



Consolidated financial statements

Waterloo Catholic District School Board

August 31, 2024

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November 25, 2024

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

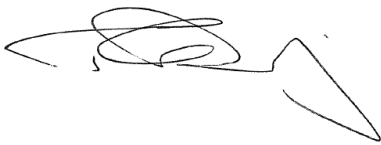
The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the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

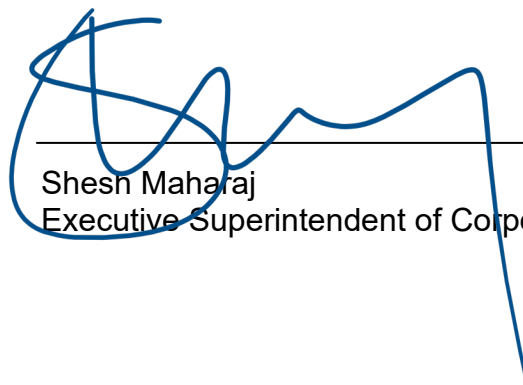
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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 Doane Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Tyrone Dowling
Director of Education



Shesh Maharaj
Executive Superintendent of Corporate Services

Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Waterloo Catholic District School Board ("the Board"), which comprise the consolidated statement of financial position as at August 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present, in all material respects, the financial position of Waterloo Catholic District School Board as at August 31, 2024, and its consolidated results of operations, changes in net debt and cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. 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 these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 a 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board and the organizations it controls 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.

Doane Grant Thornton LLP

Mississauga, Canada
November 25, 2024

Chartered Professional Accountants
Licensed Public Accountants

Waterloo Catholic District School Board

Consolidated Statement of Financial Position

August 31, 2024 with comparative figures for 2023

	2024	2023
Financial assets		
Cash	\$ 23,721,023	\$ 20,670,650
Accounts receivable (note 3)	34,373,073	35,030,501
Accounts receivable - Government of Ontario approved capital (note 4)	35,486,729	46,837,972
Total financial assets	93,580,825	102,539,123
Liabilities		
Accounts payable and accrued liabilities	41,745,010	36,143,097
Deferred revenue (note 5)	12,236,454	20,986,851
Deferred capital contributions (note 6)	291,439,940	287,108,537
Retirement and other employee future benefits payable (note 7)	5,089,843	4,664,148
Net debenture debt and capital leases (note 8)	26,580,851	32,198,665
Asset retirement obligation (ARO) (note 10)	3,298,922	3,407,810
Total liabilities	380,391,020	384,509,108
Net debt	(286,810,195)	(281,969,985)
Non-financial assets		
Prepaid expenses	629,956	502,826
Tangible capital assets (note 11)	354,832,096	349,587,500
Total non-financial assets	355,462,052	350,090,326
Contractual obligations and contingencies (notes 14 and 16)		
Accumulated surplus (note 17)	\$ 68,651,857	\$ 68,120,341

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Tyrone Dowling, Director of Education



Robert Sikora, Chair of the Board

Waterloo Catholic District School Board

Consolidated Statement of Operations

August 31, 2024 with comparative figures for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenues			
Provincial grants - grants for student needs (note 21)	\$ 335,473,421	\$ 390,309,915	\$ 321,514,236
Provincial grants - other	7,276,664	6,999,438	7,570,137
Federal grants and fees	2,566,283	2,636,764	2,489,793
Other fees and revenues	28,033,595	18,358,827	32,083,559
Investment income	430,000	1,687,871	1,162,460
School fundraising	3,612,128	5,851,515	5,222,373
Total revenues	377,392,091	425,844,330	370,042,558
Expenses			
Instruction	284,616,831	338,564,966	276,125,401
Administration	12,064,374	12,499,064	12,203,383
Transportation	9,498,806	10,041,718	8,516,859
Pupil accommodation	50,397,930	58,211,534	50,148,462
School funded activities	3,535,015	5,597,557	5,100,755
Other	4,906,041	397,975	2,884,565
Total expenses (note 13)	365,018,997	425,312,814	354,979,425
Annual surplus	12,373,094	531,516	15,063,133
Accumulated surplus, beginning of year	68,979,562	68,120,341	53,057,208
Accumulated surplus, end of year	\$ 81,352,656	\$ 68,651,857	\$ 68,120,341

