

**Nipissing-Parry Sound Catholic
District School Board**

**Management Report,
Independent Auditor's Report and
Consolidated Financial Statements**

August 31, 2019

Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Nipissing-Parry Sound Catholic District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements, except for the effect of adjustments, if any, which the auditors may have determined to be necessary had they been able to obtain sufficient audit evidence to form an opinion with respect to the completeness of school generated funds.

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

The Board's 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 Baker Tilly SNT LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business

November 26, 2019

Independent Auditor's Report

To the Board of Trustees of Nipissing-Parry Sound Catholic District School Board

Qualified Opinion

We have audited the consolidated financial statements of Nipissing-Parry Sound Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of Nipissing-Parry Sound Catholic District School Board for the year ended August 31, 2019, are prepared, in all material respects, 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.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year, which, by their nature, are not susceptible to complete audit verification. 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, annual surplus, financial assets and accumulated surplus

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

ACCOUNTING • TAX • ADVISORY

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COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Baker Tilly SNT LLP

North Bay, Ontario
November 26, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Nipissing-Parry Sound Catholic District School Board

Consolidated Financial Statements August 31, 2019

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Cash Flows	3
Consolidated Statement of Changes In Net Debt	4
Notes to the Consolidated Financial Statements	5-24

Nipissing-Parry Sound Catholic District School Board
Consolidated Statement of Financial Position
August 31, 2019

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash (note 2)	\$ 3,196,556	\$ 3,841,304
Accounts receivable (note 3)	4,135,199	1,842,276
Accounts receivable - Government of Ontario - Approved Capital (note 4)	<u>22,011,566</u>	<u>23,297,696</u>
	<u>29,343,321</u>	<u>28,981,276</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 5)	5,304,895	3,203,339
Net long-term debt (note 6)	20,431,279	21,244,240
Deferred revenue (note 7)	978,553	1,157,788
Deferred capital contributions (note 8)	49,068,274	45,452,094
Retirement and other employee future benefits (note 9)	<u>1,605,819</u>	<u>1,639,192</u>
	<u>77,388,820</u>	<u>72,696,653</u>
Net Debt	<u>(48,045,499)</u>	<u>(43,715,377)</u>
Non-Financial Assets		
Prepaid expenses	769,570	747,950
Tangible capital assets (note 10)	<u>52,040,008</u>	<u>47,412,907</u>
Total Non-Financial Assets	<u>52,809,578</u>	<u>48,160,857</u>
Accumulated Surplus (note 11)	<u>\$ 4,764,079</u>	<u>\$ 4,445,480</u>
Contingent Liabilities (note 12)		
Commitments (note 13)		

Approved by the Board:



Director of Education

Chair of the Board

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended August 31, 2019

	<u>2019</u> <u>Budget</u> (Unaudited)	<u>2019</u> <u>Actual</u>	2018 <u>Actual</u>
Revenues			
Local taxation	\$ 4,997,144	\$ 4,736,360	\$ 4,866,208
Provincial grants - Grants for Student Needs	37,539,054	37,238,098	35,210,983
Provincial grants - Other	1,418,600	1,588,623	1,855,357
Federal grants and fees - First Nations	1,386,635	1,335,160	1,295,291
Other revenues - First Nations - Nipissing First Nation	-	233,378	254,011
Other fees and revenues	1,233,178	1,244,096	1,078,282
Investment income	25,000	43,396	49,470
School fund-raising and other revenues	1,050,000	875,914	977,921
Amortization of deferred capital contributions	<u>2,314,958</u>	<u>2,460,090</u>	<u>2,319,146</u>
	<u>49,964,569</u>	<u>49,755,115</u>	<u>47,906,669</u>
Expenses			
Instruction	35,566,309	34,933,465	33,841,724
Administration	2,388,841	2,252,402	2,283,068
Transportation	3,369,660	3,458,349	3,327,468
Pupil accommodation	7,013,435	7,058,083	6,675,425
School funded activities	1,050,000	893,649	900,331
Other	<u>666,301</u>	<u>840,568</u>	<u>841,564</u>
	<u>50,054,546</u>	<u>49,436,516</u>	<u>47,869,580</u>
Annual (Deficit) Surplus	(89,977)	318,599	37,089
Accumulated Surplus, Beginning of Year	<u>4,445,480</u>	<u>4,445,480</u>	<u>4,408,391</u>
Accumulated Surplus, End of Year	<u>\$ 4,355,503</u>	<u>\$ 4,764,079</u>	<u>\$ 4,445,480</u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Cash Flows

