

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

For the year ended August 31, 2019

Windsor-Essex Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2019

Contents

Management Report	2
Auditor's Report	3 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Change in Net Debt	8
Notes to Consolidated Financial Statements	9 - 30

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

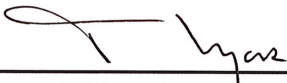
The accompanying consolidated financial statements of the Windsor-Essex Catholic District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario 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.

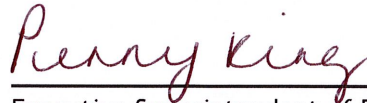
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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 26, 2019

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Windsor-Essex Catholic District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2019, the consolidated statements of operations, 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 of the Board as at and for the year ended August 31, 2019 are prepared, in all material respects, 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 - Basis of Accounting

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

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



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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

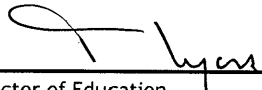
Windsor, Ontario
November 26, 2019

Windsor-Essex Catholic District School Board

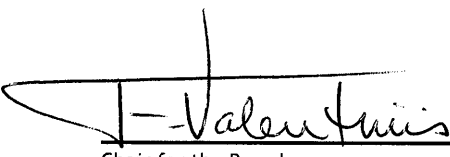
Consolidated Statement of Financial Position

August 31,	2019	(Note 18) (restated) 2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 24,794,052	\$ 32,386,122
Accounts receivable (Note 3)	15,133,664	11,268,547
Accounts receivable capital - Government of Ontario (Note 3)	128,195,416	127,279,338
Assets held for sale (Note 4)	211,080	211,080
	<u>168,334,212</u>	<u>171,145,087</u>
Financial liabilities		
Temporary borrowing (Note 9)	7,159,441	9,024,727
Accounts payable and accrued liabilities	16,993,212	15,173,516
Net debenture debt (Note 8)	116,076,650	123,405,519
Deferred revenue (Note 5)	6,489,806	6,924,857
Employee benefits payable (Note 7)	41,085,882	45,126,560
Deferred capital contributions (Note 6)	193,327,300	194,917,579
	<u>381,132,291</u>	<u>394,572,758</u>
Net debt	<u>(212,798,079)</u>	<u>(223,427,671)</u>
Non-financial assets		
Tangible capital assets (Note 20)	221,962,871	218,154,862
Prepaid expenses	2,059,274	2,055,792
	<u>224,022,145</u>	<u>220,210,654</u>
Accumulated surplus (deficit) (Note 13)	<u>\$ 11,224,066</u>	<u>\$ (3,217,017)</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 2019	2019	(Note 18) (restated) 2018
Revenues			
Provincial grant - grants for student needs	\$ 207,596,301	\$ 215,927,815	\$ 203,208,843
Local taxation	31,771,821	34,490,488	32,790,025
Amortization of deferred capital contributions including disposals (Note 6)	12,324,112	13,192,148	13,253,464
School generated funds	7,316,000	8,595,340	8,263,922
Provincial grants - other	3,041,123	2,626,273	4,429,611
Other fees and revenues	3,904,820	3,029,157	3,650,456
Investment income	200,000	631,500	432,675
	266,154,177	278,492,721	266,028,996
Expenses (Note 12)			
Instruction	193,712,369	195,357,079	191,117,078
Pupil accommodation	41,100,352	41,284,452	42,261,398
School generated funds	7,377,000	8,235,242	8,061,169
Transportation	8,929,672	9,190,211	7,886,838
Administration	7,808,410	7,531,609	6,589,077
Other	3,533,502	2,453,045	3,562,887
	262,461,305	264,051,638	259,478,447
Annual surplus	\$ 3,692,872	14,441,083	6,550,549
Accumulated deficit, beginning of year	-	(3,217,017)	(9,767,566)
Accumulated surplus (deficit), end of year	-	\$ 11,224,066	\$ (3,217,017)

