

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

For the year ended August 31, 2020

Windsor-Essex Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2020

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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.

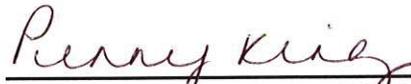
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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 24, 2020



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Windsor, Ontario
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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, 2020, 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 August 31, 2020 and for the year ended 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.
- 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.
- 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.

A handwritten signature in black ink that reads "BDO Canada LLP". The letters are cursive and somewhat stylized.

Chartered Professional Accountants, Licensed Public Accountants
Windsor, Ontario
November 24, 2020

Windsor-Essex Catholic District School Board

Consolidated Statement of Financial Position

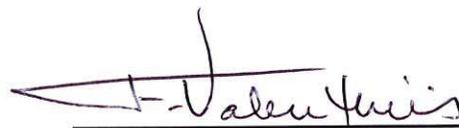
August 31,	2020	(Note 19) (restated) 2019
Financial assets		
Cash and cash equivalents (Note 2)	\$ 44,173,605	\$ 24,794,052
Accounts receivable (Note 3 and 4)	24,940,341	15,159,918
Accounts receivable capital - Government of Ontario (Note 3)	114,378,840	128,195,416
Assets held for sale (Note 6)	-	211,080
	183,492,786	168,360,466
Financial liabilities		
Temporary borrowing (Note 11)	6,319,441	7,159,441
Accounts payable and accrued liabilities (Note 5)	28,836,151	16,993,195
Net debenture debt (Note 10)	108,367,605	116,076,676
Deferred revenue (Note 7)	8,238,535	6,489,809
Employee benefits payable (Note 9)	40,845,299	41,085,880
Deferred capital contributions (Note 8)	187,991,571	193,327,298
	380,598,602	381,132,299
Net debt	(197,105,816)	(212,771,833)
Non-financial assets		
Tangible capital assets (Note 22)	216,797,455	221,962,870
Prepaid expenses	838,060	2,059,274
	217,635,515	224,022,144
Accumulated surplus (Note 14)	\$ 20,529,699	\$ 11,250,311

Signed on Behalf of The Board



 Director of Education

P.K.



 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 2020	2020	(Note 19) (restated) 2019
Revenues			
Provincial grant - grants for student needs	\$ 206,655,755	\$ 207,143,278	\$ 215,954,060
Local taxation	33,130,752	33,630,987	34,490,488
Amortization of deferred capital contributions including disposals (Note 8)	13,731,075	14,105,829	13,192,148
School generated funds	8,264,000	5,510,755	8,595,340
Provincial grants - other	2,624,300	2,698,467	2,626,273
Other fees and revenues	3,116,407	3,801,019	3,029,157
Investment income	375,000	492,306	631,500
	<u>267,897,289</u>	<u>267,382,641</u>	<u>278,518,966</u>
Expenses (Note 13)			
Instruction	194,132,263	191,730,189	195,357,079
Pupil accommodation	42,953,155	42,875,396	41,284,452
School generated funds	8,061,000	5,475,220	8,235,242
Transportation	9,281,129	8,882,504	9,190,211
Administration	6,780,404	6,574,026	7,531,609
Other	3,557,343	2,565,918	2,453,045
	<u>264,765,294</u>	<u>258,103,253</u>	<u>264,051,638</u>
Annual surplus	3,131,995	9,279,388	14,467,328
Accumulated surplus (deficit), beginning of year	<u>-</u>	<u>11,250,311</u>	<u>(3,217,017)</u>
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 20,529,699</u>	<u>\$ 11,250,311</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,	2020	(Note 19) (restated) 2019
Operations		
Annual surplus	\$ 9,279,388	\$ 14,467,328
 Sources and (uses):		
Non-cash items including amortization, write downs and gain/loss on disposal	15,058,964	13,907,227
Deferred capital contributions revenue	(14,105,829)	(13,192,148)
Accounts receivable - other	(10,215,419)	4,059,227
Accounts receivable - delayed grant payment	434,997	(7,950,590)
Assets held for sale	211,080	-
Accounts payable and accrued liabilities	11,842,959	1,819,681
Deferred gain on disposal of restricted assets	(201,846)	-
Deferred revenues - operating	(1,006,360)	203,224
Employee benefits payable	(240,581)	(4,040,680)
Prepaid expenses and inventory of supplies	1,221,214	(3,482)
	<u>12,278,567</u>	<u>9,269,787</u>
 Capital transactions		
Proceeds on sale of tangible capital assets	378,702	6,964
Cash used to acquire tangible capital assets	(10,070,405)	(17,722,201)
	<u>(9,691,703)</u>	<u>(17,715,237)</u>
 Financing		
Decrease in temporary borrowing	(840,000)	(1,865,286)
Debt repaid	(7,709,071)	(7,328,842)
Decrease (increase) in accounts receivable capital - Government of Ontario	13,816,576	(916,086)
Net additions to deferred capital contributions	8,770,099	11,601,867
(Decrease) increase in deferred revenues - capital	2,755,085	(638,273)
	<u>16,792,689</u>	<u>853,380</u>
 Change in cash and equivalents	 19,379,553	 (7,592,070)
Cash and equivalents, beginning of year	<u>24,794,052</u>	<u>32,386,122</u>
 Cash and equivalents, end of year	 <u>\$ 44,173,605</u>	 <u>\$ 24,794,052</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 Change in Net Debt

