

**Windsor-Essex Catholic  
District School Board  
Consolidated Financial Statements**

**For the year ended August 31, 2018**

**Windsor-Essex Catholic District School Board**  
**Consolidated Financial Statements**  
For the year ended August 31, 2018

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## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Windsor-Essex Catholic District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

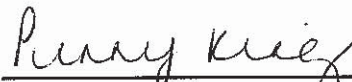
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

The Audit Committee of the Board meets with external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director of Education



Executive Superintendent of Business

November 27, 2018

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## Independent Auditor's Report

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### To the Board of Trustees of the Windsor-Essex Catholic District School Board

We have audited the accompanying consolidated financial statements of Windsor-Essex Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditor's Responsibility

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

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

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



### **Opinion**

In our opinion, the consolidated financial statements of Windsor-Essex Catholic District School Board as at August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### **Emphasis of Matter**

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

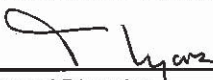
Windsor, Ontario  
November 27, 2018

# Windsor-Essex Catholic District School Board

## Consolidated Statement of Financial Position

August 31,	2018	(Note 17) (restated) 2017
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 32,386,122	\$ 16,415,679
Accounts receivable	11,037,290	19,142,098
Accounts receivable capital - Government of Ontario (Note 3)	127,279,338	142,027,724
Assets held for sale (Note 4)	211,080	-
	<u>170,913,830</u>	<u>177,585,501</u>
<b>Financial liabilities</b>		
Temporary borrowing (Note 9)	9,024,727	8,839,441
Accounts payable and accrued liabilities	15,173,510	17,341,113
Net debenture debt (Note 8)	123,405,519	130,373,261
Deferred revenue (Note 5)	6,923,755	7,027,001
Employee benefits payable (Note 7)	45,126,560	48,036,738
Deferred capital contributions (Note 6)	194,917,578	191,017,157
	<u>394,571,649</u>	<u>402,634,711</u>
<b>Net debt</b>	<u>(223,657,819)</u>	<u>(225,049,210)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 19)	218,154,862	214,092,334
Prepaid expenses	2,055,784	1,109,073
Inventories of supplies	-	1,656
	<u>220,210,646</u>	<u>215,203,063</u>
<b>Accumulated deficit (Note 12)</b>	<u>\$ (3,447,173)</u>	<u>\$ (9,846,147)</u>

Signed on Behalf of The Board

  
\_\_\_\_\_  
Director of Education

  
\_\_\_\_\_  
Chair for the Board

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

# Windsor-Essex Catholic District School Board

## Consolidated Statement of Operations

For the year ended August 31,	Budget 2018	2018	(Note 17) (restated) 2017
<b>Revenues</b>			
Provincial grant - grants for student needs	\$ 199,266,405	\$ 203,057,268	\$ 194,471,365
Local taxation	35,581,123	32,790,025	35,501,146
Amortization of deferred capital contributions including disposals (Note 6)	11,498,637	13,253,464	10,243,171
School generated funds	7,801,000	8,263,922	7,317,230
Provincial grants - other	2,008,716	4,429,611	2,601,757
Other fees and revenues	3,011,509	3,650,456	2,642,667
Investment income	200,000	432,675	204,741
	<u>259,367,390</u>	<u>265,877,421</u>	<u>252,982,077</u>
<b>Expenditures (Note 11)</b>			
Instruction	189,048,445	191,117,078	185,370,219
Pupil accommodation	40,154,786	42,261,396	40,457,723
School generated funds	7,963,000	8,061,171	7,376,587
Transportation	8,100,635	7,886,838	7,493,123
Administration	7,338,376	6,589,078	6,787,514
Other	3,583,903	3,562,886	2,483,553
	<u>256,189,145</u>	<u>259,478,447</u>	<u>249,968,719</u>
<b>Annual surplus</b>	\$ 3,178,245	6,398,974	3,013,358
<b>Accumulated deficit, beginning of year</b>	<u>-</u>	<u>(9,846,147)</u>	<u>(12,859,505)</u>
<b>Accumulated deficit, end of year</b>	<u>-</u>	<u>\$ (3,447,173)</u>	<u>\$ (9,846,147)</u>

