



*The Niagara Catholic District School Board through
the charisms of faith, social justice, support and leadership,
nurtures an enriching Catholic learning community for all
to reach their full potential and become living witnesses of Christ.*

AGENDA AND MATERIAL

**AUDIT COMMITTEE MEETING
PUBLIC SESSION**

**FRIDAY, NOVEMBER 27, 2020
10:00 A.M.**



*Electronic Meeting in Compliance with Education Act 207 and Ontario Regulation 463/97, Section 5.1(2)
Public Access Phone No.: 1 647 558 0588 Meeting ID: 941 4112 6307 Password: 457102*

A. ROUTINE MATTERS

- | | |
|---|------|
| 1. Opening Prayers | - |
| 2. Roll Call | - |
| 3. Approval of the Agenda | - |
| 4. Declaration of Conflict of Interest | - |
| 5. Minutes of the Audit Committee Meeting | |
| 5.1 September 25, 2020 | A5.1 |

B. BUSINESS IN CAMERA

C. OTHER BUSINESS

- | | |
|--|----|
| 1. Draft Consolidated Financial Statements | C1 |
|--|----|

D. FUTURE MEETINGS

E. ADJOURNMENT

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
NOVEMBER 27, 2020**

PUBLIC SESSION

**TITLE: MINUTES OF THE AUDIT COMMITTEE MEETING OF
SEPTEMBER 25, 2020**

RECOMMENDATION

THAT the Niagara Catholic District School Board Audit Committee approve the Minutes of the Audit Committee Meeting (Public Session) of September 25, 2020, as presented.



MINUTES OF THE AUDIT COMMITTEE MEETING (PUBLIC SESSION)

FRIDAY, SEPTEMBER 25, 2020

Minutes of the Audit Committee Meeting (public session) of the Niagara Catholic District School Board, held on September 25, 2020, in the Father Kenneth Burns CSC at the Catholic Education Centre, 427 Rice Road, Welland.

The meeting was called to order at 10:09 a.m. by Director Camillo Cipriano in Chair Kathy Burtnik absents.

A. ROUTINE MATTERS

1. Opening Prayer

Opening Prayer was led by Camillo Cipriano.

2. Roll Call

Committee Member	Present	Present Electronically	Absent	Excused
Kathy Burtnik			✓	
Dino Sicoli	✓			
Paul Turner	✓			
Mario Falvo	✓			
Louie Finelli		✓		

Resources to the Audit Committee were in attendance:

Camillo Cipriano, Director of Education, Secretary/Treasurer
Giancarlo Vetrone, Superintendent of Business and Financial Services
Rosa Rocca, Controller of Business and Finance
Jenny Baker, Regional Internal Audit Manager
John Forte, Regional Internal Audit Team
Melanie Dugard, Grant Thornton LLP
Chris Guglielmi, Grant Thornton LLP

Staff in attendance:

Shari Bush, Recording Secretary/Administrative Assistant, Business and Financial Services

3. Election of Chairperson for the Fiscal Year 2020-2021

Camillo called for nominations for the position of Chair of the Audit Committee.
Paul Turner and Dino Sicoli nominated Kathy Burtnik.
No other nominations were made.

Director Camillo electronically informed Kathy if she wished to accept the position of Chair of the Audit Committee. Kathy Burtnik accepted the election.
Dino Sicoli will act as interim chair in her absents

4. Approval of the Public Agenda of September 25,2020

Moved by Paul Turner

THAT the Niagara Catholic Audit Committee approve the Agenda of the Audit Committee Meeting (Public Session) of Friday, September 25, 2020 as amended.

CARRIED

5. Declaration of Conflict of Interest

5.1 Declaration of Conflict of Interest Form (2020-2021)

Declaration of Conflict of Interest Form was filled out by Committee Members in attendance and those not present will email theirs to Shari Bush.

5.2 Declaration of Conflict of Interest re: Agenda (verbal)

No Declarations of Conflicts of Interest were declared with any items on the agenda.

