

Consolidated Financial Statements of

**Waterloo Catholic
District School Board**

Year ended August 31, 2021

November 22, 2021

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

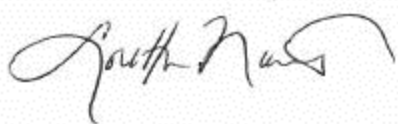
The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the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

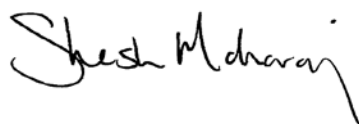
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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 (together, the Board) as at August 31, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

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.

Emphasis of matter – basis of accounting and restriction on use

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

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



financial statements may not be suitable for another purpose. Our report is intended solely for the Board. We neither assume nor accept any responsibility or liability to any third party in respect of this report. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation 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

London, Ontario
November 17, 2021

Waterloo Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2021 with comparative figures for 2020

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 39,366,444	\$ 34,507,851
Accounts receivable (note 2)	24,049,053	29,251,896
Accounts receivable - Government of Ontario approved capital (note 3)	56,830,968	59,469,574
Total financial assets	120,246,465	123,229,321
Liabilities		
Accounts payable and accrued liabilities	34,282,400	33,078,637
Deferred revenue (note 4)	29,554,493	27,968,209
Deferred capital contributions (note 5)	267,113,314	258,411,976
Retirement and other employee future benefits payable (note 6)	4,898,470	5,291,535
Net debenture debt and capital leases (note 7)	44,960,853	51,663,339
Total liabilities	380,809,530	376,413,696
Net debt	(260,563,065)	(253,184,375)
Non-financial assets		
Prepaid expenses	513,982	443,960
Tangible capital assets (note 9)	298,676,701	289,830,397
Total non-financial assets	299,190,683	290,274,357
Contractual obligations and contingencies (notes 12 and 14)		
Accumulated surplus (note 15)	\$ 38,627,618	\$ 37,089,982

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Loretta Notten, Director of Education



Melanie Van Alphen, Chair of the Board

Waterloo Catholic District School Board

Consolidated Statement of Operations

August 31, 2021 with comparative figures for 2020

	2021 Budget (Note 17)	2021 Actual	2020 Actual
Revenues			
Provincial grants - grants for student needs	\$ 298,463,793	\$ 299,805,193	\$ 281,747,736
Provincial grants - other	4,130,622	14,828,322	5,054,274
Federal grants and fees	1,720,363	1,775,274	1,642,818
Other fees and revenues	19,680,096	7,668,469	10,133,933
Investment income	350,000	324,897	491,584
School fundraising	5,523,425	1,182,844	3,411,600
Total revenues	329,868,299	325,584,999	302,481,945
Expenses			
Instruction	251,332,770	256,942,523	239,520,783
Administration	9,662,415	10,556,940	10,018,356
Transportation	7,234,404	7,335,711	6,233,894
Pupil accommodation	45,567,009	45,005,203	41,854,025
School funded activities	5,414,871	1,423,699	3,250,776
Other	397,975	2,783,287	412,394
Total expenses (note 11)	319,609,444	324,047,363	301,290,228
Annual surplus	10,258,855	1,537,636	1,191,717
Accumulated surplus, beginning of year	36,049,765	37,089,982	35,898,265
Accumulated surplus, end of year	\$ 46,308,620	\$ 38,627,618	\$ 37,089,982

