

Consolidated Financial Statements of

**Waterloo Catholic
District School Board**

Year ended August 31, 2015



November 23, 2015

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

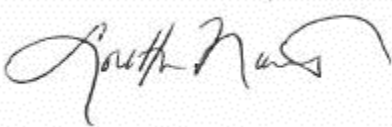
The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's Management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on Management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


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

The Board meets with Management and 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 Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Loretta Notten
Director of Education



Shesh Maharaj
Chief Financial Officer

Independent auditor's report

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

We have audited the accompanying financial statements of the Waterloo Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2015 and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Waterloo Catholic District School Board as at August 31, 2015 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis of accounting

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

Grant Thornton LLP

Mississauga, Canada
November 23, 2015

Chartered Professional Accountants
Licensed Public Accountants

Waterloo Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2015, with comparative figures for 2014

	2015	2014
Financial assets		
Cash and cash equivalents	\$ 18,540,779	\$ 13,440,750
Accounts receivable (note 3)	10,609,495	10,755,102
Assets held for sale (note 4)	2,247,870	1,920,487
Accounts receivable - Government of Ontario approved capital (note 5)	86,582,836	98,335,207
Total financial assets	117,980,980	124,451,546
Liabilities		
Accounts payable and accrued liabilities	8,519,746	10,466,974
Deferred revenue (note 6)	18,810,563	17,543,801
Deferred capital contributions (note 7)	225,388,951	229,211,045
Retirement and other employee future benefits payable (note 8)	6,171,155	6,361,664
Net debenture debt and capital leases (note 9)	86,198,142	94,265,343
Total liabilities	345,088,557	357,848,827
Net debt	(227,107,577)	(233,397,281)
Non-financial assets		
Prepaid expenses	589,739	643,487
Tangible capital assets (note 11)	252,067,656	254,376,435
Total non-financial assets	252,657,395	255,019,922
Contractual obligations and contingencies (notes 14 and 16)		
Accumulated surplus	\$ 25,549,818	\$ 21,622,641

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Loretta Notten, Director of Education

Manuel daSilva, Chair of the Board

Waterloo Catholic District School Board

Consolidated Statement of Operations

Year ended August 31, 2015, with comparative figures for 2014

	2015 Budget (Note 20)	2015 Actual	2014 Actual
Revenues			
Provincial grants - grants for student needs	\$ 233,211,372	\$ 236,882,657	\$ 221,776,078
Provincial grants - other	3,828,796	4,757,636	16,573,048
Federal grants and fees	1,345,379	1,308,057	1,329,851
Other fees and revenues	14,101,759	10,459,949	8,845,139
Investment income	40,000	193,722	89,848
School fundraising	4,941,603	5,222,662	5,183,381
Total revenues	257,468,909	258,824,683	253,797,345
Expenses			
Instruction	196,927,708	200,025,854	198,474,207
Administration	6,495,937	6,473,037	6,068,976
Transportation	5,388,190	4,998,960	5,763,440
Pupil accommodation	36,997,189	37,546,473	35,528,730
School funded activities	4,816,771	5,455,207	5,185,325
Other	397,975	397,975	397,975
Total expenses (note 13)	251,023,770	254,897,506	251,418,653
Annual surplus	6,445,139	3,927,177	2,378,692
Accumulated surplus, beginning of year	25,513,936	21,622,641	19,243,949
Accumulated surplus, end of year	\$ 31,959,075	\$ 25,549,818	\$ 21,622,641