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,	2019	(Note 18) (restated) 2018
Operations		
Annual surplus	\$ 14,441,083	\$ 6,550,549
 Sources and (uses):		
Non-cash items including amortization, write downs and gain/loss on disposal	13,907,231	13,092,870
Deferred capital contributions revenue	(13,192,148)	(11,789,633)
Accounts receivable - other	(3,865,117)	7,952,437
Assets held for sale	-	(211,080)
Accounts payable and accrued liabilities	1,819,696	(2,167,593)
Deferred gain on disposal of restricted assets	-	(1,442,252)
Deferred revenues - operating	203,222	434,436
Employee benefits payable	(4,040,678)	(2,910,175)
Prepaid expenses and inventory of supplies	(3,482)	(945,063)
	9,269,807	8,564,496
 Capital transactions		
Proceeds on sale of tangible capital assets	6,964	2,324,893
Cash used to acquire tangible capital assets	(17,722,201)	(18,038,043)
	(17,715,237)	(15,713,150)
 Financing		
(Decrease) increase in temporary borrowing	(1,865,286)	185,286
Debt repaid	(7,328,869)	(6,967,742)
(Increase) decrease in accounts receivable capital - Government of Ontario	(916,078)	14,748,387
Additions to deferred capital contributions	11,601,866	15,690,848
(Decrease) increase in deferred revenues - capital	(638,273)	(537,682)
	853,360	23,119,097
 Change in cash and equivalents	(7,592,070)	15,970,443
 Cash and equivalents, beginning of year	32,386,122	16,415,679
 Cash and equivalents, end of year	\$ 24,794,052	\$ 32,386,122

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,	2019	(Note 18) (restated) 2018
Annual surplus	\$ 14,441,083	\$ 6,550,549
Tangible capital asset activity		
Amortization of tangible capital assets	13,914,195	12,433,019
Proceeds on sale of tangible capital assets	6,964	2,324,893
Loss (gain) on sale of tangible capital assets - Net	-	370,110
Acquisition of tangible capital assets	(17,722,201)	(18,038,043)
Write-downs of tangible capital assets	-	78,661
Transfer to assets held for sale	-	211,080
Deferred gain on disposal of restricted assets	(6,964)	(1,442,252)
	<u>(3,808,006)</u>	<u>(4,062,532)</u>
Other non-financial asset activity		
Acquisition of prepaid expenses	(2,059,274)	(3,669,972)
Use of prepaid expenses and supplies inventory	2,055,789	2,724,921
	<u>(3,485)</u>	<u>(945,051)</u>
Change in net debt	10,629,592	1,542,966
Net debt, beginning of year	(223,427,671)	(224,970,637)
Net debt, end of year	\$ (212,798,079)	\$ (223,427,671)

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

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

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: Ontario English Catholic Teachers' Association OECTA employee groups. The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. Employees represented by UNIFOR were transferred to the OECTA ELHT as of November 1, 2018. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff) and other school board staff. Currently ONE-T ELHT also provides benefits to individuals who retired prior to the school board's participation date into the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: CUPE and UNIFOR.

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

2. Cash and cash equivalents

Cash and cash equivalents include the following:

	2019	(Note 18) restated 2018
Cash in bank	\$ 21,643,601	\$ 29,596,895
School funds	2,747,427	2,387,328
Bursary funds, in trust	373,799	372,674
Petty cash	29,225	29,225
	<u>\$ 24,794,052</u>	<u>\$ 32,386,122</u>

3. Accounts receivable

(i) 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 \$128,195,416 as at August 31, 2019 (2018 - \$127,279,338) with respect to capital grants.

(ii) Accounts receivable

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry will delay a portion of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of the delayed grant payments included in accounts receivable at August 31, 2019 is \$7,931,249 (2018 - nil).

