

Near North District School Board
Consolidated Financial Statements
For the year ended August 31, 2019

**Near North District School Board
Consolidated Financial Statements
For the year ended August 31, 2019**

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Near North
District School Board

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Management Report

Year ended August 31, 2019

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Near North District School Board are the responsibility of the Board's management and have been prepared in accordance with the basis of accounting described in the summary of significant accounting policies attached 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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada 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.

Geoff Botting
Interim Director of Education

Elizabeth Therrien
Superintendent of Business

North Bay, Ontario
November 26, 2019



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Independent Auditor's Report

To the Board of Trustees of the Near North District School Board

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2019, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to the summary of significant accounting policies attached 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 the Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 audit. We remain solely responsible for our audit opinion.

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.



Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
November 26, 2019

Near North District School Board Consolidated Statement of Financial Position

August 31

2019

2018

Financial Assets

Cash and cash equivalents	\$ 8,619,032	\$ 5,579,822
Investments (Note 2)	624,383	621,271
Accounts receivable	9,478,827	11,492,719
Accounts receivable - Government of Ontario (Note 3)	67,219,145	65,991,421
Assets held for sale (Note 4)	228,354	255,917
	86,169,741	83,941,150

Financial Liabilities

Accounts payable and accrued liabilities	8,064,030	9,523,723
Net debenture debt and capital loans (Note 8)	55,008,769	57,527,788
Deferred revenue (Note 5)	8,557,793	7,849,115
Deferred capital contributions (Note 6)	136,174,666	135,462,892
Employee future benefits payable (Note 7)	9,017,308	9,046,949
	216,822,566	219,410,467

Net Debt

(130,652,825) (135,469,317)

Non-Financial Assets

Prepaid expenses	305,046	2,174,798
Tangible capital assets (Note 1)	141,978,505	141,344,638
	142,283,551	143,519,436



Total Non-Financial Assets

Accumulated Surplus (Note 10)

\$ 11,630,726 \$ 8,050,119

Contingent Liabilities (Note 13)

On behalf of the Board:

 _____	Chair of the Board
 _____	Director of Education

Near North District School Board Consolidated Statement of Operations

For the year ended August 31	Budget 2019	Actual 2019	Actual 2018
Revenues			
Provincial legislative grants	\$ 138,985,736	\$ 139,217,586	\$ 136,178,205
Provincial grants - other	1,786,201	3,329,178	4,205,270
Federal grants and fees	2,360,376	2,407,213	2,435,780
Other fees and revenues	911,090	2,847,988	2,748,947
Other revenues - school boards	185,000	240,972	302,310
Investment income	-	173,462	170,275
School generated funds	3,036,406	2,812,911	2,763,036
Amortization of deferred capital contributions	9,383,381	10,748,517	9,672,305
Total Revenues	156,648,190	161,777,827	158,476,128
Expenses (Note 11)			
Instruction	110,568,975	110,468,411	108,711,204
Administration	4,626,901	4,194,428	4,355,111
Transportation	11,669,006	12,160,131	11,326,329
Pupil accommodation	24,915,379	27,179,380	24,763,248
Other	590,202	1,416,786	3,245,420
School generated funds	2,971,158	2,778,084	2,632,808
Total Expenses	155,341,621	158,197,220	155,034,120
Annual surplus	1,306,569	3,580,607	3,442,008
Accumulated surplus, beginning of year	6,155,613	8,050,119	4,608,111
Accumulated surplus, end of year (Note 10)	\$ 7,462,182	\$ 11,630,726	\$ 8,050,119

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Near North District School Board
Consolidated Statement of Changes in Net Debt**

For the year ended August 31	Budget 2019	Actual 2019	Actual 2018
Annual surplus	\$ 1,306,569	\$ 3,580,607	\$ 3,442,008
Tangible capital asset activity			
Acquisition of tangible capital assets	(7,408,203)	(11,917,001)	(15,505,663)
Amortization and write-down of tangible capital assets	9,455,809	10,821,054	9,744,844
Gain on sale of tangible capital assets	-	(404,462)	(40,608)
Proceeds on sale of tangible capital assets	-	638,188	322,266
Transfer to assets held for sale	-	228,354	255,917
Total tangible capital asset activity	2,047,606	(633,867)	(5,223,244)
Other non-financial asset activity			
Acquisition of prepaid expenses	-	(305,046)	(2,174,798)
Use of prepaid expenses	-	2,174,798	321,864
	-	1,869,752	(1,852,934)
Change in net debt	3,354,175	4,816,492	(3,634,170)
Net debt, beginning of year		(135,469,317)	(131,835,147)
Net debt, end of year		\$(130,652,825)	\$(135,469,317)

