

Consolidated Financial Statements of

**NORTHEASTERN CATHOLIC
DISTRICT SCHOOL BOARD**

Year ended August 31, 2018

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

November 28, 2018



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



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Basis for Qualification

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 and we were not able to determine whether adjustments might be necessary to school fundraising revenue, net revenue, financial assets and net financial position.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, the consolidated financial statements of the Northeastern Catholic District School Board as at and for the year ended August 31, 2018, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of Matter

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

November 28, 2018

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

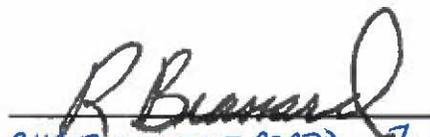
As at August 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 9,517,619	8,601,738
Accounts receivable (note 3)	1,829,844	1,690,110
Accounts receivable - Government of Ontario Capital (note 4)	5,290,104	4,725,853
Assets held for sale (note 5)	577,956	648,456
Total financial assets	17,215,523	15,666,157
Financial liabilities:		
Accounts payable and accrued liabilities (note 6)	5,865,882	2,969,636
Deferred revenue (note 8)	3,591,475	4,985,310
Accrued interest on net long-term liabilities	22,362	74,352
Retirement and other employee future benefits payable (note 10)	1,146,181	1,216,206
Net long-term liabilities (note 11)	2,993,676	3,995,097
Deferred capital contributions (note 9)	39,111,773	28,193,942
Total financial liabilities	52,731,349	41,434,543
Net debt	(35,515,826)	(25,768,386)
Non-financial assets:		
Prepaid expenses	376,872	192,956
Tangible capital assets (note 13)	41,644,270	30,912,185
Total non-financial assets	42,021,142	31,105,141
Commitments (note 17)		
Contingent liabilities (note 18)		
Accumulated surplus (note 14)	\$ 6,505,316	5,336,755

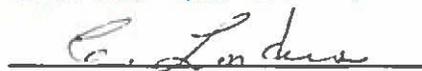
See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Board of Trustee


CHAIR OF THE BOARD, Feb 5 / 2019

Board of Trustee


VICE-CHAIR, FEB 5 / 19.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenue:			
Government of Ontario grants:			
- Grants for Student Needs	\$ 32,605,175	33,430,958	31,153,192
- Provincial legislative grant	4,303,094	3,842,421	4,110,565
- Other	782,724	1,684,729	1,158,170
- Amortization of deferred capital contributions	1,625,854	1,590,173	1,440,973
Federal grants and fees	165,825	500,932	277,868
Other revenue - school boards	-	59,398	32,474
Other fees and revenue	62,875	381,269	1,094,546
Investment income	70,000	90,170	80,121
School generated funds	1,010,000	1,065,599	975,019
Total revenue	40,625,547	42,645,649	40,322,928
Expenses (note 12):			
Instruction	28,609,232	28,701,479	27,730,097
Administration	2,294,327	2,777,756	2,449,587
Transportation	3,046,343	3,215,494	3,005,353
Pupil accommodation	5,501,890	5,663,179	5,928,613
Other	130,443	130,415	130,441
School funded activities	1,010,000	988,765	1,078,257
Total expenses	40,592,235	41,477,088	40,322,348
Annual surplus	33,312	1,168,561	580
Accumulated surplus, beginning of year	5,336,755	5,336,755	5,336,175
Accumulated surplus, end of year	\$ 5,370,067	6,505,316	5,336,755

See accompanying notes to the consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ 33,312	1,168,561	580
Tangible capital assets:			
Acquisition of tangible capital assets	(9,774,371)	(12,552,727)	(4,272,207)
Amortization of tangible capital assets	1,625,854	1,775,919	1,626,720
Assets held for sale	-	-	293,560
Write-down of tangible capital assets	-	-	478,006
Loss on sale of tangible capital assets	-	44,723	171,938
	(8,148,517)	(10,732,085)	(1,701,983)
Prepaid expenses:			
Acquisition of prepaid expenses	(192,956)	(376,872)	(192,956)
Use of prepaid expenses	192,956	192,956	346,905
	-	(183,916)	153,949
Decrease in net debt	(8,115,205)	(9,747,440)	(1,547,454)
Net debt, beginning of year	(25,768,386)	(25,768,386)	(24,220,932)
Net debt, end of year	\$ (33,883,591)	(35,515,826)	(25,768,386)

