

November 16, 2020

WATERLOO REGION DISTRICT SCHOOL BOARD

NOTICE AND AGENDA

A Committee of the Whole meeting of the Waterloo Region District School Board will be held via video conference, on **Monday, November 16, 2020, at 7:00 p.m.**

AGENDA

Call to Order

O Canada

Approval of Agenda

Declarations of Pecuniary Interest

Celebrating Board Activities/Announcements

Delegations

Policy and Governance

- 01 Board Policy G200 - Governance Policy - Roles and Responsibilities
- 08 Board Policy 3004 - Holding of Public Meeting

Chairperson
A. Russell

Reports

- 10 2019-2020 Audited Financial Statements
- 38 2019-2020 Financial Report
- 2019-2020 Trustee Expenses
- Business and Learning Continuity During the Pandemic

M. Gerard
M. Gerard
M. Gerard
J. Bryant/ L. Read

Board Reports

Question Period (*10 minutes*)

Future Agenda Items (*Notices of Motion to be referred to Agenda Development Committee*)

Adjournment

Questions relating to this agenda should be directed to
Stephanie Reidel, Manager of Corporate Services
519-570-0003, ext. 4336, or Stephanie_Reidel@wrdsb.ca



Report to Committee of the Whole

November 16, 2020

Subject: Policy Review: Governance Policy G200 - Roles and Responsibilities

Recommendation

That the Waterloo Region District School Board expire and end use of Board Governance Policy G200 - Roles and Responsibilities.

Status

The Ad Hoc Bylaw Review Committee was formed on March 19, 2018 to review the Board Bylaws and make recommendations for updates/revisions. Revised [Bylaws](#) were approved in June, 2020, with an effective date of September 1, 2020.

The updated [Bylaws](#) reflect the information in Board Governance Policy G200 - Roles and Responsibilities resulting in duplication.

The below comparison reflects the duplications.

G200 Section	Section Title	Bylaw Article	Bylaw Article Title
1	Preamble - This is an introduction	N/A	
2	Role of Board of Trustees	5 4.1 4.2	Waterloo Region District School Board of Trustees Responsibilities Trustee Responsibility Trustee Responsibility
3	Role of Individual Trustees	4.3	Expectations of Trustees
4	Role of Board Chair	9	Duties of the Chair
5	Role of Director of Education - Accountability and Chief Executive Officer Position		This is covered through either the new Bylaws or Board Governance Policy G500 Executive Limitations/Requirements
5.1.1		5.5	Director/Board Relations
5.1.2		5.5	Director/Board Relations

5.1.3 5.1.4 5.1.5 5.1.6 5.1.7		-- 5.5 4.3.1g 24.7.2 --	Governance Policy G500 Section 5 Director/Board Relations Expectations of Trustees Other Business/Request for Info Governance Policy G500 Section 8
6	Relationship between Board of Trustees and Director of Education	5.5	Director/Board Relations
7	Trustees Conflict of Interest	15	Conflict of Interest

Current Board Policy G200 is included as Appendix A.

Background

Board Policy G200 was developed in May, 2006.

The policy outlines the governance of the Board in relation to the:

- Role of Board of Trustees;
- Role of Individual Trustees;
- Role of Board Chair;
- Role of Director of Education - Accountability and Chief Executive Officer Position
- Relationship between Board of Trustees and Director of Education
- Trustees Conflict of Interest.

Financial implications

There are no financial implications at this time.

Communications

The website will be updated to reflect any decisions made.

Prepared by: Stephanie Reidel, Manager of Corporate Services
for Chairperson J. Herring, in consultation with Coordinating Council



GOVERNANCE POLICY – ROLES AND RESPONSIBILITIES

Legal References:	<i>Education Act; Municipal Conflict of Interest Act.</i>
Related References:	<i>Board Policy G500 – Director of Education-Executive Limitations/Requirements</i>
Effective Date:	<i>May 2006</i>
Revisions:	<i>June 2006, October 29, 2012, April 13, 2015</i>
Reviewed:	

1. Preamble

- 1.1 This policy deals with the governance of the Board in relation to the:
- 1.1.1 Role of Board of Trustees;
 - 1.1.2 Role of Individual Trustees;
 - 1.1.3 Role of Board Chair;
 - 1.1.4 Role of Director of Education - Accountability and Chief Executive Officer Position
 - 1.1.5 Relationship between Board of Trustees and Director of Education
 - 1.1.6 Trustees Conflict of Interest.