For the year ended August 31,	2020	(Note 19) (restated) 2019
Annual surplus	\$ 9,279,388	\$ 14,467,328
Tangible capital asset activity		
Amortization of tangible capital assets	14,827,877	13,914,195
Proceeds on sale of tangible capital assets	378,702	6,964
Loss (gain) on sale of tangible capital assets - Net	231,087	(6,964)
Acquisition of tangible capital assets	(10,070,405)	(17,722,201)
Deferred gain on disposal of restricted assets	(201,846)	-
	5,165,415	(3,808,006)
Other non-financial asset activity		
Acquisition of prepaid expenses	(838,060)	(2,059,274)
Use of prepaid expenses and supplies inventory	2,059,274	2,055,788
	1,221,214	(3,486)
Change in net debt	15,666,017	10,655,836
Net debt, beginning of year	(212,771,833)	(223,427,669)
Net debt, end of year	\$ (197,105,816)	\$ (212,771,833)

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, 2020

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, 2020

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, 2020

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, 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). 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 is 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, 2020

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 and long-term disability, 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, 2020

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, 2020

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, 2020

2. Cash and cash equivalents

Cash and cash equivalents include the following:

	2020	(Note 19) (restated) 2019
Cash in bank	\$40,985,288	\$ 21,643,601
School funds	2,782,962	2,747,427
Bursary funds, in trust	376,130	373,799
Petty cash	29,225	29,225
	<u>\$44,173,605</u>	<u>\$ 24,794,052</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 recognized capital debt as of August 31, 2010 that was 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 \$114,378,840 as at August 31, 2020 (2019 - \$128,195,416) 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, 2020 is \$7,515,594 (2019 - \$7,950,590).

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

4. Accounts receivable - Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board at August 31, 2020 is \$6,997,649 (2019 - \$nil) and has been included in accounts receivable on the statement of financial position. This amount will be recovered by the Board in the following school year.

5. Accounts Payable - Government of Ontario

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board at August 31, 2020 is \$8,673,786 (2019 - \$nil). This amount will be recovered by the Province in 2021.

6. Assets held for sale

As of August 31, 2020, \$nil (2019 - \$211,080) related to buildings was recorded as assets held for sale.

