

Consolidated Financial Statements of

**Waterloo Catholic
District School Board**

Year ended August 31, 2019

November 25, 2019

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

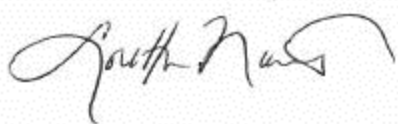
The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the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

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

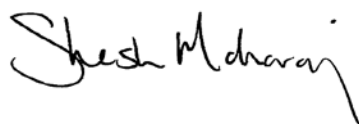
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

The Audit Committee of the Board meets with management and the external auditors to review the consolidated financial statements and to 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 PricewaterhouseCoopers 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

To the Board of Trustees of
Waterloo Catholic District School Board

Our opinion

In our opinion, the accompanying consolidated financial statements of Waterloo Catholic District School Board and its organizations (the Board) as at August 31, 2019 and for the year then ended are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

What we have audited

The Board's consolidated financial statements comprise:

- the consolidated statement of financial position as at August 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net debt for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 consolidated financial statements* section of our report.

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

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
95 King Street South, Suite 201, Waterloo, Ontario, Canada N2J 5A2
T: +1 519 570 5700, F: +1 519 570 5730

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of matter – basis of accounting

We draw attention to note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Board to comply with the financial reporting requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The budget financial information of the Board for the year ended August 31, 2019 is unaudited.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the 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.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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



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

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

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
November 25, 2019

Waterloo Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2019 with comparative figures for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 26,259,657	\$ 22,068,659
Accounts receivable (note 2)	24,824,114	17,994,147
Assets held for sale (note 3)	-	2,300,372
Accounts receivable - Government of Ontario approved capital (note 4)	65,492,355	80,712,074
Total financial assets	116,576,126	123,075,252
Liabilities		
Accounts payable and accrued liabilities	20,946,361	21,404,965
Deferred revenue (note 5)	28,151,819	28,466,407
Deferred capital contributions (note 6)	257,001,573	252,489,708
Retirement and other employee future benefits payable (note 7)	4,989,167	5,103,119
Net debenture debt and capital leases (note 8)	58,519,808	65,039,234
Total liabilities	369,608,728	372,503,433
Net debt	(253,032,602)	(249,428,181)
Non-financial assets		
Prepaid expenses	638,097	835,596
Tangible capital assets (note 10)	288,292,770	279,741,083
Total non-financial assets	288,930,867	280,576,679
Contractual obligations and contingencies (notes 13 and 15)		
Accumulated surplus (note 16)	\$ 35,898,265	\$ 31,148,498

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Loretta Notten, Director of Education



Bill Conway, Chair of the Board

Waterloo Catholic District School Board

Consolidated Statement of Operations

August 31, 2019 with comparative figures for 2018

	2019 Budget (Note 18) Unaudited	2019 Actual	2018 Actual
Revenues			
Provincial grants - grants for student needs	\$ 274,860,678	\$ 279,482,115	\$ 263,187,730
Provincial grants - other	4,099,735	5,023,136	7,538,945
Federal grants and fees	1,696,973	1,986,272	1,584,188
Other fees and revenues	18,940,425	14,726,379	11,031,254
Investment income	200,000	523,300	322,581
School fundraising	5,287,383	5,794,282	5,668,716
Total revenues	305,085,194	307,535,484	289,333,414
Expenses			
Instruction	234,770,967	237,756,330	224,029,319
Administration	8,448,998	9,146,552	8,490,879
Transportation	6,483,795	6,382,547	6,070,917
Pupil accommodation	41,669,210	42,686,790	40,879,607
School funded activities	5,297,145	5,619,351	5,398,297
Other	397,975	565,542	2,463,327
Total expenses (note 12)	297,068,090	302,157,112	287,332,346
Annual surplus	8,017,104	5,378,372	2,001,068
Accumulated surplus, beginning of year	29,568,926	31,148,498	29,147,430
Ministry adjustment (note 19)	-	(628,605)	-
	29,568,926	30,519,893	29,147,430
Accumulated surplus, end of year	\$ 37,586,030	\$ 35,898,265	\$ 31,148,498