2. Role of Board of Trustees

- 2.1 The role of the Board of Trustees is as per the Education Act of the Province of Ontario, focusing on the following key responsibilities:
- 2.1.1 Oversight Accountability
 - To be responsible for the legal, academic, operational, financial and political accountabilities and responsibilities of the Board to the Province and the members of the communities served across the District.
 - To ensure the on-going sustainability, credibility and ability of the Board to realize its mandate and Mission on behalf of the communities and public served.
 - To ensure the Board operates within the requirements of the Education Act, Ministry directives and relevant statutory and regulatory requirements.
 - 2.1.2 Operational Accountability
 - To establish the strategic directions, priorities and outcomes of the Board, and regularly monitor their achievement.
 - To set annual system goals and outcomes, ensuring their measurement and undertaking regular reporting on what is being achieved.
 - To approve an annual budget for the Board, and regularly monitor budgetary performance and priorities.
 - To initiate, approve and review Board policies and monitor their achievement and outcomes.
 - 2.1.3 Director of Education
 - To recruit, evaluate and terminate a Director of Education.

- To establish Executive Limitations / Requirements for the Director of Education position that defines the position's authority to act and to monitor performance within the limitations set.

2.1.4 Representation

- To undertake directly and/or facilitate linkages with the communities and public served and represented by the Board.
- To advocate for a strong and vigorous public education system that benefits the learners and communities served within the District.

3. Role of Individual Trustees

3.1 The following points represent the roles and responsibilities of individual Trustees within the context of being a member of the Board of Trustees of the Waterloo Region District School Board.

- 3.1.1 To attend Board of Trustee meetings as identified in the Procedural By-law and Board Policies, giving prior notice to appropriate Chairs or staff individuals if unable to attend.
- 3.1.2 To read meeting materials and to undertake appropriate research prior to meetings in order to facilitate the Trustee's active engagement in meeting discussions and votes.
- 3.1.3 To actively participate in Board and Committee meetings, providing and encouraging a diversity of views and inputs, being open-minded and listening to all views throughout the course of the deliberations.
- 3.1.4 To support Board of Trustee efforts to move towards reaching a decision on individual items and being addressed.
- 3.1.5 To receive enquiries from district residents, responding as follows:
 - Explaining the influences, impacts and rationales of the Education Act, Board Policies and directions and related considerations connected to their enquiry.
 - Providing information on appropriate connecting points for and sources of further information.
 - Where relevant, providing enquirer / respondent input into the work of the Board of Trustees within its various forums.
- 3.1.6 To undertake the role of the Trustee as per the Trustees Code of Conduct in the Board's Governance Policy.
- 3.1.7 To advocate for the enhancement and value / importance of public education in the district in a manner consistent with Board policies.
- 3.1.8 To communicate with constituents on Board initiatives, directions, decisions, events, consultation programs and activities.
- 3.1.1 To undertake research, attend educational forums, participate in educational development opportunities and to undertake other actions that support a Trustee to be informed on public education opportunities, issues, trends and policies.

4. Role of Board Chair

4.1 The Chair is the responsible person to ensure the effective operation of the Board of Trustee processes. This person is impartial in this role and has significant responsibilities in representing the Board. The following are the key roles and responsibilities of the Chair:

- 4.1.1 To facilitate preparation of, or to Chair an Agenda Development Committee, that prepares agendas for all Board and Committee of the Whole meetings.
- 4.1.2 To Chair all Board of Trustees or Committee of the Whole meetings, relying on the Education Act, the Board's Procedural By-law and Governance Policies to manage the meeting processes.
- 4.1.3 To ensure that discussions are fair and on topic, and undertaken in a timely and orderly manner.
- 4.1.4 To make decisions that are identified for the Chair within the Board's By-laws, or Governance and other policies.

- 4.1.5 To administer the Board of Trustees' relationship with the Director of Education, including the annual performance appraisal review.
- 4.1.6 To be one of the officially designated spokespersons on behalf of the Waterloo Region District School Board.
- 4.1.7 To represent the Board at meetings, forums, conferences, etc. or to assign designates where appropriate.
- 4.1.8 To ensure the Vice Chair is designated, or if they are not available, to designate a Trustee to fulfill the Board Chair's responsibility when the Chair is not available.
- 4.1.9 To be an ex officio member of all Board of Trustee statutory, standing, ad hoc and other committees.
- 5.1.10 To ensure that the work of standing committees and ad hoc committees is proceeding as directed by the Board of Trustees, and integrated into Committee of the Whole and Board of Trustees agendas on a timely basis.
- 5.1.11 To implement and oversee the Board of Trustee's Code of Conduct, speaking to/ working with individual Trustees on interpretation, compliance and related considerations.