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Cash Flows

Year ended August 31, 2015, with comparative figures for 2014

	2015	2014
Operating activities		
Annual surplus	\$ 3,927,177	\$ 2,378,692
Sources and (uses):		
Items not involving cash:		
Amortization of tangible capital assets	12,279,737	11,654,407
Grants recognized for deferred capital contributions	(12,279,737)	(11,543,189)
Gain on sale of tangible capital assets	(21,839)	-
Decrease in retirement and other employee future benefits payable	(190,509)	(177,057)
Transfer from deferred revenue to deferred capital contributions	-	-
	(212,348)	(65,839)
Changes in non-cash assets and liabilities:		
Decrease in accounts receivable	11,897,977	13,962,230
(Decrease) increase in accounts payable and accrued liabilities	(1,947,228)	51,133
(Decrease) increase in deferred revenue	(1,078,145)	37,822
(Increase) decrease in assets held for sale	(327,382)	437,417
Decrease in prepaid expenses	53,748	258,714
	8,598,970	14,747,316
Cash provided by operating activities	12,313,799	17,060,169
Capital activities		
Proceeds on sale of tangible capital assets	17,951	1,898,128
Cash used to acquire tangible capital assets	(9,967,070)	(18,285,673)
Cash applied to capital activities	(9,949,119)	(16,387,545)
Financing activities		
Capital grants received	8,457,643	17,377,699
Decrease in deferred revenue - capital	2,344,907	1,445,996
Debt repaid and sinking fund contributions	(8,067,201)	(7,839,880)
Cash provided by financing activities	2,735,349	10,983,815
Change in cash and cash equivalents	5,100,029	11,656,439
Cash and cash equivalents, beginning of year	13,440,750	1,784,311
Cash and cash equivalents, end of year	\$ 18,540,779	\$ 13,440,750

	2015	2014
The components of cash and cash equivalents are as follows:		
Cash	\$ 18,415,382	\$ 13,046,681
Cash equivalents	125,397	394,069
	\$ 18,540,779	\$ 13,440,750

	2015	2014
Cash paid for interest	\$ 4,892,907	\$ 5,517,737
Cash received for interest	193,722	89,848

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Changes in Net Debt

August 31, 2015, with comparative figures for 2014

	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ 6,445,139	\$ 3,927,177	\$ 2,378,692
Tangible capital asset activity			
Acquisition of tangible capital assets	(27,150,425)	(9,967,070)	(18,285,673)
Amortization of tangible capital assets	12,093,608	12,279,737	11,654,407
Gain on sale of tangible capital assets	-	(21,839)	-
Transfer of assets held for sale	-	-	1,920,487
Proceeds on sale of tangible capital assets	-	17,951	1,898,128
Total tangible capital asset activity	(15,056,817)	2,308,779	(2,812,651)
Other non-financial asset activity			
Acquisition of prepaid expenses	(589,739)	(589,739)	(643,487)
Use of prepaid expenses	589,739	643,487	902,201
Total other non-financial asset activity	-	53,748	258,714
Decrease (increase) in net debt	(8,611,678)	6,289,704	(175,245)
Net debt, beginning of year	(233,397,281)	(233,397,281)	(233,222,036)
Net debt, end of year	\$ (242,008,959)	\$ (227,107,577)	\$ (233,397,281)

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements

Year ended August 31, 2015

As disciples of Christ, the mission of the Waterloo Catholic District School Board (the Board) is to educate and to nurture hope in all learners to achieve their full potential to transform God's world.

1. Significant accounting policies:

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

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 different from the requirements of Canadian Public Sector Accounting Standards. Canadian public sector accounting standards require that:

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

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

Accordingly, 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.

(b) Reporting entity:

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

School generated funds, which include 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.

Student Transportation Services of Waterloo Region (STSWR) is a transportation consortium operated through a partnership agreement between the Board and the Waterloo Region District School Board whereby certain costs are shared. As a result, a proportionate amount of STSWR's assets and liabilities have been consolidated with the Board's financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and bank balances.