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

# Windsor-Essex Catholic District School Board

## Consolidated Statement of Cash Flows

For the year ended August 31,	2018	2017
		(Note 17) (restated)
<b>Operations</b>		
Annual surplus	\$ 6,398,974	\$ 3,013,358
 Sources and (uses):		
Non-cash items including amortization, write downs and gain/loss on disposal	13,092,870	10,962,686
Deferred capital contributions revenue	(11,789,633)	(10,243,171)
Accounts receivable - other	8,104,808	(217,600)
Assets held for sale	(211,080)	345,000
Accounts payable and accrued liabilities	(2,167,603)	(3,175,655)
Deferred gain on disposal of restricted assets	(1,442,252)	-
Deferred revenues - operating	434,440	306,121
Employee benefits payable	(2,910,178)	(2,250,482)
Prepaid expenses and inventory of supplies	(945,055)	(303,774)
	<b>8,565,291</b>	<b>(1,563,517)</b>
 <b>Capital transactions</b>		
Proceeds on sale of tangible capital assets	2,324,893	2,532
Cash used to acquire tangible capital assets	(18,038,043)	(17,208,166)
	<b>(15,713,150)</b>	<b>(17,205,634)</b>
 <b>Financing</b>		
Decrease (increase) in temporary borrowing	185,286	(840,000)
Debt repaid	(6,967,742)	(6,624,708)
(Increase) decrease in accounts receivable capital - Government of Ontario	14,748,386	(2,165,955)
Additions to deferred capital contributions	15,690,054	17,177,042
(Decrease) increase in deferred revenues - capital	(537,682)	472,785
	<b>23,118,302</b>	<b>8,019,164</b>
 <b>Change in cash and equivalents</b>	<b>15,970,443</b>	<b>(10,749,987)</b>
 <b>Cash and equivalents, beginning of year</b>	<b>16,415,679</b>	<b>27,165,666</b>
 <b>Cash and equivalents, end of year</b>	<b>\$ 32,386,122</b>	<b>\$ 16,415,679</b>

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



## Windsor-Essex Catholic District School Board

### Consolidated Statement of Change in Net Debt

For the year ended August 31,	2018	(Note 17) (restated) 2017
<b>Annual surplus</b>	<b>\$ 6,398,974</b>	<b>\$ 3,013,358</b>
<b>Tangible capital asset activity</b>		
Amortization of tangible capital assets	12,433,019	10,965,218
Proceeds on sale of tangible capital assets	2,324,893	2,532
Loss (gain) on sale of tangible capital assets - Net	370,110	(2,532)
Acquisition of tangible capital assets	(18,038,043)	(17,208,166)
Write-downs of tangible capital assets	78,661	(796)
Transfer to assets held for sale	211,080	-
Deferred gain on disposal of restricted assets	(1,442,252)	-
	<u>(4,062,532)</u>	<u>(6,243,744)</u>
<b>Other non-financial asset activity</b>		
Acquisition of prepaid expenses	(3,669,972)	(1,950,537)
Use of supplies inventories	1,655	812
Use of prepaid expenses	2,723,266	1,645,944
	<u>(945,051)</u>	<u>(303,781)</u>
<b>Change in net debt</b>	<b>1,391,391</b>	<b>(3,534,167)</b>
<b>Net debt, beginning of year</b>	<b>(225,049,210)</b>	<b>(221,515,043)</b>
<b>Net debt, end of year</b>	<b>\$ (223,657,819)</b>	<b>\$ (225,049,210)</b>

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

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies

The consolidated financial statements are prepared by the management of Windsor-Essex Catholic District School Board in accordance with the basis of accounting described below.

#### (a) Basis of accounting

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

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education 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 significantly different from the requirements of Canadian Public Sector Accounting Standards which require that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS 3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS 3510.