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Cash Flows

August 31, 2024 with comparative figures for 2023

	2024	2023
Operating activities		
Annual surplus	\$ 531,516	\$ 15,063,133
Sources and (uses):		
Items not involving cash:		
Amortization of tangible capital assets and asset retirement obligation	24,424,093	21,667,713
Decrease of tangible capital assets - asset retirement obligation	108,888	(419,813)
Grants recognized for deferred capital contributions	(24,122,799)	(21,447,908)
Decrease in retirement and other employee future benefits payable	425,695	(184,021)
Transfer from deferred revenue to deferred capital contributions	12,773,447	1,666,381
	13,609,324	1,282,352
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	12,008,671	(3,098,807)
Increase in accounts payable and accrued liabilities	5,493,025	4,277,992
(Decrease) increase in deferred revenue - operating	(4,653,871)	2,867,512
(Increase) decrease in prepaid expenses	(127,130)	62,207
	12,720,695	4,108,904
Cash provided by operating activities	26,861,535	20,454,389
Capital activities		
Cash used to acquire tangible capital assets	(29,543,962)	(55,184,886)
Settlement of ARO liability through abatement	(233,615)	-
Cash applied to capital activities	(29,777,577)	(55,184,886)
Financing activities		
Capital grants received	15,680,755	37,539,324
Decrease in deferred revenue - capital	(4,096,526)	(8,143,224)
Debt repaid and sinking fund contributions	(5,617,814)	(6,273,660)
Cash provided by financing activities	5,966,415	23,122,440
Change in cash and cash equivalents	3,050,373	(11,608,057)
Cash and cash equivalents, beginning of year	20,670,650	32,278,706
Cash and cash equivalents, end of year	\$ 23,721,023	\$ 20,670,650

	2024	2023
The components of cash and cash equivalents are as follows:		
Cash	\$ 23,498,297	\$ 20,312,806
Cash equivalents	222,726	357,844
	\$ 23,721,023	\$ 20,670,650

	2024	2023
Cash paid for interest	\$ 1,501,499	\$ 1,886,852
Cash received for interest	1,687,871	1,162,460

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Consolidated Statement of Changes in Net Debt

August 31, 2024 with comparative figures for 2023

	2024 Budget	2024 Actual	2023 Actual
Annual surplus	\$ 12,373,094	\$ 531,516	\$ 15,063,133
Tangible capital asset activity			
Acquisition of tangible capital assets and tangible capital assets - ARO	(65,657,375)	(29,543,962)	(55,184,886)
Amortization of tangible capital assets	20,999,766	24,424,093	21,667,713
Changes in estimate of tangible capital assets - asset retirement obligation	-	(124,727)	(419,814)
Total tangible capital asset activity	(44,657,609)	(5,244,596)	(33,936,986)
Other non-financial asset activity			
Acquisition of prepaid expenses	(629,956)	(629,956)	(502,826)
Use of prepaid expenses	629,956	502,826	565,033
Total other non-financial asset activity	-	(127,130)	62,207
(Increase) decrease in net debt	(32,284,515)	(4,840,210)	(18,811,646)
Net debt, beginning of year	(281,969,985)	(281,969,985)	(263,158,339)
Net debt, end of year	\$ (314,254,500)	\$ (286,810,195)	\$ (281,969,985)

See accompanying notes to consolidated financial statements.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements

Year ended August 31, 2024

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, 2024

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 administration of certain programs or in the delivery of specific services, performance obligations 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, 2024

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits payable:

The Board provides defined retirement and other future benefits to certain employees. These benefits include life insurance and health care benefits, retirement gratuities, and workers' compensation.

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 subsidized retirement and other employee future benefits 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, 2024

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, 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, and legally or contractually required retirement activities. 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	3
Computer software	5
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, 2024

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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

(i) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income may be earned on externally restricted funds such as pupil accommodation, education development charges (EDC) and special education funds since they form 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. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

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.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$3,298,922 (2023 - 3,407,810). These estimates are subject to uncertainty because of several factors, including but not limited to, incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), unknown dates, if any, on which the Board would be required to take action, the allocation of costs between required and discretionary activities and/or change in the discount rate.