For The Year Ended August 31, 2019

	<u>2019</u>	<u>2018</u>
Operation transactions		
Annual Surplus	\$ 318,599	\$ 37,089
Cash provided by (used for)		
Non-cash items		
Amortization of tangible capital assets	2,498,203	2,350,702
Amortization of deferred capital contributions	(2,460,090)	(2,319,146)
Increase in accounts receivable	(2,292,923)	(164,354)
Increase in prepaid expenses	(21,620)	(3,471)
Increase (decrease) in accounts payable and accrued liabilities	2,101,556	(594,687)
Decrease in deferred revenue - operating	(249,475)	(62,241)
Increase (decrease) in retirement and other employee future benefits	<u>(33,373)</u>	<u>351</u>
Cash applied to operating transactions	<u>(139,123)</u>	<u>(755,757)</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(7,125,304)</u>	<u>(4,550,111)</u>
Cash applied to capital transactions	<u>(7,125,304)</u>	<u>(4,550,111)</u>
Financing transactions		
Decrease in accounts receivable - Government of Ontario - Approved Capital	1,286,130	641,165
Repayments on long-term debt	(812,961)	(782,790)
Deferred capital contributions received	6,076,270	5,401,069
Increase in deferred revenues - capital	<u>70,240</u>	<u>106,906</u>
Cash provided by financing transactions	<u>6,619,679</u>	<u>5,366,350</u>
Increase (decrease) in cash	(644,748)	60,482
Cash, Beginning of Year	<u>3,841,304</u>	<u>3,780,822</u>
Cash, End of Year	<u>\$ 3,196,556</u>	<u>\$ 3,841,304</u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board

Consolidated Statement of Changes In Net Debt

For The Year Ended August 31, 2019

	<u>2019</u> Budget (Unaudited)	<u>2019</u> Actual	<u>2018</u> Actual
Annual Surplus	\$ (89,977)	\$ 318,599	\$ 37,089
Amortization of tangible capital assets	233,337	2,498,203	2,350,702
Acquisition of tangible capital assets	(5,683,712)	(7,125,304)	(4,550,111)
Increase in prepaid expenses	<u>-</u>	<u>(21,620)</u>	<u>(3,471)</u>
Increase in Net Debt	(5,540,352)	(4,330,122)	(2,165,791)
Net Debt, Beginning of Year	<u>(43,715,377)</u>	<u>(43,715,377)</u>	<u>(41,549,586)</u>
Net Debt, End of Year	<u>\$ (49,255,729)</u>	<u>\$ (48,045,499)</u>	<u>\$ (43,715,377)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies

These consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian public sector accounting standard PS3410;

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian public sector accounting standard PS3510.

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

(b) Reporting Entity

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

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

Consolidated entities

Nipissing-Parry Sound Student Transportation Services
School Generated Funds

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

(c) Trust Funds

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(d) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(e) Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose;
- other restricted contributions received or receivable for capital purpose; and
- property taxation revenues which were historically used to fund capital assets.

(f) Retirement and Other Employee Future Benefits

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(f) Retirement and Other Employee Future Benefits (Continued)

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: OECTA. The following ELHTs were established in 2017-2018: CUPE and a trust for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

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

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is determined using management's best estimates.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(f) Retirement and Other Employee Future Benefits (Continued)

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

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	10
First-time equipping of schools	10
Furniture and equipment	5-10
Vehicles	5
Computer hardware	5
Computer software	5

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(g) Non-Financial Assets (Continued)

(i) Tangible Capital Assets (Continued)

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 cost 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.

(ii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(h) Government Transfers

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

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

(i) Investment Income

Investment income is reported as revenue in the period earned.

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

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

(j) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.

(k) Use of Estimates

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

2. Cash

	<u>2019</u>	<u>2018</u>
Cash	<u>\$ 3,196,556</u>	<u>\$ 3,841,304</u>

The Board has an operating line of credit available to a maximum of \$4,000,000 to address operating requirements and bears interest at the bank's prime lending rate. The credit facility is unsecured and due on demand.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

3. Accounts Receivable

	<u>2019</u>	<u>2018</u>
School Boards	\$ -	\$ 2,000
Province of Ontario - other	2,005,349	407,024
Province of Ontario - delayed grant payment	830,402	-
Government of Canada	417,487	308,212
Municipalities	801,215	743,695
Other	<u>80,746</u>	<u>381,345</u>
	<u>\$ 4,135,199</u>	<u>\$ 1,842,276</u>

4. Accounts Receivable - Government of Ontario - Approved Capital

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

The Board has an account receivable from the Province of Ontario of \$22,011,566 as at August 31, 2019 (2018 - \$23,297,696) with respect to capital grants.

5. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Government of Ontario	\$ 113,466	\$ 139,717
Trade	4,197,390	1,813,571
Payroll related	773,169	1,028,858
Other	<u>220,870</u>	<u>221,193</u>
	<u>\$ 5,304,895</u>	<u>\$ 3,203,339</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

6. Net Long-Term Debt

Net long-term debt, on the consolidated statement of financial position comprises the following:

	<u>2019</u>	<u>2018</u>
Debenture - Amortizing, payable in semi-annual instalments of \$70,460 including interest at the rate of 4.56%, final instalment due November 15, 2031	\$ 1,331,455	\$ 1,408,998
Debenture - Amortizing, payable in semi-annual instalments of \$125,660 including interest at the rate of 4.90%, final instalment due March 3, 2033	2,498,783	2,623,076
Debenture - Amortizing, payable in semi-annual instalments of \$21,348 including interest at the rate of 5.062%, final instalment due March 13, 2034	441,443	461,046
Debenture - Amortizing, payable in semi-annual instalments of \$41,351 including interest at the rate of 5.232%, final instalment due April 13, 2035	885,625	920,611
Debenture - Amortizing, payable in semi-annual instalments of \$216,338 including interest at the rate of 3.564%, final instalment due March 9, 2037	5,669,507	5,894,100
Debenture - Amortizing, payable in semi-annual instalments of \$85,197 including interest at the rate of 3.799%, final instalment due March 19, 2038	2,277,911	2,359,438
Debenture - Amortizing, payable in semi-annual instalments of \$3,194 including interest at the rate of 4.003%, final instalment due March 11, 2039	86,837	89,664
Debenture - Amortizing, payable in semi-annual instalments of \$234,923 including interest at the rate of 2.993%, final instalment due March 9, 2040	<u>7,239,718</u>	<u>7,487,307</u>
	<u>\$ 20,431,279</u>	<u>\$ 21,244,240</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

6. Net Long-Term Debt (Continued)

Principal and interest payments relating to the net long-term debt of \$20,431,279 outstanding as at August 31, 2019 are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 844,345	\$ 752,596	\$ 1,596,941
2021	876,989	719,952	1,596,941
2022	910,946	685,995	1,596,941
2023	946,271	650,670	1,596,941
2024	983,021	613,920	1,596,941
Thereafter	<u>15,869,707</u>	<u>4,144,872</u>	<u>20,014,579</u>
Net Long-Term Debt	<u>\$ 20,431,279</u>	<u>\$ 7,568,005</u>	<u>\$ 27,999,284</u>

7. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2019 is comprised of:

	<u>Balance as at August 30, 2018</u>	<u>Externally restricted revenue and investment income</u>	<u>Revenue recognized in the period</u>	<u>Transfers to deferred capital contributions</u>	<u>Balance as at August 31, 2019</u>
Integrated Services for Northern Children Education Programs	\$ 114,693	\$ 192,314	\$ (174,588)	\$ -	\$ 132,419
- Other (EPO)	379,397	1,321,629	(1,299,133)	-	401,893
Other - Capital	111,006	2,821,509	(1,405,743)	(1,345,526)	181,246
Other - Operating	232,692	7,109,675	(7,079,372)	-	262,995
Proceeds on disposition - Capital	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>(320,000)</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 1,157,788</u>	<u>\$11,445,127</u>	<u>\$ (9,958,836)</u>	<u>\$ (1,665,526)</u>	<u>\$ 978,553</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

8. Deferred Capital Contributions

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

	<u>2019</u>	<u>2018</u>
Balance as at August 31, 2018	\$ 45,452,094	\$ 42,370,171
Additions to deferred capital contributions	4,410,744	3,820,734
Transfers from deferred revenue	<u>1,665,526</u>	<u>1,580,335</u>
	51,528,364	47,771,240
Revenue recognized in the period	<u>(2,460,090)</u>	<u>(2,319,146)</u>
Balance as at August 31, 2019	<u>\$ 49,068,274</u>	<u>\$ 45,452,094</u>