4. Assets held for sale

As of August 31, 2019, \$211,080 (2018 - \$211,080) related to buildings was recorded as assets held for sale.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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, 2019 is comprised of:

	(Note 18) (restated) Balance as at August 31, 2018	Externally restricted revenue received	Revenue recognized in the period	Transfers (to) deferred capital contributions in the period	Balance as at August 31, 2019
Restricted operating grants	\$ 358,253	\$ 2,193,714	\$ (2,316,829)	\$ -	\$ 235,138
Third party operating grants	1,285,542	1,611,879	(1,285,542)	-	1,611,879
Restricted capital grants	649,429	16,343,630	(13,399,681)	(3,438,786)	154,592
Proceeds of disposition - regular	3,864,761	-	-	-	3,864,761
Proceeds of disposition - other	555,792	-	(143,436)	-	412,356
Assets held for sale	211,080	-	-	-	211,080
School generated capital funds	-	55,067	-	(55,067)	-
Total deferred revenue	\$ 6,924,857	\$ 20,204,290	\$ (17,145,488)	\$ (3,493,853)	\$ 6,489,806

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

6. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2019	(Note 18) restated 2018
Balance, beginning of year	\$ 194,917,579	\$ 191,017,158
Additions to deferred capital contributions	11,601,869	17,153,885
Revenue recognized in the period - amortization and write-downs	(13,192,148)	(11,789,633)
Revenue recognized in the period - disposals	-	(1,463,831)
Balance, end of year	\$ 193,327,300	\$ 194,917,579

7. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	2019		(Note 18) restated 2018
	Retirement benefits	Other future employee benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 42,002,507	\$ 3,106,402	\$ 45,108,909
Unamortized actuarial (gain)/loss	4,023,027	-	4,023,027
Employee future benefits liability	\$ 37,979,480	\$ 3,106,402	\$ 41,085,882
			\$ 45,126,560

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

7. Retirement and other employee future benefits (continued)

Retirement and other employee future benefit expenses

			(Note 18) restated	
			2019	2018
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ 59,350	\$ 656,287	\$ 715,637	\$ 517,938
Cost of plan amendments	-	(2,331)	(2,331)	-
Interest on accrued benefit obligation	1,116,892	80,414	1,197,306	1,147,395
Recognition of unamortized actuarial losses (gain) on plan amendments/curtailments	(2,043,634)	(8,561)	(2,052,195)	(727,941)
Employee future benefit expenses ¹	\$ (867,392)	\$ 725,809	\$ (141,583)	\$ 937,392

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

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

7. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on the most recent actuarial valuations of future events determined for accounting purposes as at August 31, 2019 and based on updated average daily salary and banked sick days (if applicable) as at August 31, 2019. These valuations take into account plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2019 (%)</u>	<u>2018 (%)</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	2.00	2.90

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 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, 2018 the funded ratio for the OMERS plan was 96% (2017 - 94%). The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$3,399,872 (2018 - \$3,290,971) 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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

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.

(ii) Long-term Disability Salary Compensation

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefits 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 \$160,806 (2018 - \$222,023). 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, 2019, and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

8. Net debenture debt

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

	2019	(Note 18) restated 2018
Debenture #06-01; 5.070%; maturing April 2031	\$ 28,465,183	\$ 30,153,009
Debenture #09-10; 4.947%; maturing May 2035	22,896,231	23,817,275
Debenture #03-05; 5.800%; maturing November 2028	17,075,357	18,390,637
Debenture #02-01; 5.900%; maturing October 2027	16,374,963	17,821,938
Debenture #13-02; 4.037%; maturing October 2028	13,356,792	14,495,626
Debenture #06-03; 4.560%; maturing November 2031	5,158,332	5,458,752
Debenture #09-01; 5.062%; maturing March 2034	4,025,758	4,204,527
Debenture #12-01; 3.564%; maturing March 2037	3,898,032	4,052,449
Debenture #10-01; 5.232%; maturing April 2035	2,006,919	2,086,182
Debenture #11-01; 3.97%; maturing November 2036	1,627,284	1,690,671
Debenture #13-01; 3.799%; maturing March 2038	1,191,799	1,234,453
Net debenture debt	\$ 116,076,650	\$ 123,405,519

Principal and interest payments relating to net debenture liabilities of \$116,076,650 outstanding as at August 31, 2019 are due as follows:

	Debenture principal payments	Debenture interest payments	Total
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
2023-24	9,441,838	4,034,102	13,475,940
Thereafter	73,310,996	15,600,837	88,911,833
	\$ 116,076,650	\$ 40,214,885	\$ 156,291,535

Interest on debenture debt amounted to \$6,020,687 (2018 - \$6,388,264).