5. Role of Director of Education - Accountability and Chief Executive Officer Position

- 5.1 The Director of Education is the Board of Trustees' formal connecting point to Board operations. This relationship does not represent Trustees' only point of potential staff contact. The following items identify the accountability framework of the Director of Education:
 - 5.1.1 The Director of Education is accountable to the Board of Trustees, acting as a corporate body.
 - 5.1.2 The Board of Trustees provides direction to the Director of Education through its written policies, decisions and motions.
 - 5.1.3 The Director of Education is responsible for interpretation of Board policies where discretion is provided, the implementation of Board policies and the provision of monitoring reports as outlined in the policies.
 - 5.1.4 The decisions of the Board of Trustees, as undertaken in Committee of the Whole or Board of Trustees meetings, when it is acting as a corporate entity, are binding on the Director of Education unless otherwise identified in the Education Act.
 - 5.1.5 Individual Trustees; officers; statutory; standing or ad hoc committees; work groups, etc. do not have the authority to make binding decisions on the Director of Education, except where identified in a policy, the Education Act, or approved by the Board of Trustees.
 - 5.1.6 When individual Trustees and committee/work groups require information or support from the Director of Education to fulfill their roles and responsibilities, the Director of Education will undertake best efforts to respond on a timely basis, but may choose to decline or refer such requests to the Board of Trustees for approval if such requests were to unduly impact Board operations, or have other impacts that may contravene the Education Act, Board policies, etc.
 - 5.1.7 The Director of Education has the sole responsibility for the direction of and accountability for Board staff, having full responsibility for the selection, evaluation and direction of their responsibilities within the Executive Limitations/Requirements, Human Resources or other relevant Board policies.

6. Relationship between Board of Trustees and Director of Education

- 6.1 The Director of Education is the Board's senior staff person, through which the Board of Trustees implements its decisions. The quality of this relationship is important and managed through:
 - 6.1.1 An annual performance appraisal of the Director of Education based on clear objectives and performance requirements established by the Board of Trustees.

- 6.1.2 The development of and on-going monitoring of an Executive Limitations/ Requirements Policy for the Director of Education position.
 - 6.1.3 Identified reporting requirements, as per approved Board policies, projects and/or as directed by the Board of Trustees of the Director of Education.
- 6.2 A review of the Director of Education position description every three years, each time a new Director of Education recruitment occurs, or sooner as events warrant.

7. Trustees Conflict of Interest

- 7.1 In Ontario, the conflict of interest provisions for elected board members are set out in the Municipal Conflict of Interest Act. It speaks to Pecuniary Interest, which means a financial or monetary interest.
- 7.2 The Act defines “Indirect Pecuniary Interest” as follows:
- 7.2.1 where a Board member
 - is a shareholder, director or senior officer of a private corporation;
 - has a controlling interest in or is a director or senior officer of a public corporation;
 - is a member of another body, that has a pecuniary interest in a matter which is before the Board.
 - 7.2.2 where a Board member's business partner or employer has a pecuniary interest in a matter which is before the Board.
- 7.3 Where a trustee, either on his/her own behalf or while acting for, by, with or through another, has any pecuniary interest, direct or indirect, in any matter and is present at a meeting (including a committee or other meeting) of the Board at which the matter is the subject of consideration, he/she:
- 7.3.1 shall, prior to any consideration of the matter at the meeting, disclose his/her interest and the general nature thereof;
 - 7.3.2 shall not take part in the discussion of, or vote on any question in respect of the matter;
 - 7.3.3 shall not attempt in any way before, during or after the meeting to influence the voting on any such question.
- 7.4 For purposes of determining conflict of interest, the pecuniary interest, direct or indirect, of a parent, spouse or child of the member shall, if known to the member, be deemed to be also the pecuniary interest of the member.
- 7.5 Where the meeting referred to 7.3 above is not open to the public, in addition to complying with the requirements of that section, the trustee shall forthwith leave the meeting or the part of the meeting during which the matter is under consideration.
- 7.6 Where the interest of a trustee has not been disclosed by reason of his/her absence from the meeting referred to in 7.3 above, the trustee shall disclose his/her interest at the first meeting of the Board attended by him/her after the meeting at which a conflict would have been declared.
- 7.7 Every disclosure of interest and the general nature 7.3, 7.4, and 7.5 above shall, where the meeting is open to the public, be recorded in the minutes of the meeting by the meeting secretary.
- 7.8 Every declaration of interest made in 7.3, 7.4, and 7.5 above, shall, where the meeting is not open to the public, be recorded in the minutes of the next meeting that is open to the public.