(m) Education 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, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs under Education Property Tax.

(n) Other revenues

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability. The majority of board revenues do not fall under the new PS 3400 accounting standard.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

1. Significant accounting policies (continued):

(o) Financial Instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

The following shows the measurement method for each type of financial instrument:

Financial Instrument	Measurement Method
Cash and cash equivalents	Amortized Cost*
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

2. Change In Accounting Policy – Adoption of New Accounting Standards

The board adopted the following standards concurrently beginning September 1, 2023 retroactively: PS 3400 *Revenue*, PS 3160 *Public Private Partnerships*, and adopted PSG-8 *Purchased Intangibles* prospectively.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

No restatement has been recorded as a result of applying these new accounting standards.

3. Accounts receivable:

Accounts receivable consists of the following:

	2024	2023
Province of Ontario	\$ 18,688,614	\$ 15,252,322
Local Municipalities	8,146,348	7,919,684
Other	7,538,111	11,858,495
	<u>\$ 34,373,073</u>	<u>\$ 35,030,501</u>

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 \$35,486,729 as at August 31, 2024 (2023 - \$46,837,972) with respect to capital grants.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

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 as at August 31, 2024, is comprised of:

	Balance at August 31, 2023	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2024
Proceeds of disposition	\$ 7,175,105	\$ -	\$ -	\$ 7,175,105	\$ -
School renewal	2,608,445	4,189,317	513,885	4,525,475	1,758,402
Labour framework	942,574	-	41,095	-	901,479
Third Party	9,077,578	8,652,339	8,351,213	988,023	8,390,681
Other grants	1,183,149	5,359,059	5,271,469	84,845	1,185,892
	<u>\$ 20,986,851</u>	<u>\$ 18,200,715</u>	<u>\$ 14,177,662</u>	<u>\$ 12,773,447</u>	<u>\$ 12,236,454</u>

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.

	2024	2023
Deferred capital contributions, beginning of year	\$ 287,108,537	\$ 269,350,740
Add:		
Capital contributions received	15,751,278	31,966,190
Transfers from deferred revenue	12,773,447	7,239,515
Less:		
Revenue recognized in the year	(24,193,322)	(21,447,908)
Deferred capital contributions, end of year	<u>\$ 291,439,940</u>	<u>\$ 287,108,537</u>

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

7. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2024 were as follows:

(a) Employee future benefits liabilities:

		2024		2023	
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 945,986	\$ 4,104,112	\$ 5,050,098	\$ 4,614,097	
Unamortized actuarial loss/(gain)	39,745	-	39,745	50,051	
Employee future benefits liabilities	\$ 985,731	\$ 4,104,112	\$ 5,089,843	\$ 4,664,148	

(b) Employee future benefits expenses:

		2024		2023	
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ -	\$ 1,787,196	\$ 1,787,196	\$ 791,630	
Recognized actuarial loss	5,111	(87,737)	(82,626)	(123,562)	
Interest on accrued benefit obligation	41,563	121,248	162,811	160,564	
Employee future benefit expenses	\$ 46,674	\$ 1,820,707	\$ 1,867,381	\$ 828,632	

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 4.9 years. During the year, benefit payments of \$1,441,008 (2023 - \$1,012,115) were made.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

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

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 in-year 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.

(ii) Ontario Municipal Employees Retirement System:

All 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, 2024, the Board contributed \$6,191,296 (2023 - \$5,089,254) 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:

1. 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.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

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

2. 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.

3. 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 \$251,666 (2023 - \$280,778).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2024.