Near North District School Board Consolidated Statement of Cash Flows

For the year ended August 31	2019	2018
Operating transactions		
Annual surplus	\$ 3,580,607	\$ 3,442,008
Non cash items:		
Amortization and write-downs of tangible capital assets	10,821,054	9,744,844
Amortization of deferred capital contributions	(10,748,517)	(9,672,305)
Actuarial employee future benefit expense	1,382,760	579,314
Change in non-cash operating balances		
Accounts receivable	786,168	(697,777)
Accounts payable and accrued liabilities	(1,459,693)	1,903,471
Deferred revenues	(158,210)	1,555,484
Prepaid expenses	1,869,752	(1,852,934)
	<u>6,073,921</u>	<u>5,002,105</u>
Investing activities		
(Increase) decrease in investments	(3,112)	39,850
Proceeds on sale of assets held for sale	261,645	-
	<u>258,533</u>	<u>39,850</u>
Capital transactions		
Proceeds on sale of tangible capital assets	638,188	322,266
Cash used to acquire tangible capital assets	(11,917,001)	(15,505,663)
	<u>(11,278,813)</u>	<u>(15,183,397)</u>
Financing transactions		
Repayment of long term debt	(2,519,019)	(2,417,539)
Deferred capital contributions received	11,917,000	15,505,672
Payments of employee future benefits	(1,412,412)	(1,639,414)
Cash provided by financing transactions	<u>7,985,569</u>	<u>11,448,719</u>
Net change in cash and equivalents during the year	3,039,210	1,307,277
Cash and cash equivalents, beginning of year	<u>5,579,822</u>	<u>4,272,545</u>
Cash and cash equivalents, end of year	<u>\$ 8,619,032</u>	<u>\$ 5,579,822</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

Nature of Organization The principal activity of the Board is to administer the operations of the English public elementary and secondary schools in the Districts of Nipissing and Parry Sound.

Accounting Principles The consolidated financial statements have been prepared by the Board 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 with 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 at an amount equal to amortization charged on the related depreciable tangible capital assets. 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.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

a) Basis of Accounting (continued)

The accounting requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires 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 revenue and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

**b) Reporting Entity
(continued)**

School generated funds, which include the assets, liabilities, revenues, expenditures and fund balances 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 include:

Near North District School Board Charity Works
Nipissing-Parry Sound Student Transportation Services/
Services de Transport Scolaire Nipissing-Parry Sound
(NPSSTS)

The NPSSTS statement of financial position and statement of operations are consolidated on a proportionate basis.

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 are comprised of cash on hand, short term investments, bank balances and bank overdraft, all of which have short maturity terms of less than 90 days.

e) Investments

Investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition and long-term investments with maturities of between one and five years. Investments are carried on the statement of financial position at the lower of cost or market value.

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 performed.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

**f) Deferred Capital
Contributions**

Contributions received or receivable for the purposes 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;
- Property taxation revenues which were historically used to fund capital assets.

**g) Retirement and
Other Employee
Future Benefits**

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, worker's compensation and sick leave.

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: ETFO, OSSTF. The following ELHTs were established in 2017-2018: CUPE and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental 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 being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

**g) Retirement and
Other Employee
Future Benefits
(continued)**

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 actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining 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, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System 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.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

h) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, 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 and as indicated, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Land	No amortization
Land improvements with finite lives	15
Buildings and building improvements	20-40
Portable structures	20
Computer hardware	5
Computer software	5
Equipment	5-15
Furniture	10
First-time equipping of schools	10
Vehicles	5-10

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 net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written down to its residual 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.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

- i) Government Transfers** Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.
- 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.
- j) Investment Income** Investment income is reported as revenue in the period earned.
- When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the retrospective deferred revenue balance.
- k) Budget Figures** Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

Near North District School Board Summary of Significant Accounting Policies

August 31, 2019

l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the Board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

m) 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.