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Cash Flows

August 31, 2019 with comparative figures for 2018

	2019	2018
Operating activities		
Annual surplus	\$ 5,378,372	\$ 2,001,068
Sources and (uses):		
Items not involving cash:		
Amortization of tangible capital assets	16,584,773	15,347,154
Grants recognized for deferred capital contributions	(16,584,773)	(15,347,154)
Gain on sale of tangible capital assets	(2,568,985)	(368,485)
(Decrease) increase in retirement and other employee future benefits payable	(113,952)	101,064
Ministry adjustment	(628,605)	-
Transfer from deferred revenue to deferred capital contributions	4,189,748	169,205
	878,206	(98,216)
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	8,389,752	1,686,230
(Decrease) increase in accounts payable and accrued liabilities	(458,604)	4,241,440
Increase in deferred revenue	(383,308)	264,247
Decrease (increase) in assets held for sale	-	(672,461)
Decrease (increase) in prepaid expenses	197,499	(192,470)
	7,745,339	5,326,986
Cash provided by operating activities	14,001,917	7,229,838
Capital activities		
Proceeds on sale of tangible capital assets	4,190,781	3,298,632
Cash used to acquire tangible capital assets	(24,457,882)	(34,891,940)
Cash applied to capital activities	(20,267,101)	(31,593,308)
Financing activities		
Capital grants received	16,906,890	32,893,299
Decrease in deferred revenue - capital	68,718	3,673,113
Debt repaid and sinking fund contributions	(6,519,426)	(6,161,469)
Cash provided by financing activities	10,456,182	30,404,943
Change in cash and cash equivalents	4,190,998	6,041,473
Cash and cash equivalents, beginning of year	22,068,659	16,027,186
Cash and cash equivalents, end of year	\$ 26,259,657	\$ 22,068,659
	2019	2018
The components of cash and cash equivalents are as follows:		
Cash	\$ 26,223,983	\$ 22,038,767
Cash equivalents	35,674	29,892
	\$ 26,259,657	\$ 22,068,659
	2019	2018
Cash paid for interest	\$ 3,304,165	\$ 3,681,737
Cash received for interest	523,300	322,581

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Changes in Net Debt

August 31, 2019 with comparative figures for 2018

	2019 Budget Unaudited	2019 Actual	2018 Actual
Annual surplus	\$ 8,017,104	\$ 5,378,372	\$ 2,001,068
Tangible capital asset activity			
Acquisition of tangible capital assets	(49,560,537)	(24,457,882)	(34,891,940)
Amortization of tangible capital assets	15,316,718	16,584,773	15,347,154
Gain on sale of tangible capital assets	-	(4,869,357)	(368,485)
Proceeds on sale of tangible capital assets	-	4,190,781	3,298,632
Total tangible capital asset activity	(34,243,819)	(8,551,685)	(16,614,639)
Other non-financial asset activity			
Acquisition of prepaid expenses	(638,097)	(638,097)	(835,596)
Use of prepaid expenses	638,097	835,596	643,126
Total other non-financial asset activity	-	197,499	(192,470)
Increase in net debt	(26,226,715)	(2,975,814)	(14,806,041)
Net debt, beginning of year	(249,428,183)	(249,428,183)	(234,622,142)
Ministry adjustment	-	(628,605)	-
	(249,428,183)	(250,056,788)	(234,622,142)
Net debt, end of year	\$ (275,654,898)	\$ (253,032,602)	\$ (249,428,183)

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements

Year ended August 31, 2019

As disciples of Christ, the mission of the Waterloo Catholic District School Board (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 (PSAB). Canadian public sector accounting standards require that:

- government transfers, which contain a stipulation that creates a liability, are deferred and 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, 2019

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, 2019

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.

As part of negotiated collective agreements for unionized employees that bargain centrally the OECTA Employee Life and Health Trust (ELHTs) was established in 2016-2017. The following ELHTs were established in 2017-2018: CUPE and ONE-T for non-unionized employees including principals and vice-principals. Unifor unionized employees were transferred to the ELHT in 2018-2019. 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 the 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 trustee 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),

The Board continues to provide health, dental and life insurance benefits for retired OECTA and CUPE individuals.

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 (if applicable) 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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

1. Significant accounting policies (continued):

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.

(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 and software	5
Vehicles	5-10
Leasehold improvements, leased buildings	Over the lease term

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

1. Significant accounting policies (continued):

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.

(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

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

1. Significant accounting policies (continued):

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.

(m) Property tax revenue:

Under Canadian PSAB guidelines, 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.

(n) Adoption of new accounting standards:

The entity has adopted the following new Canadian Public-Sector Accounting Standards, which became effective for fiscal years beginning on or after April 1, 2017. Adoption of these standards has resulted in no retrospective adjustments.

(i) PS 2200, Related Party Disclosures

This section defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel, Board members, and close family members. This new section defines a related party and establishes disclosure required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

(ii) PS 3420, Inter-entity Transactions

This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

(iii) PS 3210, Assets

This section provides guidance for applying the definition for assets set out in PS 1000, financial statement concepts, and establishes general disclosure standards for assets.