6. Approval of Minutes of the Audit Committee Meeting (Public Session)

6.1 June 19, 2020

Moved by Mario Falvo

THAT the Niagara Catholic Audit Committee approve the Minutes of the Audit Committee Meeting (Public Session) of June 19, 2020.

CARRIED

B. REPORTS

1. Regional Internal Audit Status Report

1.1 Training Plan and Summary

Jenny Baker presented the Training Plan and Summary to the committee members..

1.2 Regional Internal Audit Mandate

Jenny Baker presented the Regional Internal Audit Mandate to the committee members and this was signed by Jenny Baker, Kathy Burtnik and Camillo Cipriano.

2. Advertisement of the Non Board Member Positions of the Niagara Catholic Audit Committee

Giancarlo Vetrone presented the Advertisement of the Non Board Member Positions of the Niagara Catholic Audit Committee.

C. BUSINESS IN CAMERA

The meeting was moved to the Business In-Camera Session at 10:22 a.m.

D. FUTURE MEETINGS

Next Audit Committee Meeting is November 27, 2020

E. ADJOURNMENT

Meeting was adjourned at 10:27 a.m.

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
NOVEMBER 27, 2020**

PUBLIC SESSION

TITLE: DRAFT CONSOLIDATED FINANCIAL STATEMENTS

RECOMMENDATION

THAT the Niagara Catholic District School Board Audit Committee approve the Draft Consolidated Financial Statements 2019-2020.

Presented by: Giancarlo Vetrone, Superintendent of Business and Financial Services/Rosa Rocca,
Controller, Business and Finance

Date: November 27, 2020

Consolidated Financial Statements

Niagara Catholic District School Board

August 31, 2020

DRAFT

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Niagara Catholic District School Board

Management Report

August 31, 2020

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

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

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

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

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

Director of Education/Secretary Treasurer

Mr. Camillo Cipriano

November XX, 2020

Superintendent of Business and
Financial Services
Mr. Giancarlo Vetrone

Niagara Catholic District School Board

Consolidated Statement of Financial Position

As at August 31

2020

2019

Financial assets

Cash and cash equivalents	\$ 25,875,855	\$ 23,550,701
Investments (Note 2)	15,000,000	10,000,000
Accounts receivable (Note 4)	23,323,096	12,993,752
Accounts receivable – Government of Ontario (Note 3)	54,780,372	58,687,679
Assets held for sale (Note 5)	1,003,439	-

Total financial assets

119,982,762 105,232,132

Liabilities

Accounts payable and accrued liabilities	26,461,731	12,707,327
Deferred revenue (Note 6)	18,995,353	16,164,863
Retirement and other employee future benefits (Note 8)	6,427,643	6,535,777
Net long-term debt and capital leases (Note 9)	55,606,681	60,057,387
Deferred capital contributions (Note 7)	182,904,878	184,192,514

Total liabilities

290,396,286 279,657,868

Net debt

(170,413,524) (174,425,736)

Non-financial assets

Tangible capital assets (Pages 26 and 27)	197,379,966	198,404,552
Prepaid expenses	620,107	583,845

Total non-financial assets

198,000,073 198,988,397

Accumulated surplus (Note 13)

\$ 27,586,549 \$ 24,562,661

Contractual obligations and contingent liabilities (Note 17)

Commitments (Note 18)

Signed on behalf of the Board:

Chairperson of the Board

Director of Education/Secretary Treasurer

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended August 31	Budget 2020	Actual 2020	Actual 2019
Revenues			
Provincial legislative grants	\$ 240,143,135	\$ 236,504,563	\$ 245,179,136
Provincial grants – other	3,365,000	2,969,660	3,868,040
Federal grants and fees	479,615	474,825	479,615
Other fees and revenues	3,367,000	3,374,820	3,416,965
Investment income	625,000	650,053	625,267
School fundraising	7,583,300	4,631,007	7,587,961
Amortization of deferred capital contributions	15,736,513	12,145,443	13,449,767
Total revenues	<u>271,299,563</u>	<u>260,750,371</u>	<u>274,606,751</u>
Expenses (Note 15)			
Instruction	203,353,145	198,016,296	201,402,145
Administration	7,433,095	7,810,280	7,574,674
Transportation	10,811,254	10,016,300	10,691,040
Pupil accommodation	42,001,282	37,306,242	39,705,473
Other	117,487	117,487	118,706
School funded activities	7,410,200	4,459,878	7,412,176
Total expenses	<u>271,126,463</u>	<u>257,726,483</u>	<u>266,904,214</u>
Annual surplus	173,100	3,023,888	7,702,537
Accumulated surplus, beginning of year	24,562,661	24,562,661	16,860,124
Accumulated surplus, end of year	<u>\$ 24,735,761</u>	<u>\$ 27,586,549</u>	<u>\$ 24,562,661</u>