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Cash Flows

August 31, 2021 with comparative figures for 2020

	2021	2020
Operating activities		
Annual surplus	\$ 1,537,636	\$ 1,191,717
Sources and (uses):		
Items not involving cash:		
Amortization of tangible capital assets	18,378,164	17,062,082
Grants recognized for deferred capital contributions	(18,378,164)	(17,062,082)
Gain on sale of tangible capital assets	-	(546,500)
(Decrease) increase in retirement and other employee future benefits payable	(393,065)	302,368
Transfer from deferred revenue to deferred capital contributions	1,766,967	4,721,405
	1,373,902	4,477,273
Changes in non-cash assets and liabilities:		
Decrease in accounts receivable	7,841,449	1,594,999
Increase in accounts payable and accrued liabilities	1,203,763	12,132,276
Increase (decrease) in deferred revenue	218,793	(221,410)
(Increase) decrease in prepaid expenses	(70,022)	194,137
	9,193,983	13,700,002
Cash provided by operating activities	12,105,521	19,368,992
Capital activities		
Proceeds on sale of tangible capital assets	-	1,306,325
Cash used to acquire tangible capital assets	(27,224,468)	(19,359,534)
Cash applied to capital activities	(27,224,468)	(18,053,209)
Financing activities		
Capital grants received	25,312,535	13,751,080
Decrease in deferred revenue - capital	1,367,491	37,800
Debt repaid and sinking fund contributions	(6,702,486)	(6,856,469)
Cash provided by financing activities	19,977,540	6,932,411
Change in cash and cash equivalents	4,858,593	8,248,194
Cash and cash equivalents, beginning of year	34,507,851	26,259,657
Cash and cash equivalents, end of year	\$ 39,366,444	\$ 34,507,851

	2021	2020
The components of cash and cash equivalents are as follows:		
Cash	\$ 39,023,055	\$ 34,472,177
Cash equivalents	343,389	35,674
	\$ 39,366,444	\$ 34,507,851

	2021	2020
Cash paid for interest	\$ 2,523,634	\$ 2,919,596
Cash received for interest	324,897	491,584

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Changes in Net Debt

August 31, 2021 with comparative figures for 2020

	2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$ 10,258,855	\$ 1,537,636	\$ 1,191,717
Tangible capital asset activity			
Acquisition of tangible capital assets	(32,154,893)	(27,224,468)	(19,359,534)
Amortization of tangible capital assets	17,588,854	18,378,164	17,062,082
Gain on sale of tangible capital assets	-	-	(546,500)
Proceeds on sale of tangible capital assets	-	-	1,306,325
Total tangible capital asset activity	(14,566,039)	(8,846,304)	(1,537,627)
Other non-financial asset activity			
Acquisition of prepaid expenses	(513,982)	(513,982)	(443,960)
Use of prepaid expenses	513,982	443,960	638,097
Total other non-financial asset activity	-	(70,022)	194,137
Increase in net debt	(4,307,184)	(7,378,690)	(151,773)
Net debt, beginning of year	(253,184,375)	(253,184,375)	(253,032,602)
Net debt, end of year	\$ (257,491,559)	\$ (260,563,065)	\$ (253,184,375)

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements

Year ended August 31, 2021

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 (PSAS). 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, 2021

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, 2021

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 (ELHT) was established in 2016-2017. The following ELHTs were established in 2017-2019: CUPE, Unifor and ONE-T for non-unionized employees. 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 who were part of the board's benefit plans when the ELHTs were formed. 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 ELHTs, school boards were required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis.

The Board continues to provide health, dental and life insurance benefits for a small group of parented retired OECTA and CUPE individuals who were eligible for benefits on retirement, but were not permitted to participate in their ELHTs.

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, 2021

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	3
Vehicles	5-10
Leasehold improvements, leases	Over the lease term

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

1. Significant accounting policies (continued):

The useful life for computer hardware was revised from five years to three years based on direction from the Ministry of Education. As such, additional amortization in the amount of \$953,606 was expensed in 2020-2021 to bring the net book value in line with the new policy.

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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

1. Significant accounting policies (continued):

(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.

(m) Property tax revenue:

Under Canadian PSAS, 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. Accounts receivable:

Accounts receivable consists of the following:

	2021	2020
Province of Ontario	\$ 8,545,354	\$ -
Local Municipalities	7,456,364	21,403,721
Other	8,047,335	7,848,175
	<u>\$ 24,049,053</u>	<u>\$ 29,251,896</u>

In 2020, as a way to support local taxpayers affected by COVID-19, the Province of Ontario supported municipalities in their request to have property taxes deferred for a number of months. This resulted in an increased accounts receivable balance from local municipalities in the prior year. This amount was fully recovered by the Board in the 2020-2021 school year and therefore the current year receivable reflects a more representative annual balance.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

3. 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 \$56,830,968 as at August 31, 2021 (2020 - \$59,469,574) with respect to capital grants.