9. Retirement and Other Employee Future Benefits

	<u>2019</u>		<u>2018</u>
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Retirement and Other Employee Future Benefit Liabilities			Total Employee Future Benefits
Accrued Employee Future Benefit Obligations	<u>\$ 1,014,043</u>	<u>\$ 591,776</u>	<u>\$ 1,605,819</u>
			<u>\$ 1,639,192</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

9. Retirement and Other Employee Future Benefits (Continued)

Retirement and Other Employee Future Benefit Expenses	2019			2018
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current Year Benefit Cost	\$ -	\$ 28,102	\$ 28,102	\$ -
Interest on Accrued Benefit Obligation	<u>59,521</u>	<u>-</u>	<u>59,521</u>	<u>55,340</u>
Employee Future Benefit Expenses ¹	<u>\$ 59,521</u>	<u>\$ 28,102</u>	<u>\$ 87,623</u>	<u>\$ 55,340</u>

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

Retirement Benefits

(a) Ontario Teachers' Pension Plan

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

(b) 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. During the year ended August 31, 2019, the Board contributed \$765,743 (2018 - \$684,037) 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.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

9. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits (Continued)

(b) Ontario Municipal Employees Retirement System (Continued)

On January 1, 2019, the yearly maximum pension earnings increased to \$57,400 from \$55,900 in 2018. The contributions are calculated at a rate of 9.0% (2018 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2018 -14.6%) for the amount above the yearly maximum pension earnings.

(c) 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 now based on their salary, accumulated sick days, and years of service at August 31, 2012.

The Board has designated reserves for retirement gratuities. The balance of these reserves totaled \$500,000 at August 31, 2019 (2018 - \$500,000).

(d) Retirement Dental and Health Care Benefits

The Board provides dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are 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, will no longer qualify for board subsidized premiums or contributions.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

9. Retirement and Other Employee Future Benefits (Continued)

Other Employee Future Benefits

(a) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2019 were \$220,235 (2018 - \$257,622) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(b) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$- (2018 - \$1,663).

(c) Accrued Vacation Time

The Board provides accumulations for vacation time through an unfunded defined benefit plan. Under this plan employees can accumulate vacation time for use in the future. The benefit costs and the liability related to this plan are included in the consolidated financial statements of the Board.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019



10. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated Amortization</u>		<u>Net Book Value August 31, 2019</u>	<u>Net Book Value August 31, 2018</u>
	<u>Balance at August 31, 2018</u>	<u>Additions</u>	<u>Balance at August 31, 2019</u>	<u>Balance at August 31, 2018</u>	<u>Amortization</u>		
Land	\$ 1,361,261	\$ -	\$ 1,361,261	\$ -	\$ -	\$ 1,361,261	\$ 1,361,261
Land improvements	3,440,041	793,876	4,233,917	1,581,388	255,799	2,396,730	1,858,653
Buildings and building improvements	64,236,364	5,841,406	70,077,770	21,677,997	1,678,927	46,720,846	42,558,367
Portable structures	196,141	44,655	240,796	59,437	18,028	163,331	136,704
First-time equipping of schools	216,805	-	216,805	145,230	14,829	56,746	71,575
Furniture and equipment	772,530	137,737	910,267	533,008	60,862	316,397	239,522
Vehicles	60,374	-	60,374	18,283	12,075	30,016	42,091
Computer hardware	3,134,082	257,779	3,391,861	2,092,391	428,549	870,921	1,041,691
Computer software	204,989	49,851	254,840	101,946	29,134	123,760	103,043
Total	\$ 73,622,587	\$ 7,125,304	\$ 80,747,891	\$ 26,209,680	\$ 2,498,203	\$ 28,707,883	\$ 47,412,907

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

11. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2019</u>	<u>2018</u>
Available for Compliance - Unappropriated		
Operating surplus (Deficit)	<u>\$ 143,992</u>	<u>\$ (114,586)</u>
Available for Compliance - Internally Appropriated		
Employee future benefits	500,000	500,000
Vacation accrued	(522,269)	(520,315)
Committed capital projects	1,610,473	-
General	1,936,851	3,599,301
Pathways for Student Success	<u>259,145</u>	<u>259,145</u>
Total Internally Appropriated	<u>3,784,200</u>	<u>3,838,131</u>
Unavailable for Compliance		
Revenues recognized from land	1,361,261	1,361,261
Interest accrued	(223,217)	(232,337)
Employee future benefits	(612,838)	(735,406)
School generated funds	<u>310,681</u>	<u>328,417</u>
Total Externally Appropriated	<u>835,887</u>	<u>721,935</u>
Total Accumulated Surplus	<u>\$ 4,764,079</u>	<u>\$ 4,445,480</u>