Actuarial assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans are based on actuarial valuations for accounting purposes as at August 31, 2024. The next actuarial valuation will take place during the 2024-2025 school year. Changes, if any, will be included in the financial statements for the year ending August 31, 2025. 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:

	2024	2023
Inflation	2.00%	2.00%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation	5.00%	5.00%
Health insurance premium escalation	5.00%	5.00%
Discount on accrued benefit obligations	3.80%	4.40%

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

8. Net debenture debt:

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

	2024	2023
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 315,192	\$ 608,860
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	7,115,237	9,655,459
Region of Waterloo, interest rate of 5.487%, matured November 5, 2023	-	989,290
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	2,328,618	2,583,762
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	832,650	906,776
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,021,745	1,100,321
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	2,927,192	3,382,694
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	966,918	1,031,247
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	361,786	618,148
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	2,400,895	2,548,492
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	2,101,482	2,228,910
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	6,209,136	6,544,706
Balance as at August 31	\$ 26,580,851	\$ 32,198,665

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

8. Net debenture debt (continued):

The Ontario Financing Authority (OFA) is an agency of the Province of Ontario that manages the Province's debt and borrowing program. As such, the OFA is considered a related party by the Board. Financial obligations to the OFA are \$19,150,422 (2023 - \$20,945,056).

Principal and interest payments relating to net debenture debt of \$26,580,851 are due as follows:

	Principal	Interest	Total
2024-2025	\$ 4,898,848	\$ 1,248,918	\$ 6,147,766
2025-2026	4,665,356	968,393	5,633,749
2026-2027	3,272,658	698,702	3,971,360
2027-2028	1,835,944	569,552	2,405,496
2028-2029	1,919,083	486,413	2,405,496
Thereafter	9,988,962	1,601,910	11,590,872
	<u>\$ 26,580,851</u>	<u>\$ 5,573,888</u>	<u>\$ 32,154,739</u>

Interest on long-term debt amounted to \$1,546,399 (2023 - \$1,906,967).

9. Debt charges, capital loans and interest:

The principal and interest payments for net debentures are as follows:

	2024	2023
Principal payments on net debentures	\$ 5,617,814	\$ 6,273,660
Interest payments on net debenture debt	1,546,399	1,906,967
	<u>\$ 7,164,213</u>	<u>\$ 8,180,627</u>

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

10. Asset retirement obligations (ARO):

The board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending amount of the ARO liability is below as at August 31:

	2024	2023
Liabilities for ARO – beginning of year	\$ 3,407,810	\$ 2,987,997
Change in estimate	124,727	-
Liabilities incurred during the year	-	419,813
Abatement during the year	(233,615)	-
Liabilities for ARO – end of year	\$ 3,298,922	\$ 3,407,810

The Board has made an inflation adjustment to liability balances on previous cost estimates increase of 3.0% as at August 31, 2024. This rate represents an additional percentage increase to the 14.05% increase in the prior year due high inflation rates at that time.

In the 2022-23 financial statements, it was noted that the board made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year end, to liability balances based on previous cost estimates, to reflect costs as at that date. Based on a lookback of fiscal year 2022-23, the estimated rate of 14.05% (based on the Canada Building Construction Price Index (BCPI) data from October 1, 2021 to September 30, 2022, used to estimate the April 1, 2022 to March 31, 2023 escalation rate), was higher than the actual increase in BCPI of 10.88% during April 1, 2022 to March 31, 2023. As a result, the additional inflation applied to the ARO liability from the prior year's estimate was taken into account when determining how much to escalate as at March 31, 2024 in alignment with the Provincial government fiscal year end. According to provincial instruction, if no other adjustments were made to estimates at August 31, 2023, boards were to use an adjustment rate of 3.66% at March 31, 2024. If a school board applied further revaluation to their ARO liability after March 31, 2023, the school board determined the appropriate cost escalation rate at March 31, 2024 and updated their calculation based on the revaluation rate they applied, if any.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