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

1. Tangible Capital Assets

	2019																
	Land	Land Improvements	Land	Buildings	Buildings	Other Buildings	Portable Structures	Construction In Progress	Computer Hardware	Computer Software	Equipment - 5 year	Equipment - 10 year	Equipment - 15 year	Furniture	First Time Equipping	Vehicles	Total
Cost, beginning of year	\$ 5,259,724	\$ 11,941,862	\$ 201,172,889	\$ 300,291	\$ 445,226	\$ 238,460	\$ 3,145,187	\$ 544,019	\$ -	\$ 15,285	\$ 392,358	\$ 154,046	\$ 19,214	\$ 1,195,472	\$ 55,191	\$ 224,335,205	
Additions	-	2,360,200	8,809,648	-	39,311	35,515	968,045	-	-	-	41,642	-	-	14,037	72,629	11,917,001	
Disposals	(5,360)	-	(1,371,057)	-	-	-	(968,045)	-	-	-	(20,894)	-	(8,666)	-	-	(2,374,022)	
Cost, end of year	\$ 5,254,364	\$ 14,302,062	\$ 208,611,480	\$ 300,291	\$ 484,537	\$ 273,975	\$ 2,721,161	\$ -	\$ -	\$ 15,285	\$ 413,106	\$ 154,046	\$ 10,548	\$ 1,209,509	\$ 127,820	\$ 233,878,184	
Accumulated amortization, beginning of year	\$ -	\$ 4,622,997	\$ 75,815,487	\$ 66,372	\$ 73,902	\$ -	\$ 1,770,289	\$ -	\$ -	\$ 764	\$ 101,974	\$ 27,320	\$ 11,492	\$ 474,252	\$ 25,718	\$ 82,990,567	
Amortization	-	1,408,205	8,585,032	15,091	23,244	-	597,617	-	-	1,528	40,312	10,484	1,921	118,642	18,978	10,821,054	
Disposals	-	-	(914,337)	-	-	-	(968,045)	-	-	-	(20,894)	-	(8,666)	-	-	(1,911,942)	
Accumulated amortization, end of year	\$ -	\$ 6,031,202	\$ 83,486,182	\$ 81,463	\$ 97,146	\$ -	\$ 1,399,861	\$ -	\$ -	\$ 2,292	\$ 121,392	\$ 37,804	\$ 4,747	\$ 592,894	\$ 44,696	\$ 91,899,679	
Net carrying amount, end of year	\$ 5,254,364	\$ 8,270,860	\$ 125,125,298	\$ 218,828	\$ 387,391	\$ 273,975	\$ 1,321,300	\$ -	\$ -	\$ 12,993	\$ 291,714	\$ 116,242	\$ 5,801	\$ 616,615	\$ 83,124	\$ 141,978,505	

	2018																
	Land	Land Improvements	Land	Buildings	Buildings	Other Buildings	Portable Structures	Construction In Progress	Computer Hardware	Computer Software	Equipment - 5 year	Equipment - 10 year	Equipment - 15 year	Furniture	First Time Equipping	Vehicles	Total
Cost, beginning of year	\$ 5,259,725	\$ 9,172,094	\$ 192,346,807	\$ 300,291	\$ 445,226	\$ 108,782	\$ 3,149,219	\$ 648,359	\$ -	\$ 14,357	\$ 289,912	\$ 146,692	\$ 46,871	\$ 1,064,233	\$ 75,603	\$ 212,419,812	
Additions	-	2,842,181	11,618,822	-	-	129,678	648,359	-	-	15,284	112,746	7,354	-	131,239	-	15,505,663	
Disposals	(1)	(72,413)	(2,792,740)	-	-	-	(652,391)	-	-	(14,356)	(10,300)	-	(27,657)	-	(20,412)	(3,590,270)	
Cost, end of year	\$ 5,259,724	\$ 11,941,862	\$ 201,172,889	\$ 300,291	\$ 445,226	\$ 238,460	\$ 3,145,187	\$ -	\$ -	\$ 15,285	\$ 392,358	\$ 154,046	\$ 19,214	\$ 1,195,472	\$ 55,191	\$ 224,335,205	
Accumulated amortization, beginning of year	\$ -	\$ 3,604,065	\$ 70,249,257	\$ 51,281	\$ 51,641	\$ -	\$ 1,800,137	\$ -	\$ -	\$ 12,920	\$ 78,074	\$ 17,203	\$ 35,029	\$ 362,901	\$ 35,921	\$ 76,298,429	
Amortization	-	1,079,442	7,833,310	15,091	22,261	-	622,543	-	-	2,200	34,200	10,117	4,120	111,351	10,209	9,744,844	
Disposals	-	(60,510)	(2,267,080)	-	-	-	(652,391)	-	-	(14,356)	(10,300)	-	(27,657)	-	(20,412)	(3,052,706)	
Accumulated amortization, end of year	\$ -	\$ 4,622,997	\$ 75,815,487	\$ 66,372	\$ 73,902	\$ -	\$ 1,770,289	\$ -	\$ -	\$ 764	\$ 101,974	\$ 27,320	\$ 11,492	\$ 474,252	\$ 25,718	\$ 82,990,567	
Net carrying amount, end of year	\$ 5,259,724	\$ 7,318,865	\$ 125,357,402	\$ 233,919	\$ 371,324	\$ 238,460	\$ 1,374,898	\$ -	\$ -	\$ 14,521	\$ 290,384	\$ 126,726	\$ 7,722	\$ 721,220	\$ 29,473	\$ 141,344,638	