4. 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, 2021, is comprised of:

	Balance at August 31, 2020	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2021
Proceeds of disposition	\$ 10,658,035	\$ 82,439	\$ -	\$ 1,849,403	\$ 8,891,071
School renewal	1,717,322	3,856,576	437,879	3,713,957	1,422,062
Child care retrofit	71,077	-	-	71,077	-
Special education equipment	170,123	865,305	1,035,428	-	-
Labour framework	1,076,108	-	37,352	-	1,038,756
Third Party	13,329,516	7,181,780	3,135,433	140,150	17,235,713
Other grants	946,028	9,936,865	9,916,002	-	966,891
	\$ 27,968,209	\$ 21,922,965	\$ 14,562,094	\$ 5,774,587	\$ 29,554,493

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

5. 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.

	2021	2020
Deferred capital contributions, beginning of year	\$ 258,411,976	\$ 257,001,573
Add:		
Capital contributions received	21,304,915	11,883,416
Transfers from deferred revenue	5,774,587	6,808,896
Less:		
Revenue recognized in the year	(18,378,164)	(17,062,082)
Disposal and reclassification of tangible capital assets	-	(219,827)
Deferred capital contributions, end of year	\$267,113,314	\$ 258,411,976

6. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2021 were as follows:

(a) Employee future benefits liabilities:

			2021	2020
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	\$ 1,385,027	\$ 3,636,054	\$ 5,021,081	\$ 5,469,300
Unamortized actuarial loss/(gain)	(122,611)	-	(122,611)	(177,765)
Employee future benefits liabilities	\$ 1,262,416	\$ 3,636,054	\$ 4,898,470	\$ 5,291,535

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

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

(b) Employee future benefits expenses:

		2021		2020	
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	\$ -	\$ 318,968	\$ 318,968	\$ 1,307,014	
Recognized actuarial loss	31,893	260,631	292,524	(46,791)	
Interest on accrued benefit obligation	20,545	48,629	69,174	100,988	
Employee future benefit expenses	\$ 52,438	\$ 628,228	\$ 680,666	\$ 1,361,211	

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 6.40 years. During the year, benefit payments of \$1,070,350 (2020 - \$1,059,242) 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:

Employees with an Ontario College of Teachers certificate 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, 2021

6. 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, 2021, the Board contributed \$4,530,424 (2020 - \$4,404,667) 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 and has a stop loss insurance policy that limits the Board's exposure on any one claim to a maximum of \$300,000. 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, 2021

6. 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 \$240,342 (2020 - \$155,583).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2021. 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's 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, 2021 are based on actuarial valuations for accounting purposes as at August 31, 2021. The next actuarial valuation will take place during the 2021-2022 school year. Changes, if any, will be included in the financial statements for the year ending August 31, 2022. 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 for:

	2021	2020
Inflation	1.50%	2.00%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation	4.50%	4.50%
Health insurance premium escalation (thereafter down linearly by 0.25% per annum until 4.5% is reached)	7.00%	7.25%
Discount on accrued benefit obligations	1.80%	1.40%

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

7. 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:

	2021	2020
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 1,137,400	\$ 1,374,919
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	14,270,138	16,363,770
Region of Waterloo, interest rate of 5.487%, matures November 5, 2023	4,689,245	6,394,324
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	3,060,800	3,283,665
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	1,044,687	1,108,793
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,246,164	1,313,797
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	4,231,842	4,627,368
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	1,150,353	1,205,448
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	1,101,803	1,329,834
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	2,823,359	2,951,255
Ontario Financing Authority, interest rate of 2.425%, matures November 15, 2021	555,320	1,646,081
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	2,470,651	2,585,265
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	7,179,091	7,478,820
Balance as at August 31	\$ 44,960,853	\$ 51,663,339

Principal and interest payments relating to net debenture debt and capital leases of \$44,960,853 are due as follows:

	Principal	Interest	Total
2021-2022	6,488,528	2,254,153	8,742,681
2022-2023	6,273,660	1,906,967	8,180,627
2023-2024	5,617,797	1,546,399	7,164,196
2024-2025	4,898,848	1,248,918	6,147,766
2025-2026	4,665,356	968,393	5,633,749
Thereafter	17,016,664	3,356,577	20,373,241
	\$ 44,960,853	\$ 11,281,407	\$ 56,242,260

Interest on long-term debt amounted to \$2,602,247 (2020 - \$2,975,076).