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Annual surplus	\$ 1,168,561	580
Items not involving cash:		
Amortization of tangible capital assets	1,775,919	1,626,720
Amortization of deferred capital contributions	(1,590,173)	(1,440,973)
Loss on sale of tangible capital assets	70,500	171,938
	<u>1,424,807</u>	<u>358,265</u>
Change in non-cash assets and liabilities:		
Decrease in accounts receivable	(139,734)	489,793
Increase in accounts payable and accrued liabilities	2,896,246	523,347
Increase (decrease) in deferred revenue	(1,393,835)	1,681,297
Decrease in accrued interest on long-term debt	(51,990)	(19,483)
Increase (decrease) in employee future benefits	(70,025)	19,961
Decrease (increase) in prepaid expenses	(183,916)	153,949
Cash provided by (used for) operating transactions	<u>2,481,553</u>	<u>3,207,129</u>
Capital transactions:		
Cash used to acquire tangible capital assets	(12,552,727)	(4,272,207)
Cash applied to capital transactions	(12,552,727)	(4,272,207)
Financing transactions:		
Long-term debt repaid	(1,001,421)	(1,014,299)
Capital contributions received	10,849,577	4,272,207
Increase in accounts receivable - Approved Capital Funding	(564,251)	(1,896,759)
Transfer to (from) deferred capital contributions	1,703,150	(465,000)
Cash provided by financing transactions	<u>10,987,055</u>	<u>896,149</u>
Decrease in cash and cash equivalents	915,881	(168,929)
Cash and cash equivalents, beginning of year	8,601,738	8,770,667
Cash and cash equivalents, end of year	<u>\$ 9,517,619</u>	<u>8,601,738</u>

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

1. Significant accounting policies (continued):

(i) Government transfers (continued):

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized 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 2017-2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 14, 2017.

(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, 2018

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 \$90,277 (2017 - \$106,561) 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:

	2018	2017
Municipalities	\$ 652,710	349,259
Government of Canada	367,140	535,931
Government of Ontario	761,080	753,652
Other school boards	29,124	38,299
Other	19,790	12,969
	<u>\$ 1,829,844</u>	<u>1,690,110</u>

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, 2018, \$517,956 (2017 - \$587,956) related to buildings and \$60,000 (2017 - \$60,500) related to land were recorded as assets held for sale. During the year, a piece of land and board owned housing were sold. Net proceeds of \$Nil (2017 - \$485,000) were received on the sale of this property, which had a carrying value of \$70,500 (2017 - \$Nil), resulting in a loss (2017 – gain) of \$70,500 (2017 - \$485,000), 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, 2018

6. Accounts payable and accrued liabilities:

	2018	2017
Trade payables and accrued liabilities	\$ 5,652,581	2,402,531
Government of Canada	390	1,373
Government of Ontario	44,180	259,775
Vacation payable	168,731	166,930
Other school boards	-	139,027
	\$ 5,865,882	2,969,636

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, 2017	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2018
Amounts restricted by legislation, regulation or agreement:					
Proceeds of disposition	\$ 1,153,523	85,092	(828,527)	(102,569)	307,519
Grants for student needs	-	48,794	-	-	48,794
Special education	809,657	4,442,420	(4,325,401)	-	926,676
School renewal	2,067,403	1,027,446	(103,257)	(1,598,546)	1,393,046
Assets held for sale	587,957	-	(70,000)	-	517,957
Mental Health Leader	119,832	123,113	(113,066)	-	129,879
Ministry of Advanced Education and Skills Development	155,988	38,862	(194,850)	-	-
Education Programs – Other (EPO)	59,653	1,510,245	(1,345,847)	-	224,051
Childcare retrofit	3,402	-	-	(2,035)	1,367
	4,957,415	7,275,972	(6,980,948)	(1,703,150)	3,549,289
Amounts restricted by external contributor	27,895	108,008	(93,717)	-	42,186
Total	\$ 4,985,310	7,383,980	(7,074,665)	(1,703,150)	3,591,475

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

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.

	2018	2017
Balance, beginning of year	\$ 28,193,942	26,305,714
Additions to deferred capital contributions	12,552,727	4,272,207
Assets held for sale	-	(943,006)
Disposal of deferred capital contributions	(44,723)	-
Revenue recognized during the year	(1,590,173)	(1,440,973)
Balance, end of year	\$ 39,111,773	28,193,942

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, 2018

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, 2018, the Board contributed \$483,262 (2017 - \$473,332) 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.

(iv) Retirement life insurance, dental and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date do not qualify for board subsidized premiums or contributions.

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, 2018, 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, 2018

10. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2018. 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:

	2018	2017
	%	%
Inflation	1.5	1.5
Discount on accrued benefit obligations	2.9	2.55
Discount on accrued benefit obligations - WSIB	2.9	2.55

Assumed health care cost trend rates:

	2018	2017
Health care cost escalation	7.75% for 2017/18 reducing by ¼% in each year to an ultimate rate of 4%	8% for 2016/17 reducing by ¼% in each year to an ultimate rate of 4%
Dental care cost escalation	3.75% for 2017/18 reducing by ¼% in each year to an ultimate rate of 3%	4% for 2016/17 reducing by ¼% in each year to an ultimate rate of 3%
Insurance and health care cost escalation - WSIB	4.0%	4.0%

The Board has internally appropriated an amount for sick leave totaling \$334,877 (2017 - \$329,319) and for WSIB totaling \$117,473 (2017 - \$115,322).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

10. Employee future benefits (continued):

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

Accrued benefit obligation			2018	2017
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	203	1,197,843	1,198,046	1,304,008
Unamortized actuarial losses	-	(51,865)	(51,865)	(87,802)
	203	1,145,978	1,146,181	1,216,206