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Consolidated Statement of Cash Flows

For the Year Ended August 31

2020

2019

Operating transactions

Annual surplus

\$ 3,023,888 \$ 7,702,537

Sources and (uses)

Non-cash items including:

Amortization of tangible capital assets

12,512,393 14,008,743

Amortization of deferred capital contributions (Note 7)

(12,145,443) (13,449,767)

Decrease in retirement and other
employee future benefits

(108,134) (642,881)

Increase in accounts receivable

(10,329,344) (3,520,130)

Increase in assets held for sale

(1,003,439) -

Increase in prepaid expenses

(36,262) (97,722)

Increase (decrease) in accounts payable and accrued liabilities

13,754,404 (1,749,164)

Increase in deferred revenue

2,830,490 263,055

Cash provided by operating transactions

8,498,553 2,514,671

Capital transactions

Acquisition of tangible capital assets

(12,491,246) (12,291,100)

Net additions to deferred capital contributions

11,861,246 12,291,100

Cash provided by capital transactions

(630,000) -

Investing transactions

Increase in investments

(5,000,000) -

Cash applied to investing transactions

(5,000,000) -

Financing transactions

Decrease in accounts receivable - Government of Ontario

3,907,307 6,283,476

Debt repayment (Note 11)

(4,450,706) (4,224,458)

Cash (applied to) provided by financing transactions

(543,399) 2,059,018

Change in cash and cash equivalents

2,325,154 4,573,689

Cash and cash equivalents, beginning of year

23,550,701 18,977,012

Cash and cash equivalents, end of year

\$ 25,875,855 \$ 23,550,701

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Consolidated Statement of Changes in Net Debt

For the Year Ended August 31

2020

2019

Annual surplus	\$ 3,023,888	\$ 7,702,537
Non-financial asset activity		
Acquisition of tangible capital assets	(12,491,246)	(12,291,100)
Amortization of tangible capital assets	12,512,393	14,008,743
Transfer to assets held for sale	1,003,439	-
Change in prepaid expenses	(36,262)	(97,722)
Decrease in net debt	4,012,212	9,322,458
Net debt, beginning of year	(174,425,736)	(183,748,194)
Net debt, end of year	\$ (170,413,524)	\$ (174,425,736)

See accompanying notes to the consolidated financial statements.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies

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

(a) Basis of accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

(b) Reporting entity

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

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

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

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

(c) Trust funds

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

(d) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits.

(e) Investments

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

(f) Deferred revenue

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

(g) Deferred capital contributions

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

The following items fall under this category:

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

(h) Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE EWBT) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

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

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

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

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

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

(i) Tangible capital assets

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

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

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

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

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

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

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

(j) School fundraising and other revenue

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

(k) Government transfers

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

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

(l) Investment income

Investment income is reported as revenue in the period earned.

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

(m) Budget figures

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

(n) Use of estimates

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

(o) Property tax revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

2. Investments

Investments are comprised as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
2.41% Guaranteed investment certificate (matures September 2022)	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -
2.71% Guaranteed investment certificate (matures November 2022)	5,000,000	5,000,000	5,000,000	5,000,000
Principal protected notes (matures December 2022)	5,000,000	5,125,000	5,000,000	4,905,500
Principal protected notes (matures March 2027)	<u>2,500,000</u>	<u>2,617,998</u>	-	-
Balance, end of year	<u>\$15,000,000</u>	<u>\$15,242,998</u>	<u>\$10,000,000</u>	<u>\$ 9,905,500</u>

3. Accounts receivable - Government of Ontario

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

The Board has an account receivable from the Province as at August 31, 2020 of \$ 54,780,372 (2019 - \$ 58,687,679) with respect to capital grants.