(d) Deferred revenue:

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

(e) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions (DCC) 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits payable:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuities, workers' compensation, and long-term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. 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 cost trends, disability recovery rates, long-term inflation rates, and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, 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. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. 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 accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is 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. Any actuarial gains and losses related to past service of employees are 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 workers' compensation, long-term disability, and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise;

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

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

1. Significant accounting policies (continued):

(g) Tangible capital assets:

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

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

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
First-time equipping	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements, leased buildings, leased computers	Over the lease term

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written down to the lower of carrying value and 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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as DCC. Amounts are recognized into revenue as the liability is depreciated over the useful life of the tangible capital asset. DCC and tangible capital assets will differ by land, which is not depreciated, and items which are not directly supported by the Ministry, such as computer purchases. These unsupported tangible capital assets are funded through operating dollars.

(i) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government, investment income earned on externally restricted funds such as pupil accommodation, education development charges (EDC) and special education forms part of the respective deferred revenue balances.

(j) Net debenture debt and capital leases:

Net debenture debt and capital leases are recorded net of related sinking fund balances.

(k) Budget figures:

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

(l) Use of estimates:

The preparation of consolidated financial statements (note 1(a)) in conformity with the basis of accounting 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. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, valuation allowances for receivables, estimating provisions for accrued liabilities and obligations related to employee future benefits.

Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

1. Significant accounting policies (continued):

(m) Property tax revenue:

Under PSAB, the entity that determines and sets the tax levy records the revenue in the financial statements. In the case of the Board, this is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as Provincial Grants.

2. Change in accounting policy:

The Board has implemented PS3260, Liability for contaminated sites. This requires Boards to record a liability if they have a contaminated site that meets the specified criteria of. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Board's financial statements

3. Accounts receivable:

Accounts receivable consists of the following:

	2015	2014
Government of Ontario	\$ 6,100,583	\$ 5,843,716
Other	4,508,912	4,911,386
	\$ 10,609,495	\$ 10,755,102

4. Assets held for sale:

As of August 31, 2015, \$2,247,870 (2014 - \$1,920,487) related to land, land improvements and buildings were recorded as assets held for sale.

During the year, the sale of two properties did not materialize which resulted in the transfer of the assets back to tangible capital assets in the amount of \$1,257,473 (2014 - nil).

	Balance at August 31, 2014	Additions	Transfer to assets	Gain (loss) on sale transferred to deferred revenue	Balance at August 31, 2015
Land	\$ 88,367	\$ 21,827	\$ (88,367)	\$ -	\$ 21,827
Building	1,832,120	1,563,029	(1,169,106)	-	2,226,043
	\$ 1,920,487	\$ 1,584,856	\$ (1,257,473)	\$ -	\$ 2,247,870

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

5. Accounts receivable - Government of Ontario approved capital:

The Province of Ontario replaced variable capital funding with a one-time debt support grant on August 31, 2010. 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. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable.

The Board has a receivable balance from the Province of Ontario of \$86,582,836 as at August 31, 2015 (2014 - \$98,335,207) with respect to capital grants.

6. Deferred revenue:

Revenues received which 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, 2015, is comprised of:

	Balance at August 31, 2014	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2015
Proceeds of disposition	\$ 6,657,889	\$ 8,641	\$ -	\$ -	\$ 6,666,530
School renewal	372,333	2,999,262	334,393	2,202,712	834,490
School condition improvement	1,088,849	2,528,825	-	993,948	2,623,726
Child care retrofit	349,156	16,101	-	64,535	300,722
Special education accommodation	59,133	-	-	-	59,133
Special education equipment	3,799	756,992	596,889	-	163,902
Asset held for sale	1,832,120	387,664	-	-	2,219,784
Labour framework	1,243,683	-	-	-	1,243,683
Extra programming other grants	5,936,839	5,778,029	7,016,275	-	4,698,593
	\$ 17,543,801	\$ 12,475,514	\$ 7,947,557	\$3,261,195	\$ 18,810,563

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

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.