(iv) PS 3320, Contingent Assets

This section defines and establishes disclosure standards for contingent assets when the occurrence of a confirming future event is likely. Contingent assets are not recorded in the consolidated financial statements.

(v) PS 3380, Contractual Rights

This section defines and establishes disclosure standards for contractual rights when rights to economic resources will result in both an asset and revenue in the future.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

2. Accounts receivable:

Accounts receivable consists of the following:

	2019	2018
Province of Ontario	\$ 11,563,354	\$ 2,811,478
Local Municipalities	6,447,489	6,375,662
Other	6,813,271	8,807,007
	<u>\$ 24,824,114</u>	<u>\$ 17,994,147</u>

3. Assets held for sale:

As of August 31, 2019, \$nil (2018 - \$2,300,372) related to land, land improvements and buildings were recorded as assets held for sale.

	Balance at August 31, 2018	Additions	Proceeds and transfers	Gain on sale transferred to deferred revenue	Balance at August 31, 2019
Land	\$ 548,174	\$ -	\$ 548,174	\$ -	\$ -
Land Improvements	106,551	-	106,551	-	-
Building	1,645,647	-	4,318,856	2,673,209	-
	<u>\$ 2,300,372</u>	<u>\$ -</u>	<u>\$ 4,973,581</u>	<u>\$ 2,673,209</u>	<u>\$ -</u>

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

4. 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 balance.

The Board has a receivable balance from the Province of Ontario of \$65,492,355 as at August 31, 2019 (2018 - \$80,712,074) with respect to capital grants.

5. 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, 2019, is comprised of:

	Balance at August 31, 2018	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2019
Proceeds of					
disposition	\$ 14,016,915	\$ 4,312,081	\$ 104,223	\$ 4,189,748	\$ 14,035,025
School renewal	1,000,894	3,649,008	466,390	4,183,512	-
Child care retrofit	71,077	-	-	-	71,077
Special education equipment	-	837,659	742,744	-	94,915
Asset held for sale	1,752,201	(1,752,201)	-	-	-
Labour framework	1,128,748	-	35,630	-	1,093,118
Third Party	9,699,555	11,798,271	8,728,121	30,903	12,738,802
Other grants	797,017	2,070,936	2,749,071	-	118,882
	\$ 28,466,407	\$ 20,915,754	\$ 12,826,179	\$ 8,404,163	\$ 28,151,819

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

6. 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.

	2019	2018
Deferred capital contributions, beginning of year	\$ 252,489,708	\$ 234,774,358
Add:		
Capital contributions received	12,553,880	31,332,209
Transfers from deferred revenue	8,404,163	3,863,863
Less:		
Revenue recognized in the year	(16,584,755)	(15,728,523)
Disposal and reclassification of tangible capital assets	138,577	(1,752,199)
Deferred capital contributions, end of year	\$ 257,001,573	\$ 252,489,708

7. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2019 were as follows:

(a) Employee future benefits liabilities:

			2019	2018
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	\$ 1,568,781	\$ 3,517,603	\$ 5,086,384	\$ 5,173,734
Unamortized actuarial loss/(gain)	(158,977)	61,760	(97,217)	(70,615)
Employee future benefits liabilities	\$ 1,409,804	\$ 3,579,363	\$ 4,989,167	\$ 5,103,119

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

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

(b) Employee future benefits expenses:

			2019	2018
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	\$ -	\$ 1,124,695	\$ 1,124,695	\$ 1,269,808
Plan amendment	-	245,861	245,861	-
Recognized actuarial loss	14,293	(336,729)	(322,436)	60,853
Interest on accrued benefit obligation	44,713	99,107	143,820	127,091
Employee future benefit expenses	\$ 59,006	\$ 1,132,934	\$ 1,191,940	\$ 1,457,752

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 7.66 years. During the year, benefit payments of \$1,306,181 (2018 - \$1,331,369) 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, 2019

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

(ii) Ontario Municipal Employees Retirement System:

Most support staff of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$3,988,461 (2018 - \$3,895,686) 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 or more 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 retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

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.

(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 to employees who are not members of an ELHT. 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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

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

(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 \$139,809 (2018 - \$113,161).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2019. This actuarial valuation is based on assumptions about future events.