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

8. 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:

	2021	2020
Principal payments on net debenture debt including contributions to sinking funds	\$ 6,702,486	\$ 6,372,915
Principal payments on capital leases	-	483,554
Payments on operating leases	1,025,484	814,183
Interest payments on net debenture debt	2,602,247	2,931,819
Interest payments on capital leases	-	43,257
	<hr/> \$ 10,330,217	<hr/> \$ 10,645,728

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

9. Tangible capital assets:

Cost	Balance at August 31, 2020	Additions and transfers	Disposals and transfers	Balance at August 31, 2021
Land	\$ 30,061,892	\$ 181,817	\$ -	\$ 30,243,709
Land improvements	4,438,100	453,933	-	4,892,033
Buildings	363,468,709	15,443,579	-	378,912,288
Portable structures	1,862,376	500,528	-	2,362,904
First-time equipping	2,284,689	45,427	97,732	2,232,384
Equipment – 5 years	967,006	44,334	31,138	980,202
Equipment – 10 years	6,657,157	115,629	1,309,885	5,462,901
Equipment – 15 years	247,300	13,608	-	260,908
Furniture	853,081	28,539	17,657	863,963
Computer hardware	6,562,300	664,898	1,244,064	5,983,134
Computer software	722,123	137,456	13,070	846,509
Vehicles	490,282	-	-	490,282
Leasehold improvements	17,171,004	2,067,286	-	19,238,290
Construction in progress	5,753,435	10,559,430	4,519,700	11,793,165
Leased buildings	29,111,559	1,487,704	-	30,599,263
Leased vehicles	24,869	-	24,869	-
	\$ 470,675,880	\$ 31,744,168	\$ 7,258,115	\$ 495,161,933

Accumulated Amortization	Balance at August 31, 2020	Additions and transfers	Disposals and transfers	Balance at August 31, 2021
Land improvements	\$ 2,028,550	\$ 453,447	\$ -	\$ 2,481,997
Buildings	140,653,173	13,379,446	-	154,032,619
Portable structures	1,198,028	86,157	-	1,284,185
First-time equipping	1,368,087	208,278	97,732	1,478,633
Equipment – 5 years	567,916	142,633	31,138	679,411
Equipment – 10 years	5,346,204	386,598	1,309,885	4,422,917
Equipment – 15 years	47,026	17,794	-	64,820
Furniture	237,865	84,969	17,657	305,177
Computer hardware	4,171,498	1,951,821	1,244,064	4,879,255
Computer software	257,318	157,197	13,070	401,445
Vehicles	228,760	73,832	-	302,592
Leasehold improvements	7,501,140	712,435	-	8,213,575
Leased buildings	17,215,049	723,557	-	17,938,606
Leased vehicles	24,869	-	24,869	-
	\$ 180,845,483	\$ 18,378,164	\$ 2,738,415	\$ 196,485,232

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

9. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2020	Balance at August 31, 2021	Change
Land	\$ 30,061,892	\$ 30,243,709	\$ 181,817
Land improvements	2,409,549	2,410,035	486
Buildings	222,815,536	224,879,669	2,064,133
Portable structures	664,348	1,078,719	414,371
First-time equipping	916,601	753,750	(162,851)
Equipment – 5 years	399,090	300,791	(98,299)
Equipment – 10 years	1,310,953	1,039,984	(270,969)
Equipment – 15 years	200,274	196,088	(4,186)
Furniture	615,215	558,785	(56,430)
Computer hardware	2,390,801	1,103,878	(1,286,923)
Computer software	464,806	445,065	(19,741)
Vehicles	261,522	187,690	(73,832)
Leasehold improvements	9,669,864	11,024,715	1,354,851
Construction in progress	5,753,435	11,793,165	6,039,730
Leased buildings	11,896,510	12,660,657	764,147
Leased vehicles	-	-	-
	\$ 289,830,397	\$ 298,676,701	\$ 8,846,304

Prior year numbers have been restated to conform with presentation adopted in the current year.