11. Tangible capital assets:

Cost	Balance at August 31, 2023	Additions and Transfers	Disposals and Transfers	Revaluation of TCA-ARO	Balance at August 31, 2024
Land	\$ 60,435,386	\$ 1,019,236	\$ -	\$ -	\$ 61,454,622
Land Improvements	6,485,189	730,644	-	5,582	7,221,415
Buildings	456,726,797	21,257,308	-	119,143	478,103,248
Portable Structures	4,875,246	5,944,517	-	-	10,819,763
First-time Equipping	2,709,312	157,481	-	-	2,866,793
Equipment – 5 years	1,000,641	164,155	-	-	1,164,796
Equipment – 10 years	2,503,062	132,882	-	-	2,635,944
Equipment – 15 years	341,821	-	-	-	341,821
Furniture	1,000,749	68,809	-	-	1,069,558
Computer Hardware	7,802,219	2,355,735	16,739	-	10,141,215
Computer Software	1,008,897	49,966	-	-	1,058,863
Vehicles	1,035,485	51,781	-	-	1,087,266
Leasehold Improvements	22,336,115	3,292	-	-	22,339,407
Construction in Progress	9,205,387	7,239,902	9,631,744	-	6,813,545
Leased Buildings	3,940,000	-	-	-	3,940,000
	\$ 581,406,306	\$ 39,175,708	\$ 9,648,483	\$ 124,725	\$ 611,058,256

Accumulated Amortization	Balance at August 31, 2023	Additions and Transfers	Disposals and Transfers	Revaluation of TCA-ARO	Balance at August 31, 2024
Land Improvements	\$ 3,667,805	\$ 525,997	\$ -	\$ -	\$ 4,193,802
Buildings	202,052,705	18,138,131	-	-	220,190,836
Portable Structures	1,583,457	366,167	-	-	1,949,624
First-time Equipping	1,630,675	202,907	-	-	1,833,582
Equipment – 5 years	414,811	215,065	-	-	629,876
Equipment – 10 years	1,606,094	170,267	-	-	1,776,361
Equipment – 15 years	108,531	23,670	-	-	132,201
Furniture	489,297	103,515	-	-	592,812
Computer Hardware	3,683,808	2,319,193	16,739	-	5,986,262
Computer Software	718,360	130,643	-	-	849,003
Vehicles	567,510	165,746	-	-	733,256
Leasehold Improvements	11,355,753	2,062,792	-	-	13,418,545
Leased Buildings	3,940,000	-	-	-	3,940,000
	\$ 231,818,806	\$ 24,424,093	\$ 16,739	\$ -	\$ 256,226,160

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

11. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2023	Balance at August 31, 2024	Change
Land	\$ 60,435,385	\$ 61,454,622	\$ 1,019,236
Land improvements	2,817,384	3,027,613	210,229
Buildings	254,674,092	257,912,412	3,238,320
Portable structures	3,291,790	8,870,139	5,578,350
First-time equipping	1,078,636	1,033,211	(45,426)
Equipment – 5 years	585,831	534,920	(50,910)
Equipment – 10 years	896,968	859,583	(37,385)
Equipment – 15 years	233,290	209,620	(23,670)
Furniture	511,452	476,746	(34,706)
Computer hardware	4,118,410	4,154,953	36,542
Computer software	290,538	209,860	(80,677)
Vehicles	467,975	354,010	(113,965)
Leasehold improvements	10,980,363	8,920,862	(2,059,500)
Construction in progress	9,205,386	6,813,545	(2,391,840)
	\$ 349,587,500	\$ 354,832,096	\$ 5,244,596

Assets under construction having a value of \$6,813,544 (2023 – \$9,205,386) 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, 2024 were \$24,201,054 (2023 - \$21,447,909) and the amortization of tangible capital assets was \$24,314,983 (2023 - \$21,561,838). The difference between these amounts is reflective of tangible capital assets purchases funded by non-restricted revenues. Amortization of asset retirement obligations was \$116,841 (2023 - \$105,875).