- 7.9 Where as a result of members declaring conflict of interest the remaining members are insufficient for a quorum, the remaining members are deemed to constitute a quorum if there are at least two present.



Board Policy 3004

HOLDING OF PUBLIC MEETINGS

Legal References: [Education Act, Section 207](#) and [Division E – Education Development Charges](#)

Related References:

Effective Date: *February 23, 1998*

Revisions:

Reviewed: *September 12, 2016, January 15, 2018, **November 16, 2020***

- 1 It is the policy of the Waterloo Region District School Board to:
 - 1.1 encourage engagement at public meetings in order to facilitate communication between itself and its constituents;
 - 1.2 differentiate clearly between meetings sanctioned by the Board and those held by Board members or employees in connection with their duties or responsibilities;
 - 1.3 approve, by formal motion, all public meetings which it conducts, sponsors, or sanctions.



Board Policy 3004

HOLDING OF PUBLIC MEETINGS

Legal References: [Education Act, Section 207](#) and [Division E – Education Development Charges](#)

Related References:

Effective Date: *February 23, 1998*

Revisions:

Reviewed: *September 12, 2016, January 15, 2018*

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Report to Committee of the Whole

November 16, 2020

Subject: 2019-2020 Audited Financial Statements

Recommendation

The Waterloo Region District School Board approve the Audited Financial Statements for the year ended August 31, 2020, as recommended by the Board Audit Committee.

Status

The draft 2019-2020 Waterloo Region District School Board (WRDSB) Consolidated Financial Statements are attached as Appendix A. Jacqueline Peterson, Partner-Assurance Leader at PricewaterhouseCoopers LLP, will be present during the meeting to elaborate on the audited statements.

Background

Pursuant to Regulation 361/10 of the Education Act, one of the duties of the Board Audit Committee after reviewing the Financial Statements is, "To recommend, if the Audit Committee considers it appropriate to do so, that the Board of Trustees (Board) approve the Annual Audited Financial Statements." The Board Audit Committee consists of three trustees and two external members with financial expertise.

The draft 2019-2020 Audited Financial Statements were presented at the Board Audit Committee meeting on November 10, 2020. After reviewing the statements, the Board Audit Committee passed a motion recommending that the Board approve the Audited Financial Statements.

Financial implications

No financial implications.

Communications

After approval of the Financial Statements by the Board, the Financial Statements will be published as per Section 252(2) of the Education Act by posting them on the WRDSB's website.

Prepared by: Matthew Gerard, Coordinating Superintendent, Business Services & Treasurer of the Board, on behalf of Jayne Herring, Chairperson of the Board
Trustee Kathi Smith, Chair of the Board Audit Committee
in consultation with Coordinating Council.

Waterloo Region District School Board

**Consolidated Financial Statements
August 31, 2020**

DRAFT

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Waterloo Region District School Board are the responsibility of the Board 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Audit Committee of the Board meets with management and the 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 PricewaterhouseCoopers 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.

John Bryant
Director of Education

Matthew Gerard
Coordinating Superintendent, Business Services
and Treasurer of the Board

Date, 2020



Independent auditor's report

To the Board of Trustees of
Waterloo Region District School Board

Our opinion

In our opinion, the accompanying consolidated financial statements of Waterloo Region District School Board and its organizations (together the Board) as at August 31, 2020 and for the year then ended are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

What we have audited

The Board's consolidated financial statements comprise:

- the consolidated statement of financial position as at August 31, 2020;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net debt for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4
T: +1 519 640 8000, F: +1 519 640 8015



Emphasis of matter – basis of accounting

We draw attention to note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Board to comply with the financial reporting requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The budget financial information of the Board for the year ended August 31, 2020 is unaudited.

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.