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

9. Temporary borrowing

Temporary borrowing consists of the following:

	2019	(Note 18) restated 2018
Demand capital expenditure credit bearing loan interest at the lower of prime minus 0.25% (2018 - prime minus 0.25%) or bankers acceptance plus 0.75% (2018 - 0.75%) stamping fee. Repayable in regular monthly payments of \$70,000.	\$ 7,159,441	\$ 7,999,441
Demand capital interim bridge credit (D) bearing loan interest at the lower of prime minus 0.25% (2018 - prime minus 0.25%) or bankers acceptance plus 0.75% (2018 - 0.75%) stamping fee. Repaid 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% (2018 - prime minus 0.25%) or bankers acceptance plus 0.75% (2018 - 0.75%) stamping fee. Repaid 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% (2018 - prime minus 0.25%) or bankers acceptance plus 0.75% (2018 - 0.75%) stamping fee. Repaid 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% (2018 - prime minus 0.25%) or bankers acceptance plus 0.75% (2018 - 0.75%) stamping fee. Repaid 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
	\$ 7,159,441	\$ 9,024,727

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

9. Temporary Borrowing (continued)

The Board has lines of credit available to the maximum of \$18 million (2018 - \$18 million) to address operating requirements which is unused at year end and \$10 million (2018 - \$10 million) for long term capital projects, for which \$2.9 million (2018 - \$2 million) is unused at year end. The Board has an additional \$537,000 of unused lines of credit available for capital spending.

The Board has an additional capital bridge credit loan 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 loan was not in use.

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

10. Debt charges and interest

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

	2019	(Note 18) restated 2018
Principal payments on long-term liabilities	\$ 7,328,874	\$ 6,967,735
Interest payments on long-term liabilities	6,020,687	6,388,264
	<u>\$ 13,349,561</u>	<u>\$ 13,355,999</u>

11. Liability for contaminated sites

The Board recognizes a liability for the costs to remediate a contaminated site when an environmental standard exists, contamination exceeds the standard, the Board has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made. There were no such instances in which the Board will give up future economic benefits as at August 31, 2019.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

12. Expenses by object

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

	(Unaudited) Budget 2019	Actual 2019	(Note 18) restated Actual 2018
Expenses			
Salary and wages	\$ 176,041,992	\$ 178,050,479	\$ 174,049,737
Employee benefits	27,970,151	27,648,709	26,706,951
Supplies and services	21,849,909	23,174,363	23,730,428
Amortization of tangible capital assets	13,046,162	13,914,195	12,881,789
Fees and contractual services	12,026,551	11,515,690	10,853,736
Interest charges on capital	6,177,465	6,253,415	6,656,869
Other	3,849,455	2,021,213	3,221,540
Rental expenditures	836,624	982,729	829,961
Staff development	662,996	490,845	547,436
	<u>\$ 262,461,305</u>	<u>\$ 264,051,638</u>	<u>\$ 259,478,447</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

13. Accumulated surplus (deficit)

Accumulated surplus (deficit) consists of the following:

	2019	(Note 18) Restated 2018
Non-designated surplus	\$ 5,271,199	\$ 6,802,321
Amounts restricted for future use of the Board:		
Benefit plan	932,155	762,214
Committed sinking fund interest earned	1,029,036	1,092,556
Committed for employee future benefit phase-in	4,500,000	-
Committed for post retirement liability final phase-in	5,145,461	5,145,461
School renewal program	171,786	171,786
	<u>11,778,438</u>	<u>7,172,017</u>
Amounts to be covered in the future:		
Employee future benefits - retirement gratuity liability	(1,143,364)	(4,001,775)
Retirement health, dental, life insurance plans	(20,024,983)	(21,678,263)
Employee future benefits - other than retirement gratuity	(3,556,452)	(3,556,452)
Interest accrual	(1,942,620)	(2,068,999)
	<u>(26,667,419)</u>	<u>(31,305,489)</u>
Other:		
School generated funds	2,731,564	2,371,466
Revenues recognized for land	18,110,284	11,742,668
	<u>20,841,848</u>	<u>14,114,134</u>
	<u>\$ 11,224,066</u>	<u>\$ (3,217,017)</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

14. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 (2018 - \$27,000,000) 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.