	2015	2014
Deferred capital contributions, beginning of year	\$ 229,211,045	\$ 225,297,022
Add:		
Capital contributions received	7,444,318	12,636,711
Transfers from deferred revenue	3,261,195	4,740,988
Less:		
Revenue recognized in the year	(12,279,737)	(11,543,189)
Disposal and reclassification of tangible capital assets	(2,247,870)	(1,920,487)
Deferred capital contributions, end of year	\$ 225,388,951	\$ 229,211,045

8. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2015 were as follows:

(a) Employee future benefits liabilities:

	2015		2014	
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 2,632,781	\$ 3,665,472	\$ 6,298,253	\$ 6,415,169
Unamortized actuarial gain	(116,320)	(10,778)	(127,098)	(53,505)
Employee future benefits liabilities	\$ 2,516,461	\$ 3,654,694	\$ 6,171,155	\$ 6,361,664

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

8. Retirement and other employee future benefits (continued):

(b) Employee future benefits expenses:

				2015		2014	
Retirement and other employee future benefit liabilities		Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits		
Current year benefit cost	\$	-	\$ 755,057	\$ 755,057	\$	108,578	
Curtailment change		-	-	-		679,414	
Recognized actuarial loss		5,071	9,323	14,394		(4,942)	
Interest on accrued benefit obligation		73,508	97,312	170,820		207,758	
Employee future benefit expenses (recovery)	\$	78,579	\$ 861,692	\$ 940,271	\$	990,808	

Actuarial losses are due to the change in the discount rate used for the retirement gratuity benefits are being amortized over Expected Average Remaining Service Life (EARSL) of 8.57 years. During the year, benefit payments of \$1,159,499 (2014 - \$1,226,708) were made.

Retirement life insurance and health care benefits have been grand-parented for existing retirees and employees who retired on or before August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life Insurance and health care benefits pays the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Pension plans:

(i) Ontario Teacher's Pension Plan:

Teachers and certain other employees are eligible to be members of the Ontario Teacher's Pension Plan (OTPP). Employer contributions for these employees are provided directly to OTPP by the Province. 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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

8. Retirement and other employee future benefits (continued):

(ii) Ontario Municipal Employees Retirement System:

Most non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Each year an independent actuary determines the funding status of 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million with respect to benefits accrued for service with actuarial assets at that date of \$69,816 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Board does not recognize any share of the Plan surplus or deficit. Board contributions equal employee contributions to the plan. During the year ended August 31, 2015, the Board contributed \$3,586,898 (2014 - \$3,625,250) 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 plan is included in the Board's consolidated financial statements.

Retirement benefits:

(i) Retirement gratuities:

The retirement gratuity plan entitles employees to a cash payment upon retiring into an OMERS or OTPP pension with 10 years of service. The gratuity is the lesser of (i) \$4,000 and (ii) \$40/day up to a maximum of 50% of unused sick leave days as at August 31, 2012. 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 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. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and a minimum of 15 years of service at retirement. In 2013, the Ministry reduced the required years of service to 10 years. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time increase to the Board's obligation of \$1,080,962 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2013.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

8. Retirement and other employee future benefits (continued):

(ii) Post-employment insurance coverage:

The Board offers its permanent employees the opportunity to continue their life insurance, accidental death and dismemberment, dental and health care benefits upon retirement. Benefits can be continued until the retiree reaches the age of 65. 100% of the premiums are paid at the Board's group rate by the retiree, if the employee retired prior to August 31, 2013. Employees that retired post August 31, 2013 pay 100% of the premiums at the health care providers' unsubsidized rate. 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.

Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligation:

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. Plan changes made in 2012 requires school boards 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 previously negotiated collective agreement included no such provision. This resulted in a one-time increase to the Board's obligation of \$200,160 as at August 31, 2012.

(ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date. 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.