12. Temporary borrowing:

The Board has lines of credit available to a maximum of \$30 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, 2024

13. Expenses by object:

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

	2024 Budget	2024 Actual	2023 Actual
Current expenditures:			
Salaries and wages	\$ 242,467,668	\$ 296,516,445	\$ 235,265,279
Employee benefits	44,475,546	49,988,874	41,986,291
Amortization	20,999,765	24,307,252	21,561,839
Amortization – ARO	129,088	116,841	105,875
Fees and contract services	23,157,803	22,575,700	21,079,712
Supplies and services	21,124,147	21,436,389	22,034,283
Other	5,124,991	789,745	3,186,774
School funded activities	3,535,015	5,597,557	5,100,756
Debt charges and interest	1,440,315	1,454,988	1,839,605
Rental expenditures	1,472,585	1,573,560	1,349,545
Staff development	1,092,074	955,463	1,469,466
	\$ 365,018,997	\$ 425,312,814	\$ 354,979,425

14. Contractual obligations:

At August 31, 2024, the Board is committed to the following contracts for construction:

St. Patrick Catholic Elementary School	\$ 17,803,284
St. David's Catholic Secondary School	363,956
New 7-12 East Kitchener Catholic School	361,061
Saint John Paul II Catholic Elementary School	324,651
St. Nicholas Catholic Elementary School	249,962
Resurrection Catholic Secondary School	231,734
Canadian Martyrs Catholic Elementary School	223,590
St. Mary's Catholic Secondary School	209,235
New Rosenberg Catholic Elementary School	205,238
Other contractual obligations	1,452,964
	\$ 21,425,675

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

15. 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 school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage, vehicles and other areas of risks common to school boards. Premiums paid to OSBIE for the policy year ending December 31, 2024 were \$424,708 (2023 - \$372,432).

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, with the current agreement ending December 31, 2026.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. The guarantee fund represents the cumulative excess of income over expenses, including investment income, and may be used to cover potential future catastrophe claims or reduce future premiums as appropriate. While individual school boards are not entitled to access the assets, the agreement provides for two circumstances where a school board may receive a portion of the accumulated funds of the reciprocal:

- i. In the event that the OSBIE board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce policy premiums, grant credits, or provide refunds of premiums in current or future policy periods.
- ii. Upon termination of the exchange of reciprocal contracts of insurance within an underwriting group, the associated assets, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be distributed to each school board in the underwriting group according to their participation ratio. The reserve for future liabilities associated with the underwriting group will be reassessed from time to time and when all liabilities have been discharged, any remaining assets shall be redistributed using the same ratio as was used previously.

In the event that the Board ceases to participate in the exchange of contracts of insurance within an underwriting group or within the exchange, it shall be liable for any assessments arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made with in the board of directors to buy out such liability.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

16. Contingencies:

The Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10 million per accident, per employee, aggregate for disease, with a \$1 million 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 loss stop policy. 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.

17. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2024	2023
Surplus:		
Invested in land	\$ 61,454,619	\$ 60,435,384
Employee future benefits payable	(1,426,028)	(1,426,028)
Interest payable	(417,598)	(523,682)
Future asset retirement obligations	(2,339,277)	(2,456,051)
Amounts restricted for future use:		
School generated funds	2,460,946	2,206,981
Committed capital	603,815	673,211
Other internally restricted reserves	8,315,380	9,210,526
	<hr/>	<hr/>
	\$ 68,651,857	\$ 68,120,341

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

18. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2024, the Board has proportionally consolidated 38.8% (2023 – 38.0%) of STSWR’s assets and liabilities. The proportionate percentage incorporated into the consolidated financial statements is based on the ridership of each participating board. Inter-organizational transactions and balances have been eliminated. The consolidated financial statements include the Board’s share of the following:

	2024	2023
Financial position:		
Financial assets	\$ 1,022,185	\$ 221,379
Financial liabilities	(1,037,502)	(237,948)
Non-financial assets	15,317	16,569
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 31,728,843	\$ 29,185,014
Expenses	31,728,843	29,185,014
Annual surplus	\$ -	\$ -

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

19. Budget reconciliation:

The budget approved by the Board on June 13, 2023 was not prepared on a Canadian Public Sector Accounting Standards basis consistent with that used to report actual results. The budget data presented in these consolidated financial statements is based upon the 2024 budgets approved by the board. 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 outlined below.