12. Contingent Liabilities

a) Environmental contingency

The Board has been co-named under a Director's Order of the Ontario Ministry of the Environment, Conservation and Parks related to the contamination of previously owned land. The Director's Order is a no fault order, and can be issued to any prior landowners of the property. As such, determination of fault is not a criteria and the Board must comply with the Order. The Board does not accept responsibility. The amount of any liability under the Director's Order cannot be reasonably determined, as such, no liability has been accrued in these financial statements.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

12. Contingent Liabilities (Continued)

b) Subsidies

The Board receives subsidies and contributions from various funding agencies. Pursuant to the related agreements, if the Board does not meet established objectives, the funding agencies could be entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

c) Grievances

The Board is disputing grievances placed through its employees' unions which may have to be settled by arbitration. It is not possible, at this time, to determine the amount, if any, of settlements that may result from any arbitration process. Any retroactive wage settlement will be charged to operations in the period in which the amount is determined to be payable.

d) Guarantee

The Board has guaranteed Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound's revolving line of credit up to a maximum of \$80,000. Any amounts required to be paid under this guarantee will be charged to operations in the year the payments are incurred. As at August 31, 2019, the revolving line of credit's outstanding balance was \$ -.

13. Commitments

During 2019, the Board has entered into various contracts including renovations to the parking lot and patio of St. Joseph Scollard Hall; renovations to the daycare at St. Francis Catholic Elementary School and renovations to St. Joseph Scollard Hall's Learning Commons areas, for a total of approximately \$6,040,000. As at August 31, 2019, there was approximately \$1,712,000 of work remaining to be completed.

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

14. Debt Charges

The expense for debt charges includes principal and interest payments is as follows:

	<u>2019</u>	<u>2018</u>
Principal on long-term debt	\$ 812,961	\$ 782,790
Interest payments on long-term debt	<u>774,859</u>	<u>805,383</u>
	<u>\$ 1,587,820</u>	<u>\$ 1,588,173</u>

15. Expenses by Object

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

	<u>2019</u> <u>Budget</u> (Unaudited)	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Expenses			
Salary and wages	\$ 31,745,449	\$ 31,010,392	\$ 30,380,156
Employee benefits	5,469,073	5,323,872	5,019,812
Staff development	367,261	243,854	254,768
Supplies and services	3,095,461	3,162,882	2,946,215
Interest	783,978	774,859	805,383
Rentals	32,483	50,181	46,794
Fees and contract services	4,439,636	4,569,641	4,202,522
Other	737,827	908,983	962,897
Amortization of tangible capital assets	233,337	2,498,203	2,350,702
School Funded Activities	<u>1,050,000</u>	<u>893,649</u>	<u>900,331</u>
	<u>\$ 47,954,505</u>	<u>\$ 49,436,516</u>	<u>\$ 47,869,580</u>

Nipissing-Parry Sound Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2019

16. Ontario School Board Insurance Exchange (OSBIE)

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

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro-rata share of claims experience. The current term expires January 1, 2020.

**17. Partnership in Nipissing-Parry Sound Student Transportation Services/
Services de Transport Scolaire Nipissing-Parry Sound**

Transportation Consortium

On March 26, 2003, the Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was incorporated. On June 16, 2003, the Board entered into an agreement with Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound 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 created at the time Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound was established, decisions related to the financial and operating activities of Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound are shared. No partner is in a position to exercise unilateral control.

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

Nipissing-Parry Sound Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2019

17. Partnership in Nipissing-Parry Sound Student Transportation Services/Services de Transport Scolaire Nipissing-Parry Sound (Continued)

The following provides condensed financial information:

	<u>2019</u>		<u>2018</u>	
	<u>Total</u>	<u>Board Portion</u>	<u>Total</u>	<u>Board Portion</u>
Financial Position:				
Financial Assets	\$ 309,451	\$ 43,886	\$ 265,579	\$ 22,977
Liabilities	<u>(309,451)</u>	<u>(43,886)</u>	<u>(265,579)</u>	<u>(22,977)</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operations:				
Revenues	\$ 20,191,032	\$ 3,418,614	\$ 18,971,735	\$ 3,289,512
Expenses	<u>(20,191,032)</u>	<u>(3,418,614)</u>	<u>(18,971,735)</u>	<u>(3,289,512)</u>
Annual Deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>