15. Contractual obligations and contingent liabilities

(a) Contractual obligations:

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

2019-20	\$ 1,671,142
2020-21	1,094,961
2021-22	477,992
2022-23	486,927
2023-24	496,041
	<u>\$ 4,227,063</u>

As at August 31, 2019, the Board is committed to capital expenditures in the amount of \$4,068,225 (2018 - \$4,869,856).

(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, 2019 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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

16. 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, 2019 were \$26,161,980 (2018 - \$22,446,712). The Board's pro-rata share of expenses at August 31, 2019 was \$9,190,211 (2018 - \$7,886,838).

17. 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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

18. Comparative figures and prior period adjustment

Certain of the immaterial 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.

19. 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.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

20. Tangible capital assets

Cost	Balance at August 31, 2018	Additions and transfers	Disposals and transfers	Balance at August 31, 2019
Land	\$ 12,014,887	\$ 6,367,616	\$ -	\$ 18,382,503
Land improvements	11,580,330	2,083,409	-	13,663,739
Buildings	319,546,629	7,550,901	-	327,097,530
Other buildings	92,260	270,904	-	363,164
Portable structures	4,135,754	55,124	(231,600)	3,959,278
Construction in progress	29,175	123,023	-	152,198
Leasehold improvements	76,120	-	-	76,120
First time equipping	9,504,811	-	-	9,504,811
Furniture	76,969	76,781	-	153,750
Equipment	443,789	257,802	(48,154)	653,437
Computer software and hardware	3,672,999	721,057	(373,157)	4,020,899
Vehicles	541,637	215,584	(123,094)	634,127
	\$ 361,715,360	\$ 17,722,201	\$ (776,005)	\$ 378,661,556

Accumulated amortization	Balance at August 31, 2018	Additions and transfers	Disposals and transfers	Balance at August 31, 2019
Land improvements	\$ 3,576,510	\$ 1,921,029	\$ -	\$ 5,497,539
Buildings	126,937,194	10,420,703	-	137,357,897
Other buildings	14,014	11,481	-	25,495
Portable structures	2,170,527	199,005	(231,600)	2,137,932
Leasehold improvements	53,284	15,224	-	68,508
First time equipping	8,232,194	602,060	-	8,834,254
Furniture	30,801	11,738	-	42,539
Equipment	279,866	59,232	(48,154)	290,944
Computer software and hardware	1,840,903	612,097	(373,157)	2,079,843
Vehicles	425,202	61,626	(123,094)	363,734
	\$ 143,560,495	\$ 13,914,195	\$ (776,005)	\$ 156,698,685

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2019

20. Tangible capital assets (continued)

Net book value	Balance at August 31, 2018	Balance at August 31, 2019	Change
Land	\$ 12,014,887	\$ 18,382,503	\$ 6,367,616
Land improvements	8,003,820	8,166,200	162,380
Buildings	192,609,435	189,739,633	(2,869,802)
Other buildings	78,246	337,669	259,423
Portable structures	1,965,227	1,821,346	(143,881)
Construction in progress	29,175	152,198	123,023
Leasehold improvements	22,836	7,612	(15,224)
First time equipping	1,272,617	670,557	(602,060)
Furniture	46,168	111,211	65,043
Equipment	163,923	362,493	198,570
Computer software and hardware	1,832,096	1,941,056	108,960
Vehicles	116,432	270,393	153,961
	<u>\$ 218,154,862</u>	<u>\$ 221,962,871</u>	<u>\$ 3,808,009</u>

(i) Construction in progress

Construction in progress having a value of \$152,198 (2018 - \$29,175) 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 \$nil (2018 - \$78,661).