	2024
Budgeted annual surplus	\$ -
Revenue recognized for land	13,428,386
Other amounts not available for compliance	(1,055,292)
Budgeted surplus per statement of operations	\$ 12,373,094

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

20. In-kind transfers from the Ministry of Public and Business Service Delivery (MPBSD):

The Board has recorded both revenues and expenses, associated with provincially procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the MPBSD. The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$139,127 (2023 - \$74,426) with expenses based on use of \$139,127 (2023 - \$74,426) for a net impact of \$nil.

21. Grants for Student Needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 91.7% of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2024	2023
Provincial legislative grants	\$ 342,597,203	\$ 276,193,242
Education property tax	47,712,712	45,320,994
Grants for student needs	\$ 390,309,915	\$ 321,514,236

22. Financial Instruments:

Risks arising from financial instruments and risk management

The board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

The following table provides the carrying amount information of the Board's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2024	2024	2023	2023
	Amortized cost/cost	Fair value	Amortized cost/cost	Fair value
Cash and cash equivalents	\$ 23,721,023		\$ 20,670,650	
Accounts receivable	69,859,802		81,868,473	
Accounts payable and accrued liabilities	(41,745,010)		(36,143,097)	
Employee benefits payable		\$ (5,089,843)		\$ (4,664,148)

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

22. Financial Instruments (continued):

Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to discharge their obligation (e.g. pay the accounts receivable owing to the Board). The Board is exposed to this risk arising from its cash and cash equivalents and receivables. The Board holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation.

Accounts receivable is primarily due from the Ministry of Education and local municipalities. The Board measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Board's historical experience regarding collections. There are no impairment allowances related to receivables in the current year or prior year. There were no changes in exposures to credit risk during the period.

Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The organization mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payables and accrued liabilities	\$ 41,745,010	\$ -	\$ -	\$ -	\$41,745,010
Employee benefits payable	1,036,787	1,036,787	3,110,362	(93,093)	5,089,843
	<u>\$ 42,781,797</u>	<u>\$ 1,036,787</u>	<u>\$ 3,110,362</u>	<u>\$ (93,093)</u>	<u>\$46,834,853</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk.

Market risk

The board is exposed to interest rate risk and price risk with regard to its interest rate risk on its debenture debt, all of which are regularly monitored.

The board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

23. Monetary resolution to Bill 124, the Protecting a Sustainable Public Sector for the Future Generations Act, 2019

A monetary resolution to Bill 124 was reached between the Crown and the following education sector unions: *Ontario Secondary School Teachers' Federation (OSSTF)*, *Ontario English Catholic Teachers' Association (OECTA)*, *Canadian Union of Public Employees (CUPE)*, *Education Workers' Alliance of Ontario (EWAO)*, and *Ontario Council of Education Workers (OCEW)*. This agreement provides a 0.75% increase for salaries and wages on September 1, 2019, a 0.75% increase on September 1, 2020, and a 2.75% increase on September 1, 2021, in addition to the original 1.0% increase applied on September 1 in each year during the 2019-2022 collective agreements. The same increases also apply to non-unionized employee groups [excluding school board executives].

Principal and Vice Principal groups have settled a contract with a 0.75% increase for salaries and wages on September 1, 2020, a 2.75% increase on September 1, 2021, and a 2.00% increase on September 1, 2022, in addition to the original 1.0% increase applied on September 1 in each year during the 2020-2023 collective agreements.

The Crown transferred money to school boards through Priorities and Partnerships Funding (PPF) and through changes to the Grants for Student Needs benchmarks based on their aggressive estimates of the province's liability. The Crown cannot provide information on which benchmarks were adjusted or by how much. Management's best efforts to assess the net impact on the Board's finances shows the Board has been underfunded by approximately \$1,463,629.

Due to this resolution, there is an impact on salary and wages expenses of \$34,135,003 in the 2023-2024 fiscal year. The portion related to 2019-2020 to 2022-2023 is \$25,784,507, with the remainder of \$8,350,496 related to 2023-2024.

Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2024

24. Future Accounting Standard Adoption

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the board for as of September 1, 2026 for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

Reporting Model- PS 1202- Financial Statement Presentation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201- Financial Statement Presentation. The model is expected to be implemented retroactively with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets Liabilities
- Isolated financing transaction in the Cash Flow Statement