As a result, 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.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (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 Windsor-Essex Catholic District School Board ("the Board") and which are controlled by the Board.

School generated funds, which include the 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.

#### (c) Trust funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board, with the exception of bursaries funds held in trust as noted in Note 2.

#### (d) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

#### (e) 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 expenses are incurred or services performed.

#### (f) 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 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.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (g) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuities, worker's compensation and long term disability benefits. Changes were made to the Board's retirement gratuity plan (2012), sick leave plan (2013) and retiree health, life and dental plan (2013 and 2016).

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: OECTA employee groups. The following ELHTs were established in 2017-2018: CUPE and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to OECTA employees (June 2017), CUPE employees (March 2018), Principals and Vice-Principals (April 2018) and Non-Union staff (June 2018). Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for retired individuals with the exception of retired principals and vice-principals and retired non-union employees, as well as active Unifor employee groups, and continues to have a liability for payment of benefits for those who are on long-term disability and for some who are retired under these plans.

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 estimates of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days (if applicable) and years of service as at August 31, 2012 and management's best estimate of discount rates. 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.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (g) Retirement and other employee future benefits (continued)

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as 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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's 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 multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pension, are the employer's contributions due to the plan in the period.

(iii)The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

#### (h) Tangible capital assets

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

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

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (h) Tangible capital assets (continued)

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
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware and software	5
Vehicles	5-10
Leasehold improvements	over the lease term

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

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

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### (i) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability they are deferred and recognized in revenue when the stipulations are met.

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

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (j) Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

#### (k) Budget figures

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

#### (l) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) 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. Accounts subject to estimates include employee future benefits. In addition, estimates have been made of the historical cost and useful lives of certain tangible capital assets as a result of the implementation of Section 3150 of the Public Sector Accounting Handbook. Actual results could differ from these estimates.

#### (m) Property tax revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 2. Cash and cash equivalents

Cash and cash equivalents include the following:

	2018	(Note 17) restated 2017
Cash in bank	\$ 29,596,895	\$ 13,830,645
School funds	2,387,328	2,184,576
Bursary funds, in trust	372,674	371,383
Petty cash	29,225	29,075
	<u>\$ 32,386,122</u>	<u>\$ 16,415,679</u>

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### 3. Accounts receivable - Government of Ontario

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes 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 instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$127,279,338 as at August 31, 2018 (2017 - \$142,027,724) with respect to capital grants.

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### 4. Assets held for sale

As of August 31, 2018, \$211,080 (2017 - \$nil) related to buildings was recorded as assets held for sale. During the year, no (2017 - one) school property classified as asset held for sale was sold. Net proceeds of \$nil (2017 - \$550,431) were received on the sale of this property, which had a carrying value of \$nil (2017 - \$345,000), resulting in a gain of \$nil (2017 - \$205,431). The net proceeds (including the gain) have been deferred for future capital asset purchases according to Ontario Regulation 193/10.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

**August 31, 2018**

### 5. Deferred revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2018 is comprised of:

	(Note 17) (restated) Balance as at August 31, 2017	Externally restricted revenue received	Revenue recognized in the period	Transfers (to) deferred capital contributions in the period	Balance as at August 31, 2018
Restricted operating grants	\$ 85,711	\$ 2,570,959	\$ (2,298,416)	\$ -	\$ 358,254
Third party operating grants	1,123,649	1,295,631	(1,133,738)	-	1,285,542
Restricted capital grants	2,910,544	17,073,202	(13,941,142)	(5,394,278)	648,326
Proceeds of disposition - school buildings	2,657,869	1,874,892	(668,000)	-	3,864,761
Proceeds of disposition - other	249,228	450,000	(143,436)	-	555,792
Assets held for sale	-	211,080	-	-	211,080
School generated capital funds	-	37,391	-	(37,391)	-
<b>Total deferred revenue</b>	<b>\$ 7,027,001</b>	<b>\$ 23,513,155</b>	<b>\$ (18,184,732)</b>	<b>\$ (5,431,669)</b>	<b>\$ 6,923,755</b>

# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

**August 31, 2018**

### 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.

	2018	(Note 17) restated 2017
Balance, beginning of year	\$ 191,017,157	\$ 184,082,492
Additions to deferred capital contributions	17,153,885	17,177,041
Revenue recognized in the period - amortization and write-downs	(11,789,633)	(10,242,376)
Revenue recognized in the period - disposals	(1,463,831)	-
Balance, end of year	\$ 194,917,578	\$ 191,017,157

### 7. Retirement and other employee future benefits

#### Retirement and other employee future benefit liabilities

	2018		(Note 17) restated 2017
	Retirement benefits	Other future employee benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 40,204,802	\$ 2,837,810	\$ 43,042,612
Unamortized actuarial (gain)/loss	(2,083,948)	-	(1,278,910)
Employee future benefits liability	\$ 42,288,750	\$ 2,837,810	\$ 45,126,560
			\$ 48,036,738

# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

**August 31, 2018**

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

#### Retirement and other employee future benefit expenses

			(Note 17) restated	
			2018	2017
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ 99,139	\$ 418,799	\$ 517,938	\$ (306,341)
Cost of plan amendments	-	-	-	291,595
Interest on accrued benefit obligation	1,080,023	67,372	1,147,395	1,021,009
Recognition of unamortized actuarial losses (gain) on plan amendments/curtailments	(798,993)	71,052	(727,941)	358,200
Employee future benefit expenses <sup>1</sup>	<u>\$ 380,169</u>	<u>\$ 557,223</u>	<u>\$ 937,392</u>	<u>\$ 1,364,463</u>

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

#### Plan changes

In 2016-17, as a result of certain negotiated settlements and labour contract resolutions, the Board reinstated and/or extended post-retirement benefits (life insurance) for certain retired members to lifetime coverage. Board contributions will continue for certain employee groups for life.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 7. Retirement and other employee future benefit liabilities (continued)

#### Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on the most recent actuarial valuations of future events determined for accounting purposes as at August 31, 2018 and based on updated average daily salary and banked sick days (if applicable) as at August 31, 2018. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2018 (%)</u>	<u>2017 (%)</u>
Inflation	1.5	1.5
Wage and salary escalation	0	0
Insurance and health care cost escalation	4.0 - 8.0	4.0 - 8.0
Discount on accrued benefit obligations	2.90	2.55

#### Retirement benefits

##### (i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

##### (ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rate of pay. The Board contributions equal the employee contributions to the plan. The Board does not have direct access to information regarding the deficit calculation of the fund nor its impact on the contribution rates, except as disclosed periodically by OMERS. As of December 31, 2017 the funded ratio for the OMERS plan was 94% (2016 - 93%). During the year ended August 31, 2018, the Board contributed \$3,290,971 (2017 - \$3,210,594) 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 type of plan is included in the Board's consolidated financial statements.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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

#### (iii) Retirement Gratuities

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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

#### (iv) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age and for certain employee groups for life. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

#### Other employee future benefits

#### (i) Workplace Safety and Insurance Board Obligations

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

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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

#### (ii) Long-term Disability - Life Insurance, Dental and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave who are not yet members of an ELHT. The Board is responsible for the payment of life insurance premiums and the partial costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

#### (iii) Sick Leave Top-up Benefits

A maximum of eleven 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 \$220,023 (2017 - \$188,320). For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2018, and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

### 8. Net debenture debt

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

	2018	(Note 17) restated 2017
Debenture #06-01; 5.070%; maturing April 2031	\$ 30,153,009	\$ 31,758,406
Debenture #09-10; 4.947%; maturing May 2035	23,817,275	24,694,402
Debenture #03-05; 5.800%; maturing November 2028	18,390,637	19,632,826
Debenture #02-01; 5.900%; maturing October 2027	17,821,938	19,187,175
Debenture #13-02; 4.037%; maturing October 2028	14,495,626	15,589,838
Debenture #06-03; 4.560%; maturing November 2031	5,458,752	5,745,927
Debenture #09-01; 5.062%; maturing March 2034	4,204,527	4,374,579
Debenture #12-01; 3.564%; maturing March 2037	4,052,449	4,201,507
Debenture #10-01; 5.232%; maturing April 2035	2,086,182	2,161,455
Debenture #11-01; 3.97%; maturing November 2036	1,690,671	1,751,614
Debenture #13-01; 3.799%; maturing March 2038	1,234,453	1,275,532
<b>Net debenture debt</b>	<b>\$ 123,405,519</b>	<b>\$ 130,373,261</b>