The Ministry of Education (the "Ministry") introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Province at August 31, 2020 is \$ 4,291,877 (2019 - \$ 4,268,441).

4. Accounts receivable

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$ 11,053,718 (2019 - \$ Nil) and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

5. Assets held for sale

As of August 31, 2020, \$ 1,003,439 related to land and buildings were reclassified from tangible capital assets to assets held for sale.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

6. 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, 2020 is comprised of:

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Revenue and adjustments recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2020
Special education	\$ -	\$ 29,035,814	\$(28,280,104)	\$ -	\$ 755,710
SEA formula based funding	2,851,572	752,790	(515,507)	-	3,088,855
ABA training	-	62,197	(1,600)	-	60,597
Library staff	47,443	136,248	(122,048)	-	61,643
Student achievement	132,380	1,675,732	(1,078,897)	-	729,215
Indigenous education	87,452	217,007	(84,917)	-	219,542
Priorities and partnerships fund	309,975	2,253,467	(1,255,261)	(37,077)	1,271,104
Tuition	965,143	820,428	(1,282,585)	-	502,686
Miscellaneous	358,578	149,407	-	-	507,985
School renewal	3,073,651	3,737,673	(820,893)	(2,932,689)	3,057,742
Temporary accommodation	280,239	363,776	(460,814)	-	183,201
Retrofitting school spaces for child care	1,698,990	-	-	-	1,698,990
Energy efficient schools					
- operating	10,522	-	-	-	10,522
- capital	221,699	-	771	-	222,470
Proceeds of disposition	4,651,877	-	(18,428)	(329,148)	4,304,301
Assets held for sale	-	1,003,439	-	-	1,003,439
Education development charges	1,475,342	607,564	(765,555)	-	1,317,351
Total deferred revenue	\$ 16,164,863	\$ 40,815,242	\$(34,685,838)	\$ (3,298,914)	\$ 18,995,353

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

7. Deferred capital contributions

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 184,192,514	\$ 185,351,181
Additions to deferred capital contributions	11,861,246	12,291,100
Recognition of deferred revenue related to prior eligible capital expenses	-	-
Revenue recognized in the period	(12,145,443)	(13,449,767)
Transfer to financial assets	(1,003,439)	-
Balance, end of year	<u>\$ 182,904,878</u>	<u>\$ 184,192,514</u>

8. Retirement and other employee future benefits

Retirement and other employee future benefits liabilities and expense as of August 31, 2020 is comprised of:

	<u>2020</u>	<u>2019</u>
Retirement gratuities	\$ 3,407,794	\$ 3,653,034
Retirement health care benefits	455,392	269,284
WSIB – Schedule II future liability	2,408,833	2,457,539
Compensated absences	<u>155,624</u>	<u>155,920</u>
	<u>\$ 6,427,643</u>	<u>\$ 6,535,777</u>

(a) Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2020. Actuarial probabilities were determined and based on updated average daily salary and banked sick days as at August 31, 2020. These valuations take into account the plan changes outlined below and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2020</u>	<u>2019</u>
Inflation	%	%
WSIB	2.0	2.0
All other benefits	1.5	1.5
Discount rate		
WSIB	1.4	2.0
All other benefits	1.4	2.0
Wage and salary escalation	Nil	Nil
Health and dental care cost escalation		
WSIB	4.0	4.0
Health care for all other benefits	7.25	7.25
Dental care for all other benefits	4.5	4.5
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Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

8. Retirement and other employee future benefits (continued)

(b) Retirement benefits

Ontario Teacher's Pension Plan ("OTPP")

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

Ontario Municipal Employees Retirement System ("OMERS")

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$ 3,558,854 (2019 - \$ 3,543,742) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

Retirement gratuities

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

As at August 31, 2020, an unamortized actuarial loss of \$ 286,241 (2019 - \$ 273,135) exists. This amount is being amortized over the expected average remaining service lives of several employee groups. The actual obligation is \$ 3,694,035 (2019 - \$ 3,926,169).

