of Ontario	250,077	44,180
Vacation payable	164,712	168,731
	\$ 3,825,920	5,865,882

7. Temporary borrowing:

The School Board has available to it a \$3,000,000 revolving demand credit facility to finance general operating requirements which bears interest at the Royal Bank Prime rate less 0.75% per annum. The School Board also has available to it a \$1,000,000 lease line of credit to finance the acquisition of equipment only. The Board did not utilize these credit facilities during the year.

8. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance at August 31, 2018	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2019
Amounts restricted by legislation, regulation or agreement:					
Proceeds of disposition	\$ 307,519	585,286	-	(203,735)	689,070
Grants for student needs	48,794	-	(48,794)	-	-
Special education	926,676	4,997,151	(4,810,487)	-	1,113,340
School renewal	1,393,046	1,014,706	(66,631)	(1,553,628)	787,493
Assets held for sale	517,957	-	(395,000)	-	122,957
Mental Health Leader	129,879	-	(115,660)	-	14,219
Ministry of Advanced Education and Skills Development	-	236,509	(233,980)	-	2,529
Education Programs – Other (EPO)	224,051	1,307,123	(1,191,907)	-	339,267
Childcare retrofit	1,367	-	-	-	1,367
	3,549,289	8,140,775	(6,862,459)	(1,757,363)	3,070,242
Amounts restricted by external contributor	42,186	30,300	(13,789)	-	58,697
Total	\$ 3,591,475	8,171,075	(6,876,248)	(1,757,363)	3,128,939

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

9. Deferred capital contributions:

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

	2019	2018
Balance, beginning of year	\$ 39,111,773	28,193,942
Additions to deferred capital contributions	3,962,457	12,552,727
Disposal of deferred capital contributions	(45,362)	(44,723)
Revenue recognized during the year	(2,004,020)	(1,590,173)
Balance, end of year	\$ 41,024,848	39,111,773

10. Employee future benefits:

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

a) Plan changes:

In 2013, changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A provision has been established representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

b) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Government 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

10. Employee future benefits (continued):

b) Retirement benefits (continued):

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The 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 \$522,997 (2018 - \$483,262) 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.

(iii) Retirement gratuities:

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

c) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 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 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.

(ii) Long-term disability life insurance, dental and health care benefits:

ELHTs were established for all employee groups. There are no employee groups remaining for which the Board is responsible for providing health, dental and life insurance benefits as at August 31, 2019, and as a result, the liability for this benefit has been eliminated.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

10. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2019. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2019	2018
	%	%
Inflation	1.5	1.5
Discount on accrued benefit obligations	2	2.9
Discount on accrued benefit obligations - WSIB	2	2.9

Assumed health care cost trend rates:

	2019	2018
Insurance and health care cost escalation - WSIB	4.0%	4.0%

The Board has internally appropriated an amount for sick leave totaling \$342,120 (2018 - \$334,877) and for WSIB totaling \$120,013 (2018 - \$117,473).

Information with respect to the Board's retirement and other employee future benefit liability is as follows:

Accrued benefit obligation	2019		2018	
	Retirement Gratuity Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	1,159,815	115,787	1,275,602	1,198,046
Unamortized actuarial losses	(107,413)	-	(107,413)	(51,865)
	1,052,402	115,787	1,168,189	1,146,181

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

10. Employee future benefits (continued):

Employee future benefit expenses			2019	2018
	Retirement Gratuity Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	–	6,606	6,606	45,441
Interest on accrued benefit obligation	30,920	2,951	33,871	31,361
Amortization of actuarial losses (gains)	7,133	6,708	13,841	14,093
Employee future benefits expenses ¹	38,053	16,265	54,318	90,895

¹ Excluding pension contributions to multi-employer pension plans, described in note 10(b).

11. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consist of the following:

	2019	2018
Loan payable to The Canada Life Assurance Company, bearing interest at 5.109% per annum, repayable in semi-annual blended payments of \$78,807, is an unsecured debenture, maturing April 5, 2031	\$ 1,401,020	1,442,968
Loan payable to the Ontario Financing Authority with interest rate of 4.9% per annum, repayable semi-annual blended payments of \$45,090, is an unsecured debenture maturing on March 3, 2033	896,632	941,231
Loan payable to the Ontario Financing Authority with interest rate of 5.232% per annum, repayable semi-annual blended payments of \$27,376, is an unsecured debenture maturing on April 13, 2035	586,315	609,477
	\$ 2,883,967	2,993,676

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

11. Net long-term liabilities (continued):

Payments relating to the net long-term liabilities outstanding as at August 31, 2019 are due as follows:

	Principal	Interest	Total
2019-2020	\$ 158,338	144,208	302,546
2020-2021	166,461	136,085	302,546
2021-2022	175,001	127,545	302,546
2022-2023	183,980	118,566	302,546
2023-2024	194,153	108,393	302,546
Thereafter	2,006,034	592,377	2,598,411
	<u>\$ 2,883,967</u>	<u>1,227,174</u>	<u>4,111,141</u>