Principal and interest payments relating to net debenture liabilities of \$123,405,519 outstanding as at August 31, 2018 are due as follows:

	Debenture principal payments	Debenture interest payments	Total
2018-19	\$ 7,328,874	\$ 6,147,066	\$ 13,475,940
2019-20	7,709,072	5,766,869	13,475,941
2020-21	8,109,358	5,366,582	13,475,940
2021-22	8,530,813	4,945,128	13,475,941
2022-23	8,974,573	4,501,367	13,475,940
Thereafter	82,752,829	19,634,939	102,387,768
	<b>\$123,405,519</b>	<b>\$ 46,361,951</b>	<b>\$169,767,470</b>

Interest on debenture debt amounted to \$6,388,264 (2017 - \$6,740,553).

# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

### 9. Temporary borrowing

Temporary borrowing consists of the following:

	2018	(Note 17) restated 2017
Demand capital expenditure credit bearing loan interest at the lower of prime minus 0.25% (2017 - prime minus 0.25%) or bankers acceptance plus 0.75% (2017 - 0.75%) stamping fee. Repayable in regular monthly payments of \$70,000.	\$ 7,999,441	\$ 8,839,441
Demand capital interim bridge credit (D) bearing loan interest at the lower of prime minus 0.25% (2017 - prime minus 0.25%) or bankers acceptance plus 0.75% (2017 - 0.75%) stamping fee. Repayable on demand at the earlier of 6 months following project completion and March 30, 2019. Any direct grants received for the capital project to which this credit facility relates must be used to permanently reduce this loan.	931,742	-
Demand capital interim bridge credit (C) bearing loan interest at the lower of prime minus 0.25% (2017 - prime minus 0.25%) or bankers acceptance plus 0.75% (2017 - 0.75%) stamping fee. Repayable on demand no later than March 31, 2019. Any direct grants received for the capital project to which this credit facility relates must be used to permanently reduce this loan.	49,725	-
Demand capital interim bridge credit (E) bearing loan interest at the lower of prime minus 0.25% (2017 - prime minus 0.25%) or bankers acceptance plus 0.75% (2017 - 0.75%) stamping fee. Repayable on demand at the earlier of 6 months following project completion and March 31, 2019. Any direct grants received for the capital project to which this credit facility relates must be used to permanently reduce this loan.	12,616	-
Demand capital interim bridge credit (G) bearing loan interest at the lower of prime minus 0.25% (2017 - prime minus 0.25%) or bankers acceptance plus 0.75% (2017 - 0.75%) stamping fee. Repayable on demand no later than March 31, 2020. Any direct grants received for the capital project to which this credit facility relates must be used to permanently reduce this loan.	31,203	-
	\$ 9,024,727	\$ 8,839,441



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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 9. Temporary Borrowing (continued)

The Board has lines of credit available to the maximum of \$18 million (2017 - \$18 million) to address operating requirements which is unused at year end and \$10 million (2017 - \$10 million) for long term capital projects, for which \$2 million (2017 - \$1.2 million) is unused at year end. The Board has an additional \$51.2 million of unused lines of credit available for capital spending.

The Board has two additional capital bridge credit loans available for use with loan interest at lower of prime minus 0.25% or bankers acceptance plus 0.75% stamping fee. At year end the loans were not in use.