	<u>2020</u>	<u>2019</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>3,407,794</u>	<u>3,653,034</u>
Deficit	<u>\$ 3,407,794</u>	<u>\$ 3,653,034</u>
Accrued benefit obligation, beginning of year	\$ 3,653,034	\$ 3,914,130
Benefit cost and interest	74,677	113,575
Amortized loss	64,723	45,744
Benefits paid during the year	<u>(384,640)</u>	<u>(420,415)</u>
Accrued benefit obligation, end of year	<u>\$ 3,407,794</u>	<u>\$ 3,653,034</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

8. Retirement and other employee future benefits (continued)

Retirement health care benefits

The Board provides dental and health care to certain employee groups after retirement until the members reach 65 years of age, with one exception to age 75. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, ELHTs were established in 2016-18 for all employee groups. Retirees belonging to the principal, vice-principal and non-union employee groups have transitioned to the ELHT. After retirees transition to the ELHT, the Board continued to be responsible for its share of cost of benefits based on the cost sharing agreement prior to the transition to the ELHT.

	<u>2020</u>	<u>2019</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>455,392</u>	<u>269,284</u>
Deficit	<u>\$ 455,392</u>	<u>\$ 269,284</u>
Accrued benefit obligation, beginning of year	\$ 269,284	\$ 218,975
Benefit cost and interest	109,211	115,049
Amortized loss/(gain)	116,442	(31,695)
Benefits paid during the year	<u>(39,545)</u>	<u>(33,045)</u>
Accrued benefit obligation, end of year	<u>\$ 455,392</u>	<u>\$ 269,284</u>

Workplace Safety and Insurance Board obligations

The Board is a Schedule II employer under the Workplace Safety and Insurance Act ("WSIB") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

	<u>2020</u>	<u>2019</u>
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>2,408,833</u>	<u>2,457,539</u>
Deficit	<u>\$ 2,408,833</u>	<u>\$ 2,457,539</u>
Accrued benefit obligation, beginning of year	\$ 2,457,539	\$ 2,893,830
Benefit cost and interest	557,638	69,287
Benefits paid during the year	<u>(606,344)</u>	<u>(505,578)</u>
Accrued benefit obligation, end of year	<u>\$ 2,408,833</u>	<u>\$ 2,457,539</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

8. Retirement and other employee future benefits (continued)

Compensated absences

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements relating to this are \$ 155,624 (2019 - \$ 155,920).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2020 and is based on the average daily salary, and banked sick days of employees as at August 31, 2020.

	2020	2019
Employee benefit plan assets	\$ -	\$ -
Employee benefit plan liabilities	<u>155,624</u>	<u>155,920</u>
Deficit	<u>\$ 155,624</u>	<u>\$ 155,920</u>
Accrued benefit obligation, beginning of year	\$ 155,920	\$ 152,723
Benefit cost and interest	155,624	155,920
Amortized (gain)/loss	(58,893)	11,965
Benefits paid during the year	<u>(97,027)</u>	<u>(164,688)</u>
Accrued benefit obligation, end of year	<u>\$ 155,624</u>	<u>\$ 155,920</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

9. Net long-term debt and capital leases

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

	<u>2020</u>	<u>2019</u>
Unmatured debenture debt	\$ 55,606,681	\$ 60,040,024
Obligations under capital leases	-	17,363
	<u>\$ 55,606,681</u>	<u>\$ 60,057,387</u>

The net long-term debt outstanding bears interest at annual rates ranging from 2.425% to 6.55% maturing between 2021 and 2036. Principal and interest payments relating to net debenture debt and capital loans of \$ 55,606,681 outstanding as at August 31, 2020 are due as follows:

	<u>Principal</u>	<u>Interest Payments</u>	<u>Total</u>
2021	\$ 4,671,418	\$ 2,822,451	\$ 7,493,869
2022	4,786,423	2,571,066	7,357,489
2023	4,910,535	2,310,574	7,221,109
2024	5,184,132	2,036,978	7,221,110
2025	5,473,324	1,979,269	7,452,593
Thereafter	30,580,849	5,716,772	36,297,621
Total	<u>\$ 55,606,681</u>	<u>\$ 17,437,110</u>	<u>\$ 73,043,791</u>

10. Credit facilities

The Board has two credit facilities available for use at any time.