Assets under construction having a value of \$11,793,165 (2020 – 5,753,435) 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, 2021 were \$18,378,164 (2020 - \$17,062,082) and the amortization of tangible capital assets was \$18,378,164 (2020 - \$17,062,082).

10. Temporary borrowing:

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

Interest on short term debt is 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, 2021

11. Expenses by object:

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

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Current expenditures:			
Salaries and wages	\$ 218,203,259	\$ 221,448,037	\$ 207,852,356
Employee benefits	37,409,913	38,400,261	36,216,912
Staff development	979,969	736,506	778,161
Supplies and services	20,421,469	20,632,847	18,268,701
Debt charges and interest	2,489,454	2,489,454	2,862,857
Rental expenditures	1,028,640	1,025,483	814,183
Fees and contract services	15,525,407	16,581,847	13,258,917
Other	547,609	2,931,065	925,282
School funded activities	5,414,871	1,423,699	3,250,776
Amortization and loss on disposals	17,588,853	18,378,164	17,062,083
	\$319,609,444	\$324,047,363	\$ 301,290,228

12. Contractual obligations:

At August 31, 2021, the Board is committed to the following contracts for construction:

St. Teresa - Kitchener	\$ 588,594
St. Joseph	511,209
St. Anne - Cambridge	475,849
St. Louis – Continuing Education	356,707
St. Clement	343,765
Monsignor Doyle	312,675
St. Anne – Kitchener	299,177
St. Aloysius	287,148
Our Lady of Lourdes	285,327
Other contractual obligations	2,753,476
	\$ 6,213,927

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

13. Ontario School Board Insurance Exchange (OSBIE):

The Ontario School Boards' Insurance Exchange (OSBIE) is a school board owned, non-profit insurance program with 118 members, representing 78 school boards/school authorities and 40 Joint Ventures in Ontario. The primary goals of the Exchange are to insure member school boards against losses, and to promote safe school practices.

The Board participates as a member of OSBIE to manage the risks associated with casualty losses, liability arising out operations, and theft.

14. 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. As indicated above, 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.

From time to time, claims may be made against the Board related to employment contracts, agreements, and other similar matters. Where insurance coverage is not available for a particular claim, and where payment to a third party can be estimated and is likely, accruals have been made in these financial statements to reflect any obligations that may exist.

15. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in land	\$ 30,243,709	\$ 30,061,890
Employee future benefits payable	(1,753,269)	(2,300,176)
Interest payable	(754,099)	(866,891)
Amounts restricted for future use:		
School generated funds	1,819,771	2,060,626
Committed capital	812,003	804,320
Other internally restricted reserves	8,259,503	7,330,213
	\$ 38,627,618	\$ 37,089,982

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

16. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2021, the Board has proportionally consolidated 39.6% (2020 – 34.7%) 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:

	2021	2020
Financial position:		
Financial assets	\$ 490,918	\$ 1,382,946
Financial liabilities	(528,689)	(1,438,063)
Non-financial assets	37,771	55,117
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 24,995,419	\$ 24,473,208
Expenses	24,995,419	24,473,208
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.

17. Budget reconciliation

The budget approved by the Board on July 20, 2020 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:

	2021
Budgeted annual surplus	\$ -
Add:	
Revenue recognized for land	9,600,000
Other amounts not available for compliance	658,855
Budgeted surplus per statement of operations	\$ 10,258,855

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2021

18. Significant event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The pandemic continued to impact students, school board operations and funding throughout the 2020-2021 school year. Management is actively monitoring the effect on the Board’s financial condition, liquidity, operation, suppliers, and workforce. Given the daily changes in the COVID-19 outbreak and the global responses to curb its spread, the Board is not able to fully estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

19. In-kind transfers from the Ministry of Government and Consumer Services (MGCS)

The Board has recorded both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the MGCS. The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board’s records. The in-kind revenue recorded for these transfers is \$2,253,741 with expenses based on use of \$2,253,741 for a net impact of \$nil.