All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

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### 10. Debt charges and interest

The expenditure for debt charges includes principal and interest payments as follows:

	2018	(Note 17) restated 2017
Principal payments on long-term liabilities	\$ 6,967,742	\$ 6,624,710
Interest payments on long-term liabilities	6,388,264	6,740,553
	<u>\$ 13,356,006</u>	<u>\$ 13,365,263</u>

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 11. Expenses by object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	Budget 2018	Actual 2018	(Note 17) restated Actual 2017
<b>Expenses</b>			
Salary and wages	\$ 172,026,959	\$ 174,049,737	\$ 170,424,979
Employee benefits	26,912,252	26,706,951	25,143,264
Supplies and services	21,336,986	23,730,428	22,316,752
Amortization of tangible capital assets	12,220,684	12,881,789	10,965,218
Fees and contractual services	11,917,553	10,853,736	10,288,241
Interest charges on capital	6,565,517	6,656,869	6,904,710
Other	3,818,852	3,221,540	2,569,968
Rental expenditures	941,922	829,961	885,577
Staff development	448,420	547,436	470,010
	<u>\$ 256,189,145</u>	<u>\$ 259,478,447</u>	<u>\$ 249,968,719</u>

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

**August 31, 2018**

### 12. Accumulated (deficit) surplus

Accumulated surplus (deficit) consists of the following:

	2018	(Note 17) Restated 2017
Non-designated surplus	<u>\$ 6,773,835</u>	<u>\$ 5,813,718</u>
Amounts restricted for future use of the Board:		
Benefit plan	560,544	560,544
Committed sinking fund interest earned	1,092,556	1,156,076
School renewal program	171,786	171,786
	<u>1,824,886</u>	<u>1,888,406</u>
Amounts to be covered in the future:		
Employee future benefits - retirement gratuity liability	(4,001,775)	(6,860,185)
Retirement health, dental, life insurance plans	(21,678,263)	(23,331,543)
Employee future benefits - other than retirement gratuity	(3,556,452)	(3,556,452)
Interest accrual	(2,068,999)	(2,188,932)
	<u>(31,305,489)</u>	<u>(35,937,112)</u>
Other:		
School generated funds	2,371,466	2,168,712
Committed for post retirement liability phase-in	5,145,461	5,145,461
Revenues recognized for land	11,742,668	11,074,668
	<u>19,259,595</u>	<u>18,388,841</u>
	<u>\$ (3,447,173)</u>	<u>\$ (9,846,147)</u>

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 13. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 (2017 - \$24,000,000) per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2021.

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### 14. Contractual obligations and contingent liabilities

#### (a) Contractual obligations:

The Board has ongoing commitments over the next five years as follows:

2018-19	\$ 1,983,920
2019-20	1,648,260
2020-21	1,061,296
2021-22	444,278
2022-23	453,163
Thereafter	462,227
	<u>\$ 6,053,144</u>

As at August 31, 2018, the Board is committed to capital expenditures in the amount of \$4,869,856 (2017 - \$5,136,544).

#### (b) Contingent liabilities:

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2018 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operation.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 15. Transportation

On January 20, 2003, the Board entered into an agreement with the Greater Essex County District School Board and Conseil scolaire catholique Providence in order to provide common administration of student transportation within the district. On September 10, 2009, a new agreement was entered into and included the Conseil scolaire Viamonde. The consortium agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the formal agreement, decisions related to the financial and operating activities were shared. No partner was in a position to exercise unilateral control.

On July 18, 2013, the Board, along with the three other named school boards, formed a new corporation known as Service de Transport Des Eleves - Windsor-Essex - Student Transportation Services. On August 26, 2013, approval was given for the Board to enter into an agreement with the three other school boards specifying the terms and conditions of the new entity. Transportation services are now provided under the auspices of this corporation.

The Board's consolidated statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. Total expenses of the corporation at August 31, 2018 were \$22,446,712 (2017 - \$21,159,946). The Board's pro-rata share of expenses at August 31, 2018 was \$7,886,838 (2017 - \$7,493,123).

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### 16. Financial instruments

(a) Interest rate risk:

Interest rate risk represents the risk to the Board's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The Board is exposed to interest rate risk since the interest on the bank short-term borrowings is at variable rates.