During the year, one (2019 - zero) school property classified as asset held for sale was sold. Net proceeds of \$1,612,260 (2019 - \$nil) were received on the sale of this property, which had a carrying value of \$211,080 (2019 - \$nil), resulting in a gain of \$1,401,180 (2019 - \$nil). The net proceeds (including the gain) have been deferred for future capital asset purchases according to Ontario Regulation 193/10.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

7. 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, 2020 is comprised of:

	(Note 19) (restated) Balance as at August 31, 2019	Externally restricted revenue received	Revenue recognized in the period	Transfers (to) deferred capital contributions in the period	Balance as at August 31, 2020
Legislative grants operating	\$ -	\$ 30,139,908	\$ (30,110,398)	\$ -	\$ 29,510
Restricted operating grants	235,141	2,011,921	(2,131,438)	-	115,624
Third party operating grants	1,611,879	749,658	(1,666,011)	-	695,526
Restricted capital grants	154,592	15,798,651	(12,071,608)	(2,334,390)	1,547,245
Proceeds of disposition - regular	3,864,761	1,716,949	-	-	5,581,710
Proceeds of disposition - other	412,356	272,218	(415,654)	-	268,920
Assets held for sale	211,080	(211,080)	-	-	-
Total deferred revenue	\$ 6,489,809	\$ 50,478,225	\$ (46,395,109)	\$ (2,334,390)	\$ 8,238,535

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

8. 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.

	2020	(Note 19) (restated) 2019
Balance, beginning of year	\$ 193,327,298	\$ 194,917,577
Additions to deferred capital contributions	9,178,046	11,601,869
Revenue recognized in the period - amortization and write-downs	(14,105,829)	(13,192,148)
Revenue recognized in the period - disposals	(407,944)	-
Balance, end of year	<u>\$ 187,991,571</u>	<u>\$ 193,327,298</u>

9. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	2020		(Note 19) (restated) 2019	
	Retirement benefits	Other future employee benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 42,811,131	\$ 3,016,754	\$45,827,885	\$ 45,108,909
Unamortized actuarial loss	4,982,586	-	4,982,586	4,023,029
Employee future benefits liability	<u>\$37,828,545</u>	<u>\$ 3,016,754</u>	<u>\$40,845,299</u>	<u>\$ 41,085,880</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

9. Retirement and other employee future benefits (continued)

Retirement and other employee future benefit expenses

			(Note 19) (restated)	
			2020	2019
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ 48,630	\$ 249,564	\$ 298,194	\$ 715,637
Cost of plan amendments	-	-	-	(2,331)
Interest on accrued benefit obligation	811,189	57,155	868,344	1,197,306
Recognition of unamortized actuarial losses (gain) on plan amendments/curtailments	1,924,005	(81,059)	1,842,946	(2,052,195)
Employee future benefit expenses ¹	<u>\$ 2,783,824</u>	<u>\$ 225,660</u>	<u>\$ 3,009,484</u>	<u>\$ (141,583)</u>

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, 2020

9. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on the most recent actuarial valuations of future events determined for accounting purposes as at August 31, 2020 and based on updated average daily salary and banked sick days (if applicable) as at August 31, 2020. 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:

	2020 (%)	2019 (%)
Inflation	1.5	1.5
Wage and salary escalation	0	0
Insurance and health care cost escalation	4.0 - 7.25	4.0 - 8.0
Discount on accrued benefit obligations	1.40	2.00

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, 2019 the funded ratio for the OMERS plan was 97% (2018 - 96%). The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$3,411,234 (2019 - \$3,399,872) 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, 2020

9. 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 \$100,110 (2019 - \$160,806). 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, 2020, and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

10. Net debenture debt

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

	<u>2020</u>	<u>(Note 19) (restated) 2019</u>
Debenture #06-01; 5.070%; maturing April 2031	\$ 26,690,699	\$ 28,465,183
Debenture #09-10; 4.947%; maturing May 2035	21,929,052	22,896,231
Debenture #03-05; 5.800%; maturing November 2028	15,682,684	17,075,357
Debenture #02-01; 5.900%; maturing October 2027	14,841,358	16,374,963
Debenture #13-02; 4.037%; maturing October 2028	12,171,550	13,356,818
Debenture #06-03; 4.560%; maturing November 2031	4,844,057	5,158,332
Debenture #09-01; 5.062%; maturing March 2034	3,837,825	4,025,758
Debenture #12-01; 3.564%; maturing March 2037	3,738,062	3,898,032
Debenture #10-01; 5.232%; maturing April 2035	1,923,454	2,006,919
Debenture #11-01; 3.97%; maturing November 2036	1,561,355	1,627,284
Debenture #13-01; 3.799%; maturing March 2038	1,147,509	1,191,799
	\$ 108,367,605	\$ 116,076,676