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

2. Investments

Investments consist of guaranteed investment certificates which bear interest at rates from 2.01% to 3.25% with maturities ranging from January 16, 2020 to January 21, 2024.

3. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. Near North District School Board will receive 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 \$67,219,145 as at August 31, 2019 (2018 - \$65,991,421) with respect to this one-time grant.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As a part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$6,148,607.

4. Assets Held For Sale

As of August 31, 2019, \$228,354 (2018 - \$253,451) related to buildings and \$NIL (2018 - \$2,466) related to land improvements were reclassified as assets held for sale. During the year, 2 school properties were sold. Net proceeds of \$899,832 was received on the sale of this property which was deferred for future capital expenditures in accordance with Ontario Regulation 193/10.

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

5. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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

	Balance August 31, 2018	Externally Restricted Revenue	Transfers to Deferred Capital Contributions	Revenue recognized in period	Balance August 31, 2019
Provincial legislative grants	\$ 4,626,043	\$ 29,428,952	\$ (2,369,288)	\$ (26,628,225)	\$ 5,057,482
Provincial grants - other	722,588	818,362	(10,429)	(1,298,578)	231,943
Energy efficient schools	9,739	-	(9,683)	-	56
Assets held for sale	255,917	(27,563)	-	-	228,354
Proceeds of disposition	1,865,921	899,832	-	-	2,765,753
Other	368,907	66,286	-	(160,988)	274,205
	\$ 7,849,115	\$ 31,185,869	\$ (2,389,400)	\$ (28,087,791)	\$ 8,557,793

6. Deferred Capital Contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2019	2018
Balance, beginning of year	\$ 135,462,892	\$ 130,167,092
Capital contributions received during the year	11,917,000	15,505,672
Revenue recognized in the year	(10,748,517)	(9,672,305)
Transfer to deferred revenue	(456,709)	(537,567)
Balance, end of year	\$ 136,174,666	\$ 135,462,892

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

7. Retirement and Other Employee Future Benefits

Liabilities	2019			2018
	Retirement Gratuity and Sick Leave	Other Employee Future Benefits (WSIB)	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations at August 31, 2019	\$ 8,240,806	\$ 1,773,958	\$ 10,014,764	\$ 9,794,843
Unamortized Actuarial (Losses) Gains at August 31, 2019	(997,456)	-	(997,456)	(747,894)
Employee Future Benefits Liability at August 31, 2019	<u>\$ 7,243,350</u>	<u>\$ 1,773,958</u>	<u>\$ 9,017,308</u>	<u>\$ 9,046,949</u>

Expenses	2019			2018
	Retirement Gratuity and Sick Leave Credits	Other Employee Future Benefits(WSIB)	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 992,364	\$ 992,364	\$ 207,611
Interest on accrued benefit obligation	233,862	42,626	276,488	233,704
Net amortization of estimation adjustment loss (gain)	113,908	-	113,908	136,623
Employee Future Benefits Expenses ¹	<u>\$ 347,770</u>	<u>\$ 1,034,990</u>	<u>\$ 1,382,760</u>	<u>\$ 577,938</u>

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below. Actual retirement gratuity and other employee future benefit payments for the year were \$1,412,412 (2018 - \$1,639,405).

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

7. Retirement and Other Employee Future Benefits (continued)

(i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's 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 financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than half a million active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total going concern actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating a going concern actuarial deficit of \$4,191 million. Ongoing adequacy of the Primary Plan's contribution rates will need to be monitored to ensure that future contributions, together with the Primary Plan assets and future investment earnings thereon, will be sufficient to provide for its future benefits. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organization and their employees. During the year ended August 31, 2019, the Board contributed \$1,903,502 (2018 - \$1,837,571) to the plan.

(iii) Retirement Gratuities

The Board provides retirement gratuities to all permanent employees with a minimum of 10 years of service. 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 up to August 31, 2012.