12. Expenses by object:

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

	2019 Budget	2019 Actual	2018 Actual
Current expenses:			
Salary and wages	\$ 26,967,651	25,658,106	25,263,446
Employee benefits	4,515,499	4,332,956	3,554,393
Staff development	299,902	315,530	309,272
Supplies and services	2,845,260	3,429,400	3,331,898
Interest on long-term debt	191,027	147,491	331,146
Rental	169,830	154,767	138,047
Fees and contract services	1,881,016	5,827,873	5,041,682
School funded activities	975,000	978,402	988,766
Other	3,681,004	363,838	627,839
Amortization of tangible capital assets	1,583,100	2,189,764	1,775,918
Loss on write-down of tangible capital assets	-	37,362	114,681
	<u>\$ 43,109,289</u>	<u>43,435,489</u>	<u>41,477,088</u>

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

13. Tangible capital assets:

Cost	Balance at August 31, 2018	Additions	Transfers	Disposals and Write-offs	Balance at August 31, 2019
Land	\$ 274,100	-	-	-	274,100
Land improvements	1,495,046	1,436,019	1,198,428	-	4,129,493
Buildings	57,548,060	2,373,923	(1,198,428)	-	58,723,555
Other buildings	490,725	21,502	-	-	512,227
Portable structures	675,781	-	-	-	675,781
Furniture	72,152	-	-	-	72,152
Equipment	242,258	-	-	-	242,258
First-time equipping	117,676	-	-	-	117,676
Vehicles	214,992	-	-	(106,731)	108,261
Computer hardware and software	850,339	131,013	-	-	981,352
Total	\$ 61,981,129	3,962,457	-	(106,731)	65,836,855

Accumulated amortization	Balance at August 31, 2018	Disposals	Transfers	Amortization Expense	Balance at August 31, 2019
Land	\$ -	-	-	-	-
Land improvements	149,639	-	-	195,989	345,628
Buildings	18,263,848	-	-	1,923,609	20,187,457
Other buildings	235,679	-	-	23,814	259,493
Portable structures	658,607	-	-	8,894	667,501
Furniture	34,892	-	-	-	34,892
Equipment	232,305	-	-	13,822	246,127
First-time equipping	65,076	-	-	11,862	76,938
Vehicles	80,442	-	-	-	80,442
Computer hardware and software	616,371	(61,369)	-	11,774	566,776
Total	\$ 20,336,859	(61,369)	-	2,189,764	22,465,254

	Net book value, August 31, 2018	Net book value, August 31, 2019
Land	\$ 274,100	274,100
Land improvements	1,345,407	3,783,865
Buildings	39,284,212	38,536,098
Other buildings	255,046	252,734
Portable structures	17,174	8,280
Furniture	37,260	37,260
Equipment	9,953	(3,869)
First-time equipping	52,600	40,738
Vehicles	134,550	27,819
Computer hardware and software	233,968	414,576
Total	\$ 41,644,270	43,371,601

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

14. Accumulated surplus:

Accumulated surplus consists of the following:

	2019	2018
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 4,438,785	3,474,403
Available for compliance – internally appropriated		
Reserve funds	553,593	541,873
Transportation surplus from prior years	85,374	210,519
	638,967	752,392
Unavailable for compliance – externally appropriated		
Employee future benefits	(552,463)	(685,067)
Accrued interest	(74,352)	(22,362)
	(626,815)	(707,429)
Other		
School activities fund	389,200	392,948
Revenues recognized for land	334,600	334,600
Tangible capital assets – unsupported amortization	2,072,653	2,258,402
	2,796,453	2,985,950
Total accumulated surplus	\$ 7,247,390	6,505,316

15. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24 million per occurrence.

The 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

16. Partnership in Tri-Board Transportation Consortium:

On April 26, 2005, the Board entered into an agreement with Conseil Scolaire Public du Nord-Est de l'Ontario and District School Board Ontario North East in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement decisions related to the financial and operating activities of the Tri-Board are shared. No partner is in a position to exercise unilateral control.

The total Tri-Board transportation expenses are \$12,602,021 (2018 - \$12,024,135) and the Boards share is \$3,280,456 (2018 - \$3,181,648).

At year-end, the Board has a payable of \$245,570 (2018 - \$208,291) to the Consortium.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the partners.

17. Commitments:

Lease and service agreements:

The Board has entered into various lease and service agreements. Minimum payments (including taxes excluding tax rebates) for the next five years are approximately as follows:

2020	\$ 1,417,703
2021	374,433
2022	200,904
2023	69,752
2024	11,033

18. Contingent liabilities:

The Board is contingently liable with respect to litigation and claims which arrive from time to time in the normal course of business. In the opinion of management, the liability that may arrive from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board.

19. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Schedule of Reserve Funds Continuity

Year ended August 31, 2019, with comparative information for 2018

	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	Total 2019	Total 2018
Balance, beginning of year	\$ 334,881	117,472	86,081	3,439	541,873	532,678
Additions:						
Interest earned	7,243	2,540	1,862	75	11,720	9,195
Balance, end of year	\$ 342,124	120,012	87,943	3,514	553,593	541,873