Employee future benefit expenses			2018	2017
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	-	45,441	45,441	1,165
Interest on accrued benefit obligation	46	31,315	31,361	26,943
Amortization of actuarial losses (gains)	(1)	14,094	14,093	25,276
Employee future benefits expenses ¹	45	90,850	90,895	53,384

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

11. Net long-term liabilities:

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

	2018	2017
Loan payable to The Canada Life Assurance Company, bearing interest at 5.109% per annum, repayable in semi-annual blended payments of \$78,807 (2017 - \$120,011), is an unsecured debenture, maturing April 5, 2031	\$ 1,442,968	2,379,659
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	941,231	983,724
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	609,477	631,714
	\$ 2,993,676	3,995,097

Payments relating to the net long-term liabilities outstanding as at August 31, 2018 are due as follows:

	Principal	Interest	Total
2018-2019	\$ 109,709	121,099	230,808
2019-2020	158,337	144,209	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
Thereafter	2,200,188	592,378	2,792,564
	\$ 2,993,676	1,239,882	4,233,558

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

12. Expenses by object:

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

	2018 Budget	2018 Actual	2017 Actual
Current expenses:			
Salary and wages	\$ 25,170,459	25,263,446	24,671,539
Employee benefits	4,213,398	3,554,393	3,303,738
Staff development	351,001	309,272	315,825
Supplies and services	2,918,861	3,331,898	2,948,751
Interest on long-term debt	200,507	331,146	431,938
Rental	167,142	138,047	171,717
Fees and contract services	4,667,676	5,041,682	4,826,223
School funded activities	1,010,000	988,766	1,078,257
Other	267,337	627,839	297,696
Amortization of tangible capital assets	1,625,854	1,775,918	1,626,720
Loss on write-down of tangible capital assets	-	114,681	649,944
	\$ 40,592,235	41,477,088	40,322,348

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

13. Tangible capital assets:

Cost	Balance at August 31, 2017	Additions	Transfers	Disposals and Write-offs	Balance at August 31, 2018
Land	\$ 274,100	-	-	-	274,100
Land improvements	982,158	512,888	-	-	1,495,046
Buildings	45,812,858	11,830,502	-	(95,300)	57,548,060
Other buildings	490,725	-	-	-	490,725
Portable structures	675,781	-	-	-	675,781
Furniture	34,893	37,259	-	-	72,152
Equipment	242,258	-	-	-	242,258
First-time equipping	117,676	-	-	-	117,676
Vehicles	123,909	91,083	-	-	214,992
Computer hardware and software	-	80,995	-	-	-
	769,344	80,995	-	-	850,339
Total	\$ 49,523,702	12,552,727	-	(95,300)	61,981,129

Cost	Balance at August 31, 2017	Disposals	Transfers	Amortization Expense	Balance at August 31, 2018
Land	\$ -	-	-	-	-
Land improvements	83,883	-	-	65,756	149,639
Buildings	16,729,548	(50,577)	-	1,584,877	18,263,848
Other buildings	211,865	-	-	23,814	235,679
Portable structures	634,478	-	-	24,129	658,607
Furniture	34,613	-	-	279	34,892
Equipment	216,815	-	-	15,490	232,305
First-time equipping	53,214	-	-	11,862	65,076
Vehicles	65,216	-	-	15,226	80,442
Computer hardware and software	-	-	-	-	-
	581,885	-	-	34,486	616,371
Total	\$ 18,611,517	(50,577)	-	1,775,919	20,336,859

	Net book value, August 31, 2017	Net book value, August 31, 2018
Land	\$ 274,100	274,100
Land improvements	898,275	1,345,407
Buildings	29,083,310	39,284,212
Other buildings	278,860	255,046
Portable structures	41,303	17,174
Furniture	280	37,260
Equipment	25,443	9,953
First-time equipping	64,462	52,600
Vehicles	58,693	134,550
Computer hardware and software	187,459	233,968
Total	\$ 30,912,185	41,644,270

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

14. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 3,474,403	3,131,098
Available for compliance – internally appropriated		
Reserve funds	541,873	532,678
Transportation surplus from prior years	210,519	270,872
	752,392	803,550
Unavailable for compliance – externally appropriated		
Employee future benefits	(685,067)	(817,671)
Accrued interest	(22,362)	(74,352)
	(707,429)	(892,023)
Other		
School activities fund	392,948	316,114
Revenues recognized for land	334,600	334,600
Tangible capital assets – unsupported amortization	2,258,402	1,643,416
	2,985,950	2,294,130
Total accumulated surplus	\$ 6,505,316	5,336,755

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, 2018

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 \$12,024,135 (2017 - \$11,504,240) and the Boards share is \$3,181,648 (2017 - \$2,985,812).

At year-end, the Board has a payable of \$208,291 (2017 - \$139,027) 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:

2019	\$ 1,410,962
2020	627,910
2021	317,600
2022	176,323
2023	65,552

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, 2018, with comparative information for 2017

	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	Total 2018	Total 2017
Balance, beginning of year	\$ 329,319	115,322	84,652	3,385	532,678	527,568
Additions:						
Interest earned	5,562	2,150	1,429	54	9,195	5,110
Balance, end of year	\$ 334,881	117,472	86,081	3,439	541,873	532,678