Net debenture debt

\$ 108,367,605 **\$ 116,076,676**

Principal and interest payments relating to net debenture liabilities of \$108,367,605 outstanding as at August 31, 2020 are due as follows:

	<u>Debenture principal payments</u>	<u>Debenture interest payments</u>	<u>Total</u>
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
2024-25	9,933,874	3,542,066	13,475,940
Thereafter	63,377,149	12,058,771	75,435,920
	\$ 108,367,605	\$ 34,448,016	\$ 142,815,621

Interest on debenture debt amounted to \$5,633,877 (2019 - \$6,020,687).

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

11. Temporary borrowing

Temporary borrowing consists of the following:

	2020	(Note 19) (restated) 2019
Demand capital expenditure credit bearing loan interest at the lower of prime minus 0.25% (2019 - prime minus 0.25%) or bankers acceptance plus 0.75% (2019 - 0.75%) stamping fee. Repayable in regular monthly payments of \$70,000.	<u>\$ 6,319,441</u>	<u>\$ 7,159,441</u>

The Board has lines of credit available to the maximum of \$18 million (2019 - \$18 million) to address operating requirements which is unused at year end and \$10 million (2019 - \$10 million) for long term capital projects, for which \$3.7 million (2019 - \$2.9 million) is unused at year end.

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.

12. Debt charges and interest

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

	2020	(Note 19) (restated) 2019
Principal payments on long-term liabilities	\$ 7,709,072	\$ 7,328,874
Interest payments on long-term liabilities	<u>5,633,877</u>	<u>6,020,687</u>
	<u>\$13,342,949</u>	<u>\$ 13,349,561</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

13. Expenses by object

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

	(Unaudited) Budget 2020	Actual 2020	(Note 19) (restated) Actual 2019
Expenses			
Salary and wages	\$ 175,791,272	\$ 173,096,909	\$ 178,050,479
Employee benefits	28,561,280	30,726,783	27,648,709
Supplies and services	22,505,628	19,324,394	23,174,363
Amortization of tangible capital assets	14,453,122	15,060,758	13,914,195
Fees and contractual services	12,357,397	10,973,092	11,515,690
Interest charges on capital	5,774,506	5,775,845	6,253,415
Other	3,846,605	2,142,416	2,021,213
Rental expenditures	893,595	714,602	982,729
Staff development	581,889	288,454	490,845
	<u>\$ 264,765,294</u>	<u>\$ 258,103,253</u>	<u>\$ 264,051,638</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

14. Accumulated surplus

Accumulated surplus consists of the following:

	2020	(Note 19) (restated) 2019
Non-designated surplus	\$ 9,356,796	\$ 5,297,444
Amounts restricted for future use of the Board:		
Benefit plan	995,961	932,155
Committed sinking fund interest earned	965,516	1,029,036
Committed for employee future benefit phase-in	5,000,000	4,500,000
Committed for capital project	590,000	-
Committed for post retirement liability final phase-in	5,145,461	5,145,461
School renewal program	171,786	171,786
	<u>12,868,724</u>	<u>11,778,438</u>
Amounts to be covered in the future:		
Employee future benefits - retirement gratuity liability	-	(1,143,364)
Retirement health, dental, life insurance plans	(18,371,702)	(20,024,982)
Employee future benefits - other than retirement gratuity	(3,556,452)	(3,556,452)
Interest accrual	(1,809,628)	(1,942,620)
	<u>(23,737,782)</u>	<u>(26,667,418)</u>
Other:		
School generated funds	2,767,099	2,731,564
Revenues recognized for land	19,274,862	18,110,283
	<u>22,041,961</u>	<u>20,841,847</u>
	<u>\$ 20,529,699</u>	<u>\$ 11,250,311</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

15. 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 (2019 - \$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.