(iii) Sick leave Top Up benefits:

As a result of new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$149,838 (2014 - \$92,870).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2015. This actuarial valuation is based on assumptions about future events.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

8. Retirement and other employee future benefits (continued):

(iv) Life insurance benefits

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

(v) Health care and dental benefits

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements. The changes to the Board's retiree health care and dental benefits, along with life insurance plans, resulted in a one-time reduction to the Board's obligation of \$7,401,516 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

Actuarial assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2015 are based on actuarial valuations for accounting purposes as at August 31, 2013, extrapolated to August 31, 2015. The next actuarial valuation will be available for the year ended August 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2015	2014
Inflation	2.00%	2.00%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation (thereafter down linearly by 0.25% per annum until 3.0% is reached)	4.50%	4.75%
Health insurance premium escalation (thereafter down linearly by 0.25% per annum until 4.0% is reached)	8.50%	8.75%
Discount on accrued benefit obligations	2.45%	2.85%

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

9. Net debenture debt and capital leases:

Net debenture and capital lease debt are reported on the Consolidated Statement of Financial Position is comprised of the following:

	2015	2014
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 2,340,257	\$ 2,495,632
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	25,027,433	26,449,624
Royal Trust, interest rate of 9.87%, matured March 15, 2015	-	1,001,000
Region of Waterloo, interest rate of 5.487%, matures November 5, 2023	13,663,078	14,895,309
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	4,258,989	4,429,030
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	1,386,649	1,434,595
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,605,593	1,655,699
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	6,348,404	6,646,628
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	1,442,013	1,482,427
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	2,345,534	2,525,949
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	3,506,645	3,602,678
Ontario Financing Authority, interest rate of 2.425%, matures November 15, 2021	6,722,379	7,666,266
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	3,101,355	3,194,078
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	8,819,367	9,058,514
Capital lease obligation #1 (a)	3,423,834	4,944,775
Capital lease obligation #2 (b)	2,024,783	2,321,448
Capital lease obligation #3 (c)	181,829	461,691
Balance as at August 31	\$ 86,198,142	\$ 94,265,343

- (a) The Board leases a school under a 20 year lease bearing interest of 7.86%, with an option to purchase the property for \$1 at the end of the lease term. The term ends on August 1, 2017.
- (b) The Board leases a school under a 25 year lease bearing interest of 10.761%. The lease reverts to the owner at the end of the lease. The term ends on September 1, 2020.
- (c) Capital leases were issued for classroom computers bearing interest ranging from 2.65% to 6%. These leases contain bargain purchase options at the end of their terms. The leases mature between November 2016 and May 2017.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

9. Net debenture debt and capital leases (continued):

Principal and interest payments relating to net debenture debt and capital leases of \$86,198,142 are due as follows:

	Principal	Capital lease payments	Interest	Total
2015/16	\$ 5,220,055	\$ 2,096,344	\$ 4,501,365	\$ 11,817,764
2016/17	5,485,293	2,207,082	4,061,263	11,753,638
2017/18	5,765,264	409,115	3,662,483	9,836,862
2018/19	6,060,832	455,377	3,320,653	9,836,862
2019/20	6,372,915	462,527	2,957,076	9,792,518
Thereafter	51,663,338	-	13,883,654	65,546,992
	\$ 80,567,697	\$ 5,630,445	\$ 32,386,494	\$ 118,584,636

Interest on long-term debt amounted to \$5,015,380 (2014 - \$5,499,561).

10. Debt charges, capital loans and lease interest:

The principal and interest payments for net debentures, capital leases, operating leases, and sinking fund contributions are as follows:

	2015	2014
Principal payments on net debenture debt including contributions to sinking funds	\$ 5,969,733	\$ 5,618,559
Principal payments on capital leases	2,097,468	2,221,333
Payments on operating leases	96,479	162,009
Interest payments on net debenture debt	4,434,848	4,760,712
Interest payments on capital leases	580,532	738,849
	\$ 13,179,060	\$ 13,501,462