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
November 23, 2020

Waterloo Region District School Board

Consolidated Statement of Financial Position

As at August 31, 2020

	2020 \$	2019 \$
Financial assets		
Cash and short-term investments	70,565,991	45,608,040
Accounts receivable – Other (notes 2 and 3)	120,482,010	53,506,327
Accounts receivable – Government of Ontario – approved capital (note 2)	136,052,110	150,679,256
Assets held for sale (note 4)	-	3,933,000
	<u>327,100,111</u>	<u>253,726,623</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 3)	115,212,781	44,544,102
Net debenture debt and capital loans (notes 8 and 9)	123,239,829	133,838,296
Deferred revenue (note 5)	19,696,072	20,239,374
Employee benefits payable (note 7)	29,048,491	31,419,000
Deferred capital contributions (note 6)	571,064,049	576,826,072
	<u>858,261,222</u>	<u>806,866,844</u>
Net debt	<u>(531,161,111)</u>	<u>(553,140,221)</u>
Non-financial assets		
Prepaid expenses	18,339,536	17,091,313
Tangible capital assets (note 11)	679,813,411	678,748,864
	<u>698,152,947</u>	<u>695,840,177</u>
Accumulated surplus (note 12)	<u>166,991,836</u>	<u>142,699,956</u>
Contractual obligations and contingent liabilities (note 15)		

Approved by the Board of Directors

_____ Director

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Consolidated Statement of Operations

For the year ended August 31, 2020

	2020		2019
	Budget \$	Actual \$	Actual \$
Revenues			
Local taxation	196,359,941	198,029,329	194,568,915
Provincial grants – Grants for Student Needs	499,370,758	495,383,985	506,393,922
Provincial grants – Other	625,334	4,317,996	6,604,427
Other fees and revenues	29,012,007	23,313,461	36,194,741
Investment income	589,360	1,067,201	1,206,556
School funds	14,000,000	7,150,252	13,401,747
Amortization of deferred capital contributions	35,617,847	37,819,973	34,086,052
	<u>775,575,247</u>	<u>767,082,197</u>	<u>792,456,360</u>
Expenses (note 10)			
Instruction	600,572,213	586,453,198	604,122,011
Administration	18,389,036	17,311,571	16,859,761
Transportation	18,637,932	17,675,865	18,297,274
School operations and maintenance	63,595,544	61,271,324	61,154,052
Pupil accommodation	37,227,974	41,584,348	38,422,078
Other	12,776,072	11,722,416	12,947,089
School funded activities	14,000,000	6,771,595	13,680,371
	<u>765,198,771</u>	<u>742,790,317</u>	<u>765,482,636</u>
Annual surplus (note 12)	10,376,476	24,291,880	26,973,724
Opening accumulated surplus	<u>142,699,956</u>	<u>142,699,956</u>	<u>115,726,232</u>
Closing accumulated surplus	<u>153,076,432</u>	<u>166,991,836</u>	<u>142,699,956</u>

The accompanying notes are an integral part of these consolidated financial statements.

Waterloo Region District School Board

Consolidated Statement of Cash Flows

For the year ended August 31, 2020

	2020 \$	2019 \$
Sources and uses of cash		
Operating transactions		
Annual surplus	24,291,880	26,973,724
Non-cash amortization of tangible capital assets	38,452,641	34,569,636
Non-cash amortization of deferred capital contributions	(37,819,973)	(34,086,052)
Non-cash gain on sale of tangible capital assets	-	(251,653)
Increase in accounts receivable	(66,975,684)	(18,416,612)
Increase in accounts payable and accrued liabilities	70,668,681	4,033,212
Decrease in deferred revenue	(543,302)	(5,901,621)
Decrease in employee benefits payable	(2,370,509)	(2,758,166)
(Increase) decrease in prepaid expenses	(1,248,223)	2,372,174
Increase in deferred capital contributions	32,057,950	49,090,844
	<u>56,513,461</u>	<u>55,625,486</u>
Capital transactions		
Proceeds on sale of tangible capital assets	-	257,913
Cash used to acquire tangible capital assets	(35,584,188)	(66,947,454)
	<u>(35,584,188)</u>	<u>(66,689,541)</u>
Financing transactions		
Decrease in accounts receivable – Gov't of Ontario – approved capital	14,627,146	15,029,116
Debt repayments and sinking fund contributions	(10,598,468)	(10,064,731)
	<u>4,028,678</u>	<u>4,964,385</u>
Change in cash, short-term investments, and bank indebtedness	24,957,951	(6,099,670)
Opening cash and short-term investments	45,608,040	51,707,710
Closing cash and short-term investments	<u>70,565,991</u>	<u>45,608,040</u>