Credit facility #1 is a revolving demand operating credit available in the amount of \$ 12,000,000 for use for current expenditures only and bears interest at prime less 0.5%.

Credit facility #2 is a revolving demand instalment loan in the amount of \$ 500,000 to finance capital expenditures which would bear interest at prime.

Further, the Board has a \$ 230,000 Corporate VISA and \$ 900,000 VISA purchase card credit facility available.

As at August 31, 2020, \$ 839,341 has been drawn upon by way of letters of credit as per Note 17 against credit facility #1 and no balance against credit facility #2. Security is by way of executed by-laws in compliance with applicable legislative requirements.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

11. Debt charges and capital loans and leases interest

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

	<u>2020</u>	<u>2019</u>
Principal payments on long-term liabilities	\$ 4,450,706	\$ 4,207,884
Interest payments on long-term liabilities	<u>2,987,137</u>	<u>3,211,604</u>
	<u>\$ 7,437,843</u>	<u>\$ 7,419,488</u>

The expenditure for capital leases is allocated to the related expenditure category. The total principal, sinking fund contributions and interest payments for capital leases are as follows:

	<u>2020</u>	<u>2019</u>
Principal payments on capital leases	\$ 17,363	\$ 16,574
Interest payments on capital leases	<u>429</u>	<u>1,197</u>
	<u>\$ 17,792</u>	<u>\$ 17,771</u>

12. Liability for contaminated sites

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

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

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

13. Accumulated surplus

	<u>2020</u>	<u>2019</u>
Accumulated surplus consists of the following:		
Available for compliance	\$ 10,625,481	\$ 8,120,654
Available for compliance – internally appropriated	5,632,274	5,973,755
Unavailable for compliance		
Interest accrued	(899,298)	(972,677)
School activities fund	2,708,367	2,537,239
Revenues recognized for land purchases	9,519,725	8,903,690
Total unavailable for compliance	11,328,794	10,468,252
Total accumulated surplus	\$ 27,586,549	\$ 24,562,661

14. Trust funds

Trust funds administered by the Board, which have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations and accumulated surplus, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Larkin Award Fund	\$ 26,485	\$ 23,681
Kristen French Scholarship Fund	117,672	118,380
Marion Oakley Fund	6,007	5,913
Nicole Longe Memorial Fund	6,320	6,416
James and Anna McGarrey	8,401	8,369
Teachers Finance Leave Plan	822,589	1,127,931
Michael and Isabelle Moran	49,102	49,322
Hugo and Corrinne Massotti	54,895	54,527
Total trust funds	\$ 1,091,471	\$ 1,394,539

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

15. Expenses by object

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

	2020 Budget	2020 Actual	2019 Actual
Salary and wages	\$ 182,483,543	\$ 180,218,176	\$ 181,717,491
Employee benefits	29,565,987	28,982,885	28,215,014
Staff development	454,400	247,418	249,208
Supplies and services	17,174,465	14,672,894	17,580,575
Interest charges	3,217,560	2,987,137	3,212,801
Rental expenses	788,520	621,332	669,056
Fees and contract services	13,205,571	12,253,565	13,115,703
Amortization of tangible capital assets	16,103,700	12,512,393	14,008,740
Other	722,517	770,805	723,450
School funded activities	7,410,200	4,459,878	7,412,176
Total expenses	\$ 271,126,463	\$ 257,726,483	\$ 266,904,214

16. Ontario School Board Insurance Exchange

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

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

17. Contractual obligations and contingent liabilities

Contingent liabilities

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

Letters of credit

The Board has authorized letters of credit in favour of the City of St. Catharines in the amount of \$ 216,972, the City of Niagara Falls in the amount of \$ 246,313, the City of Port Colborne in the amount of \$ 51,591, the Town of Fort Erie in the amount of \$ 65,610, the City of Thorold in the amount of \$ 139,648 and the Town of Grimsby in the amount of \$ 119,207. All of these letters of credit relate to site plan deposits. These letters of credit are covered under the security as described under credit facilities in Note 10.