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

11. Tangible capital assets:

Cost	Balance at August 31, 2014	Additions and transfers	Disposals and transfers	Balance at August 31, 2015
Land	\$ 23,153,063	\$ 3,549,634	\$ 23,986	\$ 26,678,711
Land improvements	2,273,358	107,554	-	2,380,912
Buildings	278,854,140	7,309,891	2,719,961	283,444,070
Portable structures	9,937,588	-	-	9,937,588
First-time equipping	3,598,555	296,294	-	3,894,849
Equipment – 5 years	448,014	31,138	177,958	301,194
Equipment – 10 years	6,391,064	108,831	-	6,499,895
Equipment – 15 years	21,379	-	-	21,379
Furniture	17,657	72,855	-	90,512
Computer hardware	2,930,995	1,244,064	-	4,175,059
Computer software	281,679	13,070	-	294,749
Vehicles	719,444	37,270	-	756,714
Leasehold improvements	9,700,681	124,543	-	9,825,224
Construction in progress	-	9,041	-	9,041
Leased buildings	28,436,520	-	-	28,436,520
Leased computers	3,815,434	-	-	3,815,434
Leased vehicles	204,487	-	-	204,487
	\$ 370,784,058	\$ 12,904,185	\$ 2,921,905	\$ 380,766,338

Accumulated Amortization	Balance at August 31, 2014	Additions and transfers	Disposals and transfers	Balance at August 31, 2015
Land improvements	\$ 631,830	\$ 168,344	\$ -	\$ 800,174
Buildings	81,961,867	9,991,825	1,180,783	90,772,909
Portable structures	7,315,568	434,378	-	7,749,946
First-time equipping	2,443,625	190,349	-	2,633,974
Equipment – 5 years	333,720	56,504	177,958	212,266
Equipment – 10 years	2,548,511	622,912	-	3,171,423
Equipment – 15 years	4,390	1,425	-	5,815
Furniture	7,947	5,408	-	13,355
Computer hardware	1,681,979	480,134	-	2,162,113
Computer software	182,522	30,807	-	213,329
Vehicles	576,013	55,934	-	631,947
Leasehold improvements	3,060,631	367,765	-	3,428,396
Leased buildings	12,475,707	799,898	-	13,275,605
Leased computers	2,978,826	444,117	-	3,422,943
Leased vehicles	204,487	-	-	204,487
	\$ 116,407,623	\$ 13,649,800	\$ 1,358,741	\$ 128,698,682

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

11. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2014	Balance at August 31, 2015	Change
Land	\$ 23,153,063	\$ 26,678,711	\$ 3,525,648
Land improvements	1,641,528	1,580,738	(60,790)
Buildings	196,892,273	192,671,161	(4,221,112)
Portable structures	2,622,020	2,187,642	(434,378)
First-time equipping	1,154,930	1,260,875	105,945
Equipment – 5 years	114,294	88,928	(25,366)
Equipment – 10 years	3,842,553	3,328,472	(514,081)
Equipment – 15 years	16,989	15,564	(1,425)
Furniture	9,710	77,157	67,447
Computer hardware	1,249,016	2,012,946	763,930
Computer software	99,157	81,420	(17,737)
Vehicles	143,431	124,767	(18,664)
Leasehold improvements	6,640,050	6,396,828	(243,222)
Construction in progress	-	9,041	9,041
Leased buildings	15,960,813	15,160,915	(799,898)
Leased computers	836,608	392,491	(444,117)
Leased vehicles	-	-	-
	\$ 254,376,435	\$ 252,067,656	\$ (2,308,779)

Assets under construction having a value of \$9,041 (2014 - nil) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The grants recognized for deferred capital contributions for the year ended August 31, 2015 were \$12,279,737 (2014 - \$11,543,189) and the amortization of tangible capital assets was \$12,279,737 (2014 - \$11,654,407). The difference between these amounts in prior years is reflective of tangible capital assets purchases funded by non-restricted revenues.

12. Temporary borrowing:

The Board has lines of credits available to a maximum of \$20 million to address operating requirements and/or to bridge capital expenditures.