(b) Fair value:

Fair values approximate amounts at which financial assets and liabilities would be exchanged between willing parties based on current markets for instruments of the same risk and materiality. The fair value of financial assets and liabilities approximate their carrying values.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

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### 17. Comparative figures and prior period adjustment

Certain of the prior year figures, provided for the purpose of comparison, have been restated for prior period adjustments noted in the current year end and/or reclassified to conform with the current year presentation.

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### 18. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$21,647,375 from the 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement entered into with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable in respect of the NPF debt. As a result of this agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

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# Windsor-Essex Catholic District School Board

## Notes to Consolidated Financial Statements

August 31, 2018

### 19. Tangible capital assets

Cost	Balance at August 31, 2017	Additions and transfers	Disposals and transfers	Balance at August 31, 2018
Buildings	\$ 301,677,392	\$ 12,268,284	\$ 5,600,957	\$ 319,546,633
Land	11,346,886	668,000	-	12,014,886
Leasehold improvements	76,120	-	-	76,120
First time equipping	9,451,514	53,297	-	9,504,811
Portable structures	4,411,370	29,784	(305,400)	4,135,754
Land improvements	8,229,970	3,704,427	(354,067)	11,580,330
Construction in progress	9,351,200	29,174	(9,351,199)	29,175
Other buildings	87,882	4,378	-	92,260
Vehicles	541,636	-	-	541,636
Equipment	401,374	59,968	(17,554)	443,788
Computer software and hardware	2,580,646	1,220,731	(128,378)	3,672,999
Furniture	76,969	-	-	76,969
	<b>\$ 348,232,959</b>	<b>\$ 18,038,043</b>	<b>\$ (4,555,641)</b>	<b>\$ 361,715,361</b>

Accumulated amortization	Balance at August 31, 2017	Additions and transfers	Disposals and transfers	Balance at August 31, 2018
Buildings	\$ 119,465,207	\$ 9,808,762	\$ (2,336,776)	\$ 126,937,193
Leasehold improvements	38,060	15,224	-	53,284
First time equipping	7,632,798	599,396	-	8,232,194
Portable structures	2,268,518	207,409	(305,396)	2,170,531
Land improvements	2,561,636	1,239,917	(225,041)	3,576,512
Other buildings	9,421	4,593	-	14,014
Vehicles	387,316	37,886	-	425,202
Equipment	252,573	44,847	(17,554)	279,866
Computer software and hardware	1,501,992	467,288	(128,378)	1,840,902
Furniture	23,104	7,697	-	30,801
	<b>\$ 134,140,625</b>	<b>\$ 12,433,019</b>	<b>\$ (3,013,145)</b>	<b>\$ 143,560,499</b>

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## Windsor-Essex Catholic District School Board

### Notes to Consolidated Financial Statements

August 31, 2018

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#### 19. Tangible capital assets (continued)

Net book value	Balance at August 31, 2017	Balance at August 31, 2018	Change
Buildings	\$ 182,212,185	\$ 192,609,440	\$ 10,397,255
Land	11,346,886	12,014,886	668,000
Leasehold improvements	38,060	22,836	(15,224)
First time equipping	1,818,716	1,272,617	(546,099)
Portable structures	2,142,852	1,965,223	(177,629)
Land improvements	5,668,334	8,003,818	2,335,484
Construction in progress	9,351,200	29,175	(9,322,025)
Other buildings	78,461	78,246	(215)
Vehicles	154,320	116,434	(37,886)
Equipment	148,801	163,922	15,121
Computer software and hardware	1,078,654	1,832,097	753,443
Furniture	53,865	46,168	(7,697)
	<u>\$ 214,092,334</u>	<u>\$ 218,154,862</u>	<u>\$ 4,062,528</u>

#### (i) Construction in progress

Construction in progress having a value of \$29,175 (2017 - \$9,351,200) has not been amortized. Amortization of these assets will commence when the assets are put in service.

#### (ii) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$78,661 (2017 - \$nil).

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