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

18. Commitments

Capital expenditures

The Board is committed to spending approximately \$ 10,000,000 on capital projects in the following year.

Lease obligations

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

2021	\$ 526,479
2022	377,751
2023	263,656
2024	203,095
2025	133,320

19. Transportation consortium

On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara ("DSBN") in order to provide common administration of student transportation in the Region of Niagara. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS. No Board is in a position to exercise unilateral control.

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

The following provides condensed financial information:

	<u>2020</u> <u>Total</u>	<u>2020</u> <u>Board</u> <u>Portion</u>	<u>2019</u> <u>Total</u>	<u>2019</u> <u>Board</u> <u>Portion</u>
Transportation services	\$ 27,727,694	\$ 9,422,787	\$ 28,474,903	\$ 9,856,270
Administrative expenses	1,247,912	434,010	1,192,229	423,624
Grant expenditures	56,323	-	13,784	-
Amortization	2,044	-	4,086	-
	<u>\$ 29,033,973</u>	<u>\$ 9,856,797</u>	<u>\$ 29,685,002</u>	<u>\$ 10,279,894</u>

Niagara Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

20. Related party transactions

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

An amount of \$ 4,831 (2019 - \$ 20,289) has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

21. COVID-19

As of March 11, 2020, the World Health Organization declared a global pandemic (the "pandemic") as a result of the spread of COVID-19. Since that time, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Board for future periods.

Niagara Catholic District School Board Schedule of Tangible Capital Assets

August 31, 2020

	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals/ Transfer to Financial Asset	End of Year	Beginning of Year	Amortization	Disposals/ Transfer to Financial Asset	End of Year	End of Year
Land	\$ 8,889,725	\$ -	\$ -	\$ 8,889,725	\$ -	-	-	\$ -	\$ 8,889,725
Land improvements	17,198,252	3,609,093	(138,928)	20,668,417	5,377,550	1,283,386	(138,928)	6,522,008	14,146,409
Buildings	310,019,617	6,962,681	(2,319,891)	314,662,407	135,422,807	10,196,133	(1,316,452)	144,302,488	170,359,919
Portable structures	77,000	-	(77,000)	-	77,000	-	(77,000)	-	-
Equipment	269,854	89,150	(54,875)	304,129	155,967	57,398	(54,875)	158,490	145,639
First-time equipping	1,909,576	-	(20,722)	1,888,854	1,000,786	189,922	(20,722)	1,169,986	718,868
Furniture	95,532	-	-	95,532	52,644	9,553	-	62,197	33,335
Computer hardware	2,190,948	1,049,126	(190,157)	3,049,917	1,029,708	524,087	(190,157)	1,363,638	1,686,279
Computer software	515,508	-	(29,454)	486,054	208,986	100,156	(29,454)	279,688	206,366
Vehicles	392,626	114,119	(37,843)	468,902	170,166	86,153	(37,843)	218,476	250,426
Computers under capital lease	174,385	-	-	174,385	141,073	25,375	-	166,448	7,937
Leasehold improvements	182,611	37,077	-	219,688	51,807	40,230	-	92,037	127,651
Construction in progress	177,412	-	-	177,412	-	-	-	-	177,412
Pre-acquisition costs	-	630,000	-	630,000	-	-	-	-	630,000
	\$342,093,046	\$ 12,491,246	\$ (2,868,870)	\$351,715,422	\$ 143,688,494	\$ 12,512,393	\$ (1,865,431)	\$ 154,335,456	\$ 197,379,966

Niagara Catholic District School Board Schedule of Tangible Capital Assets

August 31, 2019

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

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
AUDIT COMMITTEE MEETING
NOVEMBER 27, 2020**

PUBLIC SESSION

TITLE: FUTURE MEETINGS

Next Audit Committee Meeting is scheduled for Friday June 18, 2021 at 10:00 a.m.