The accompanying notes are an integral part of these consolidated financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31, 2020

	2020 \$	2019 \$
Annual surplus	24,291,880	26,973,724
Tangible capital asset activities		
Acquisition of tangible capital assets	(35,584,188)	(66,947,454)
Transfer to assets held for sale	(3,933,000)	-
Net proceeds on sale of tangible capital assets	-	257,913
Gains on sale allocated to deferred revenue	-	(251,653)
Amortization of tangible capital assets	38,452,641	34,569,636
	<u>(1,064,547)</u>	<u>(32,371,558)</u>
Other non-financial asset activities		
Acquisition of prepaid expenses	(18,339,536)	(17,091,313)
Use of prepaid expenses	17,091,313	19,463,487
	<u>(1,248,223)</u>	<u>2,372,174</u>
Change in net debt	21,979,110	(3,025,660)
Net debt - Beginning of year	<u>(553,140,221)</u>	<u>(550,114,561)</u>
Net debt - End of year	<u>(531,161,111)</u>	<u>(553,140,221)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Waterloo Region District School Board

Notes to Consolidated Financial Statements

August 31, 2020

1 Summary of significant accounting policies

The consolidated financial statements of Waterloo Region District School Board (the Board) are prepared by management in accordance with the basis of accounting described below.

Basis of accounting

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario of Education memorandum 2004:B2 and Ontario Regulations 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 schools boards to adopt Canadian public sector accounting standards commencing with the 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 is 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 requires 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 standards PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standards PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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.

Waterloo Region District School Board

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Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues, and expenses of various organizations that exist at the school level, as well as including Waterloo Education Foundation Inc., that are controlled by the Board, are reflected in the consolidated financial statements.

The consolidated financial statements also reflect the Board's pro-rata share of assets, liabilities, revenues and expenses of the Student Transportation Services of Waterloo Region Inc. (STSWR) which is a partnership that was formed with Waterloo Catholic District School Board. Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

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.

Cash and short-term investments

Cash and short-term investments 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 less than 90 days. Short-term investments are recorded at the lower of cost or market value.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

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 contribution 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 purpose;
- other restricted contributions received or receivable for capital purpose; and
- property taxation revenues which were historically used to fund capital assets.

Waterloo Region District School Board

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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 gratuity, 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 2016-17: Elementary Teachers' Federation of Ontario (ETFO), Ontario Secondary School Teachers' Federation (OSSTF), Elementary Teachers' Federation of Ontario – Education Workers (ETFO-EW) and Ontario Secondary School Teachers' Federation-Education Workers' (OSSTF-EW). The following ELHTs were established in 2017-2018: The Education Workers' Alliance of Ontario (EWAO) Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHT also provides benefits to individuals who retired prior to the school board's participation date in 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 ELHT 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.

The Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: ETFO, OSSTF, and OSSTF-EW.

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefit:

- i) In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains or losses are recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulated 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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

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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) Employer contributions to multi-employer defined pension plans, such as the Ontario Municipal Employees Retirement System pensions, are expensed in the period incurred.
- iii) The cost of life insurance benefits is actuarially determined on the projected benefit method prorated on services for current employees who are eligible for this benefit upon retirement. For retirees, the liability is calculated as the present value of the expected future premium subsidy from the valuation date to the date that the retiree turns 65, or for the remaining lifetime, depending on the date of retirement.

Tangible capital assets

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

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

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Estimated useful life in years
Land improvements with finite lives	15
Building and building improvements	40
Portable structures	20
Other buildings	20
Furniture and equipment	5 – 15
Computer hardware and software	5
Vehicles	5 – 10
Leasehold improvements	Over the life of the lease

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.

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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. Building 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.

Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the related asset.

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.

Long-term debt

Long-term debt is recorded net of related sinking fund asset balances.

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Board. 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. Given differences between the funding model and the basis of accounting used by the school board in preparation of the financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

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Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Actual results could differ from those estimates.

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.

2 Accounts receivable – Government of Ontario and other

Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Waterloo Region District School 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 the account receivable balance.

The Board has an account receivable from the Province of Ontario of \$136,052,110 (2019 – \$150,679,256) with respect to capital grants.