Interest on the operating facilities are based on the bank's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

13. Expenses by object:

The following is a summary of certain current and capital expenditures reported on the Consolidated Statement of Operations by object:

	2015 Budget	2015 Actual	2014 Actual
Current expenditures:			
Salaries and wages	\$ 177,250,494	\$ 178,159,661	\$ 177,741,146
Employee benefits	23,193,256	25,716,929	24,948,063
Staff development	779,153	726,675	711,121
Supplies and services	15,207,974	14,675,592	13,840,440
Debt charges and interest	4,877,328	4,876,713	5,370,961
Rental expenditures	154,084	96,479	162,009
Fees and contract services	12,149,245	12,410,210	11,316,751
Other	501,856	500,100	489,038
School funded activities	4,816,771	5,455,207	5,185,325
Amortization and loss on disposals	12,093,609	12,279,940	11,653,799
	\$ 251,023,770	\$ 254,897,506	\$ 251,418,653

14. Contractual obligations:

At August 31, 2015, the Board is committed to the following contracts for construction:

St. Anne Catholic Elementary School	\$ 3,284,931
Holy Spirit Catholic Elementary School	726,473
Monsignor Doyle Catholic Secondary School	204,847
St. Teresa (K) Catholic Elementary School	146,408
St. Aloysius Catholic Elementary School	112,131
Resurrection Catholic Secondary School	99,622
Other contractual obligations	491,469
	\$ 5,065,881

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

15. Ontario School Board Insurance Exchange (OSBIE):

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

The premiums over a five year period are based on 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 rolling five year term is based on July 2010 to June 2015 claims history.

16. Contingencies:

The Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10,000,000 per accident, per employee, aggregate for disease, with a \$1,000,000 deductible per employee, per accident. The Board brings this deductible down to \$300,000 by participating in the School Boards' Cooperative Inc.'s Assistance Program. The Board has not provisioned for any possible WSIB claims that are highly likely to occur based on an actuarially determined assessment and that are in excess of the Board's deductible on its excess of loss insurance policy.

The Board is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Board believes it has valid defenses. In management's judgment, no material exposure exists on the eventual settlement of such litigation, and accordingly, no provision has been made in the accompanying consolidated financial statements.

17. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2015	2014
Surplus:		
Invested in land	\$ 26,530,142	\$ 23,090,845
Employee future benefits payable	(5,034,707)	(5,581,613)
Interest and vacation payable	(1,382,096)	(1,520,762)
Amounts restricted for future use:		
School generated funds	1,174,968	1,407,515
Committed capital	556,570	649,331
Other internally restricted reserves	3,704,941	3,577,325
	<hr/> \$ 25,549,818	<hr/> \$ 21,622,641

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

18. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2015, the Board has proportionally consolidated 31.9% (2014 – 33.0%) of STSWR's assets and liabilities. The proportionate percentage incorporated into the consolidated financial statements is based on the ridership of each board. Inter-organizational transactions and balances have been eliminated. The consolidated financial statements include the Board's share of the following:

	2015	2014
Financial position:		
Financial assets	\$ 367,444	\$ 232,668
Financial liabilities	375,500	242,550
Non-financial assets	8,056	9,882
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 19,616,890	\$ 19,377,666
Expenses	19,616,890	19,377,666
Annual surplus	\$ -	\$ -

The Board has guaranteed the line of credit of Student Transportation Services of Waterloo Region Inc. up to a maximum of \$2,700,000.

19. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$5,341,898 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 financial position.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2015

20. Budget reconciliation

The budget approved by the Board on June 22, 2014 was not prepared on a Canadian Public Sector Accounting Standards basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$Nil. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget approved by the Board with adjustments as follows:

	2015
Budgeted annual surplus	\$ -
Add:	
Revenue recognized for land	5,933,067
Other amounts not available for compliance	512,072
<hr/> Budgeted surplus per statement of operations	<hr/> \$ 6,445,139