16. Contractual obligations and contingent liabilities

(a) Contractual obligations:

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

2020-21	\$ 1,901,805
2021-22	1,178,266
2022-23	1,060,339
2023-24	791,160
2024-25	<u>237,947</u>
	<u>\$ 5,169,516</u>

As at August 31, 2020, the Board is committed to capital expenditures in the amount of \$2,240,921 (2019 - \$4,068,225).

(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, 2020 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, 2020

17. 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, 2020 were \$25,622,889 (2019 - \$26,161,980). The Board's pro-rata share of expenses at August 31, 2020 was \$8,882,504 (2019 - \$9,190,211).

18. 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, 2020

19. 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.

20. 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.

21. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020, the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform.

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment.

Schools have physically re-opened in September 2020 but at reduced capacity due to virtual learning options offered.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

22. Tangible capital assets

Cost	(Note 19) (restated) Balance at August 31, 2019	Additions and transfers	Disposals and transfers	Balance at August 31, 2020
Land	\$ 18,382,503	\$ 892,359	-	\$ 19,274,862
Land improvements	13,663,739	1,336,477	-	15,000,216
Buildings	327,097,530	5,060,155	(1,574,410)	330,583,275
Other buildings	363,164	11,817	-	374,981
Portable structures	3,959,278	55,287	(973,300)	3,041,265
Construction in progress	152,198	634,835	-	787,033
Leasehold improvements	76,120	-	-	76,120
First time equipping	9,504,811	-	(8,481,612)	1,023,199
Furniture	153,750	14,816	-	168,566
Equipment	653,437	103,337	(205,815)	550,959
Computer software and hardware	4,020,899	1,788,175	(764,123)	5,044,951
Vehicles	634,127	173,147	(92,990)	714,284
	<u>\$ 378,661,556</u>	<u>\$ 10,070,405</u>	<u>\$(12,092,250)</u>	<u>\$ 376,639,711</u>

Accumulated amortization	(Note 19) (restated) Balance at August 31, 2019	Additions and transfers	Disposals and transfers	Balance at August 31, 2020
Land improvements	\$ 5,497,539	\$ 2,403,035	-	\$ 7,900,574
Buildings	137,357,897	10,892,241	(1,166,466)	147,083,672
Other buildings	25,495	18,583	-	44,078
Portable structures	2,137,932	177,119	(973,300)	1,341,751
Leasehold improvements	68,508	7,612	-	76,120
First time equipping	8,834,254	352,190	(8,481,612)	704,832
Furniture	42,539	16,559	-	59,098
Equipment	290,944	65,206	(205,815)	150,335
Computer software and hardware	2,079,843	800,783	(764,123)	2,116,503
Vehicles	363,734	94,549	(92,990)	365,293
	<u>\$ 156,698,685</u>	<u>\$ 14,827,877</u>	<u>\$(11,684,306)</u>	<u>\$ 159,842,256</u>

Windsor-Essex Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

22. Tangible capital assets (continued)

Net book value	(Note 19) (restated) Balance at August 31, 2019	Balance at August 31, 2020	Change
Land	\$ 18,382,503	\$ 19,274,862	\$ 892,359
Land improvements	8,166,200	7,099,642	(1,066,558)
Buildings	189,739,633	183,499,603	(6,240,030)
Other buildings	337,669	330,903	(6,766)
Portable structures	1,821,346	1,699,514	(121,832)
Construction in progress	152,198	787,033	634,835
Leasehold improvements	7,612	-	(7,612)
First time equipping	670,557	318,367	(352,190)
Furniture	111,211	109,468	(1,743)
Equipment	362,493	400,624	38,131
Computer software and hardware	1,941,056	2,928,448	987,392
Vehicles	270,392	348,991	78,599
	<u>\$ 221,962,870</u>	<u>\$ 216,797,455</u>	<u>\$ (5,165,415)</u>

(i) Construction in progress

Construction in progress having a value of \$787,033 (2019 - \$152,198) 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 (2019 - \$nil).