(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 may be 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 certain retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

Actuarial assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2019 are based on actuarial valuations for accounting purposes as at August 31, 2019. The next actuarial valuation will be available for the year ended August 31, 2020. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2019	2018
Inflation	1.50%	1.50%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation	4.50%	3.75%
Health insurance premium escalation (thereafter down linearly by 0.25% per annum until 4.5% is reached)	7.25%	7.75%
Discount on accrued benefit obligations	2.00%	2.90%

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

8. 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:

	2019	2018
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 1,596,217	\$ 1,802,403
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	18,326,723	20,167,154
Region of Waterloo, interest rate of 5.487%, matures November 5, 2023	8,009,559	9,539,684
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	3,496,704	3,700,351
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	1,169,870	1,228,061
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,378,131	1,439,329
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	5,004,710	5,364,706
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	1,257,770	1,307,458
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	1,549,135	1,760,040
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	3,073,187	3,189,433
Ontario Financing Authority, interest rate of 2.425%, matures November 15, 2021	2,710,865	3,750,290
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	2,695,902	2,802,698
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	7,767,479	8,045,477
Capital lease obligation (a)	483,556	942,150
Balance as at August 31	\$ 58,519,808	\$ 65,039,234

(a) 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 July 31, 2020.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

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

Principal and interest payments relating to net debenture debt and capital leases of \$58,519,808 are due as follows:

	Principal	Capital lease payments	Interest	Total
2019/20	\$ 6,372,915	\$ 483,554	\$ 2,975,076	\$ 9,831,545
2020/21	6,702,487	-	2,602,247	9,304,734
2021/22	6,488,528	-	2,254,153	8,742,681
2022/23	6,273,660	-	1,906,967	8,180,627
2023/24	5,617,797	-	1,546,399	7,164,196
Thereafter	26,580,867	-	5,573,888	32,154,755
	\$ 58,036,254	\$ 483,554	\$ 16,858,730	\$ 75,378,538

Interest on long-term debt amounted to \$3,360,010 (2018 - 3,717,970).

9. 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:

	2019	2018
Principal payments on net debenture debt including contributions to sinking funds	\$ 6,060,832	\$ 5,765,264
Principal payments on capital leases	458,594	396,205
Payments on operating leases	389,853	310,208
Interest payments on net debenture debt	3,243,902	3,539,470
Interest payments on capital leases	116,108	178,500
	\$ 10,269,289	\$ 10,189,647

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

10. Tangible capital assets:

Cost	Balance at August 31, 2018	Additions and transfers	Disposals and transfers	Balance at August 31, 2019
Land	\$ 25,676,040	\$ 4,149,231	\$ -	\$ 29,825,271
Land improvements	3,327,720	636,641	-	3,964,361
Buildings	330,465,904	26,740,711	197,543	357,009,072
Portable structures	7,337,376	-	-	7,337,376
First-time equipping	2,154,172	195,286	-	2,349,458
Equipment – 5 years	697,468	-	-	697,468
Equipment – 10 years	6,370,757	10,994	-	6,381,751
Equipment – 15 years	180,596	44,086	-	224,682
Furniture	523,636	33,483	-	557,119
Computer hardware	6,258,931	1,216,591	-	7,475,522
Computer software	382,516	315,482	-	697,998
Vehicles	349,660	55,934	-	405,594
Leasehold improvements	12,336,521	3,054,950	-	15,391,471
Construction in progress	11,320,853	498,002	11,311,811	507,044
Leased buildings	28,436,520	-	-	28,436,520
Leased computers	473,680	-	-	473,680
Leased vehicles	24,869	-	-	24,869
	\$ 436,317,219	\$ 36,951,391	\$ 11,509,354	\$ 461,759,256

Accumulated Amortization	Balance at August 31, 2018	Additions and transfers	Disposals and transfers	Balance at August 31, 2019
Land improvements	\$ 1,321,973	\$ 341,348	\$ -	\$ 1,663,321
Buildings	117,403,411	12,125,107	93,320	129,435,198
Portable structures	6,446,427	148,776	-	6,595,203
First-time equipping	993,538	218,893	-	1,212,431
Equipment – 5 years	362,462	138,275	-	500,737
Equipment – 10 years	4,665,456	605,611	-	5,271,067
Equipment – 15 years	16,216	14,209	-	30,425
Furniture	114,202	54,038	-	168,240
Computer hardware	3,251,083	1,184,261	-	4,435,344
Computer software	177,159	81,932	-	259,091
Vehicles	243,733	56,874	-	300,607
Leasehold improvements	5,389,426	1,225,916	-	6,615,342
Leased buildings	15,692,501	788,430	-	16,480,931
Leased computers	473,680	-	-	473,680
Leased vehicles	24,869	-	-	24,869
	\$ 156,576,136	\$ 16,983,670	\$ 93,320	\$ 173,466,486