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

7. Retirement and Other Employee Future Benefits (continued)

(iv) Workplace Safety and Insurance Board Obligations (WSIB)

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial valuations for accounting purposes as at August 31, 2019. These actuarial valuations were based on assumptions about future events. The last full actuarial valuation was performed as at August 31, 2017. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2019	2018
Retirement Gratuity Plan	%	%
Wage and salary escalation	N/A	N/A
Discount on accrued benefit obligations	2.00	2.90
Inflation	1.50	1.50
Workplace Safety and Insurance Board Obligations		
Discount on accrued benefit obligations	2.00	2.90
Inflation	2.00	2.00

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

8. Net Debenture Debt and Capital Loans

Net debenture debt, capital loans and leases reported on the consolidated statement of financial position are comprised of the following:

	2019	2018
Capital Loan - Ontario Financing Authority 1st Issue ⁽ⁱ⁾	\$ 3,716,311	\$ 3,932,750
Capital Loan - Ontario Financing Authority 2nd Issue ⁽ⁱⁱ⁾	4,778,014	5,015,679
Capital Loan - Ontario Financing Authority 3rd Issue ⁽ⁱⁱⁱ⁾	1,884,158	1,967,827
Capital Loan - Ontario Financing Authority 4th Issue ^(iv)	8,762,902	9,076,525
Debenture - White Woods ^(v)	1,736,410	1,875,685
Debenture - Vincent Massey & Land of Lakes ^(vi)	2,855,964	3,299,948
Debenture - Almaguin PTR Stage 2 ^(vii)	13,313,458	13,840,860
Debenture - Almaguin Capital Priorities ^(viii)	3,532,832	3,672,782
Debenture - Almaguin PTR Stage 2 ^(ix)	1,996,359	2,061,362
Debenture - Almaguin PTR Stage 3 ^(x)	57,097	59,049
Debenture - GPL/Capital Funding Allocation 2010-11 ^(xi)	1,542,771	1,590,743
Debenture - Capital Priorities ^(xii)	10,832,493	11,134,578
Balance as at August 31	\$ 55,008,769	\$ 57,527,788

- (i) interest 4.56% per annum, blended principal and interest payments of \$196,665 semi-annually, matures November 2031.
- (ii) interest 4.90% per annum, blended principal and interest payments of \$240,278 semi-annually, matures March 2033.
- (iii) interest 5.062% per annum, blended principal and interest payments of \$91,117 semi-annually, matures March 2034.
- (iv) interest 3.799% per annum, blended principal and interest payments of \$327,745 semi-annually, matures March 2038.
- (v) interest 5.054% per annum, blended principal and interest payments of \$116,168 semi-annually, matures November 2028.
- (vi) interest 4.766% per annum, blended principal and interest payments of \$298,016 semi-annually, matures November 2024.
- (vii) interest 3.564% per annum, blended principal and interest payments of \$508,017 semi-annually, matures March 2037.

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

8. Net Debenture Debt and Capital Loans (continued)

- (viii) interest 3.564% per annum, blended principal and interest payments of \$134,806 semi-annually, matures March 2037.
- (ix) interest 4.003% per annum, blended principal and interest payments of \$73,438 semi-annually, matures March 2039.
- (x) interest 2.993% per annum, blended principal and interest payments of \$1,853 semi-annually, matures March 2040.
- (xi) interest 3.242% per annum, blended principal and interest payments of \$49,579 semi-annually, matures March 2041.
- (xii) interest 3.594% per annum, blended principal and interest payments of \$349,786 semi-annually, matures March 2042.

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

	Principal	Interest	Total
2019/20	\$ 2,624,852	\$ 2,150,083	\$ 4,774,935
2020/21	2,735,228	2,039,707	4,774,935
2021/22	2,850,346	1,924,589	4,774,935
2022/23	2,970,415	1,804,521	4,774,936
2023/24	3,095,651	1,679,285	4,774,936
Thereafter	40,732,277	11,496,040	52,228,317
Net long-term liabilities	\$ 55,008,769	\$ 21,094,225	\$ 76,102,994

9. Debt Charges and Capital Loans Interest

	2019	2018
Principal payments on long-term liabilities	\$ 2,519,019	\$ 2,417,539
Interest payments on long-term liabilities	2,225,350	2,328,131
	\$ 4,744,369	\$ 4,745,670

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

10. Accumulated Surplus

Accumulated surplus consists of the following:

	2019	2018
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 6,311,794	\$ 4,524,685
Available for Compliance - Internally Appropriated		
Charity	910,211	880,321
Local Priorities Fund Funding	257,219	205,031
Committed capital projects	549,476	622,014
School Renewal	589,805	589,805
Total Internally Appropriated	2,306,711	2,297,171
Unavailable for Compliance		
Revenues recognized for land	5,254,358	5,259,723
School generated funds	1,151,137	1,116,310
Accrued interest	(634,987)	(665,553)
Employee future benefits	(2,758,287)	(4,482,217)
Total Externally Appropriated	3,012,221	1,228,263
Total Accumulated Surplus	\$ 11,630,726	\$ 8,050,119

11. Expenses by Object

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

	2019 Budget	2019 Actual	2018 Actual
Expenses:			
Salary and wages	\$ 98,578,724	\$ 98,832,590	\$ 97,389,166
Employee benefits	16,448,426	16,751,507	15,047,022
Staff development	862,226	370,400	403,931
Supplies and services	11,700,570	11,054,808	10,942,436
Interest	2,255,916	2,225,350	2,328,131
Rental expenditures	525,173	856,494	962,354
Fees and contract services	14,867,976	15,792,466	14,861,664
Other	646,802	1,492,551	3,354,572
Amortization and write-downs	9,455,808	10,821,054	9,744,844
	\$ 155,341,621	\$ 158,197,220	\$ 155,034,120

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

12. Ontario School Board Insurance Exchange (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million 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 five year term expires December 31, 2021.

13. Contingent Liabilities

Various lawsuits have been filed against the Board for incidents arising in the normal course of operations. At the present time, a reasonable estimate cannot be made of the amount that the Board may have to pay to settle these claims. As such, no provision has been made in the financial statements.

14. Temporary Borrowing

The Board has three separate credit facilities and one lease facility with a Canadian Financial Institution as described below:

Facility one - \$20,000,000 revolving demand facility to finance current expenditures and bridge capital expenditures pending receipt of tax assessments and ministry revenues. Interest is charged at the bank's prime rate less 0.75%. At year end the Board was using \$Nil (2018 - \$Nil) of this facility.

Facility two - \$20,000,000 revolving demand facility to bridge financing of various school construction and or renovation projects pending receipt of ministry funding. Interest is charged at the bank's prime rate less 0.75%. At year end the Board was using \$Nil (2018 - \$Nil) of this facility.

Facility three - \$1,000,000 revolving lease line of credit. Leases will be governed by this agreement and separate agreements between the Board and the lender. At year end the Board was using \$Nil (2018- \$Nil) of this facility.

The aggregate of facility two and three shall not exceed \$20,000,000 at any time.

As at August 31, 2019 the Board has provided letters of guarantee to the Corporation of the Township of Parry Sound in the aggregate amount of \$312,938.

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

15. Employee Trust Funds

Under certain collective agreements with its employees, the Board holds trust funds for its employees. As at August 31, 2019 the funds held on behalf of employees totaling \$563,461 (2018 - \$508,925). These funds are beneficially owned by the employees and as such are not reflected on the Board's statement of financial position.

16. Partnership in the Nipissing-Parry Sound Student Transportation Services

In 2003, the Board entered into an agreement with the Nipissing-Parry Sound Catholic District School Board, conseil scolaire public du Nord-Est. de l'Ontario and conseil scolaire catholique Franco-Nord District School Boards, and formed the Nipissing-Parry Sound Student Transportation Services (NPSSTS) to provide common administration of student transportation in the district. The agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the NPSSTS are shared. No partner is in a position to exercise unilateral control.

Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs.

The following provides condensed financial information:

	2019 Total	2019 NND SB Portion	2018 Total	2018 NND SB Portion
Financial Position				
Financial assets	\$ 120,392	\$ 73,034	\$ 143,430	\$ 86,817
Liabilities	(172,623)	(104,720)	(181,922)	(110,117)
Non-financial assets	52,231	31,686	38,492	23,300
Accumulated Surplus/ (Deficit)	\$ -	\$ -	\$ -	-
Operations				
Revenues	\$ 20,191,031	\$ 12,054,082	\$ 18,971,736	\$ 11,483,591
Expenses	(20,191,031)	(12,054,082)	(18,971,736)	(11,483,591)
Annual Surplus/(Deficit)	\$ -	\$ -	\$ -	-

Near North District School Board Notes to Consolidated Financial Statements

August 31, 2019

17. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$5,277,832 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's consolidated statement of financial position and the flow-through of \$393,202 (2018 - \$393,202) in respect of the above agreement is recorded in these consolidated financial statements.