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

10. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2018	Balance at August 31, 2019	Change
Land	\$ 25,676,040	\$ 29,825,271	\$ 4,149,231
Land improvements	2,005,748	2,301,041	295,293
Buildings	213,062,492	227,573,873	14,511,381
Portable structures	890,949	742,173	(148,776)
First-time equipping	1,160,634	1,137,027	(23,607)
Equipment – 5 years	335,006	196,731	(138,275)
Equipment – 10 years	1,705,301	1,110,684	(594,617)
Equipment – 15 years	164,380	194,257	29,877
Furniture	409,434	388,879	(20,555)
Computer hardware	3,007,848	3,040,178	32,330
Computer software	205,357	438,907	233,550
Vehicles	105,927	104,987	(940)
Leasehold improvements	6,947,095	8,776,129	1,829,034
Construction in progress	11,320,853	507,044	(10,813,809)
Leased buildings	12,744,019	11,955,589	(788,430)
Leased computers	-	-	-
Leased vehicles	-	-	-
	\$ 279,741,083	\$ 288,292,770	\$ 8,551,687

Assets under construction having a value of \$507,044 (2018 - \$11,320,853) 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, 2019 were \$16,584,773 (2018 - \$15,347,154) and the amortization of tangible capital assets was \$16,584,773 (2018 - \$15,347,154).

11. 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 CIBC'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, 2019

12. Expenses by object:

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

	2019 Budget (unaudited)	2019 Actual	2018 Actual
Current expenditures:			
Salaries and wages	\$ 205,568,949	\$ 208,034,939	\$ 196,767,342
Employee benefits	33,779,355	35,265,977	30,749,072
Staff development	1,219,694	989,040	1,247,277
Supplies and services	17,788,580	16,907,668	17,304,925
Debt charges and interest	3,254,387	3,254,388	3,618,457
Rental expenditures	435,000	389,853	495,957
Fees and contract services	13,868,685	14,470,164	14,441,030
Other	539,575	536,737	1,962,835
School funded activities	5,297,145	5,619,351	5,398,297
Amortization and loss on disposals	15,316,720	16,688,995	15,347,154
	\$ 297,068,090	\$ 302,157,112	\$ 287,332,346

13. Contractual obligations:

At August 31, 2019, the Board is committed to the following contracts for construction:

Weber Street - Board Office	\$ 1,554,027
Blessed Sacrament Elementary School	370,584
St. Gregory Elementary School	302,112
St. Francis Kitchener - Continuing Education	281,808
St. Anne Kitchener Elementary School	246,828
St. Michael Elementary School	239,644
St. David Secondary School	185,055
St. Mary Secondary School	149,117
Resurrection Secondary School	102,667
St. Boniface - Breslau Elementary School	80,725
St. Vincent De Paul Elementary School	68,107
St. Daniel Elementary School	46,450
Other contractual obligations	289,720
	\$ 3,916,844

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

14. 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 2014 to June 2019 claims history.

15. 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.

Management is in discussion with several employee groups with respect to pay equity. Details regarding the adjustments have not yet been finalized, however it is anticipated that an agreement and/or further details may be available during 2019-2020. Accordingly, there is an amount that management has estimated and accrued in the financial statements related to this issue.

16. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2019	2018
Surplus:		
Invested in land	\$ 29,825,267	\$ 27,138,562
Employee future benefits payable	(2,847,082)	(3,393,987)
Interest payable	(979,110)	(1,084,732)
Amounts restricted for future use:		
School generated funds	1,899,802	1,724,871
Committed capital	869,185	648,299
Other internally restricted reserves	7,130,203	6,115,485
	\$ 35,898,265	\$ 31,148,498

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

17. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2019, the Board has proportionally consolidated 34.7% (2018 – 34.1%) 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:

	2019	2018
Financial position:		
Financial assets	\$ 261,767	\$ 444,575
Financial liabilities	(277,036)	(473,207)
Non-financial assets	15,269	28,632
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 23,504,866	\$ 22,252,106
Expenses	23,504,866	22,252,106
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.

18. Budget reconciliation

The budget approved by the Board on June 19, 2018 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 require a full accrual basis. 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:

	2019 Unaudited
Budgeted annual surplus	\$ -
Add:	
Revenue recognized for land	7,626,611
Other amounts not available for compliance	390,493
Budgeted surplus per statement of operations	\$ 8,017,104

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2019

19. Ministry adjustment

During the year, the Ministry required the Board to amend the treatment of prior year land transactions filed through the Ministry reporting tool EFIS. As a result, an adjustment was required to ensure that Accumulated Surplus was appropriately stated for 2019. The adjustment was not material to the overall statements.