Other

On September 1, 2018, the Ministry of Education implemented a cash management strategy to help reduce the Province's borrowing costs. Under the new policy, a school board's monthly cash flows are adjusted to reflect their immediate cash needs; this need is determined through a methodology that adjusts cash flows based on the adjusted accumulated surplus and deferred revenues reported by the Board in the prior year.

A school board's funding entitlement remains the same under the GSN regulation; however, boards are required to report a receivable from the Province for the difference between their funding entitlement and actual cash flow received. For the period ending August 31, 2020, the amount included in Accounts Receivable Other (related to this policy) is \$35,066,774 (2019 – \$24,281,370).

3 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. 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

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2019-2020 Revised Estimates. This amount for the Board was \$48,801,963 (2019 – \$nil) and is included in accounts receivable - Other. This amount will be recovered by the Province in 2021 and is included in accounts payable and accrued liabilities.

4 Assets held for sale

The change in Assets Held for Sale reflects a transfer of a parcel of Land held by Board from financial assets to tangible capital assets, as per the criteria set out in PS1201.055. As at August 31, 2020, Assets Held for Sale total \$nil (2019 – \$3,933,000).

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, 2020 is comprised of:

	Balance at August 31 2019 \$	Externally restricted revenue and investment income 2020 \$	Revenue recognized in the period \$	Transfers to deferred capital contributions \$	Balance at August 31 2020 \$
Pupil accommodation	3,101,355	35,930,210	22,921,339	12,718,668	3,391,558
Education development charges	-	7,322,509	7,322,509	-	-
Proceeds of disposition – minister exemptions and other	1,117,223	-	-	1,117,223	-
Proceeds of disposition – regular	5,832,824	-	-	1,759,103	4,073,721
Special education	2,886,093	91,506,556	90,474,181	-	3,918,468
Restricted grants	5,098,832	7,635,925	5,697,119	271,734	6,765,904
Other	2,203,047	1,423,491	2,080,117	-	1,546,421
Total deferred revenue	20,239,374	143,818,691	128,495,265	15,866,728	19,696,072

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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.

	2020 \$	2019 \$
Opening balance	576,826,072	561,821,280
Additions to deferred capital contributions	32,057,950	49,090,844
Revenue recognized in the period	(37,819,973)	(34,086,052)
Closing balance	<u>571,064,049</u>	<u>576,826,072</u>

7 Retirement and other future benefits

					2020	2019
	Retirement gratuities \$	WSIB benefits \$	Sick leave benefits \$	Life insurance benefits \$	Total employee future benefits \$	Total employee future benefits \$
Opening balance accrued employee future benefit obligations at August 31	24,464,325	4,645,922	396,382	1,912,371	31,419,000	34,177,166
Current period benefit cost	-	823,728	438,040	-	1,261,768	1,665,098
Interest accrued	524,862	92,245	-	37,364	654,471	974,962
Less: Benefit payments	(3,689,540)	(891,054)	(284,343)	(100,417)	(4,965,354)	(6,016,619)
Amortization of actuarial loss	676,499	-	(111,970)	114,077	678,606	618,393
Employee future benefit liability at August 31	<u>21,976,146</u>	<u>4,670,841</u>	<u>438,109</u>	<u>1,963,395</u>	<u>29,048,491</u>	<u>31,419,000</u>

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					2020	2019
	Retirement gratuities \$	WSIB benefits \$	Sick Leave benefits \$	Life insurance benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current period benefit cost	-	823,728	438,040	-	1,261,768	1,665,098
Interest on accrued benefit obligation	524,862	92,245		37,364	654,471	974,963
Recognized actuarial losses (gains)	676,499	-	(111,970)	114,077	678,606	618,394
Employee future benefits expenses ¹	1,201,361	915,973	326,070	151,441	2,594,845	3,258,455

Retirement benefits

i) Ontario Teacher's Pension Plan

Teachers and employees in related 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 rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$9,676,952 (2019 – \$9,740,578). 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.

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

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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 the 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.

The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

Actuarial assumptions

The accrued benefit obligations for retirement gratuities as at August 31, 2020 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2020. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2020 %	2019 %
Inflation	1.5	1.5
Discount on accrued benefit obligations	1.40	2.00

Workplace Safety and Insurance Board (WSIB) Benefits

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. The Putting Students First Act, 2012 requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of \$487,539 as at August 31, 2012.

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The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2020 are based on actuarial valuations for accounting purposes as at August 31, 2020. These actuarial valuations are based on assumptions about future events. For purposes of these calculations, the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2020 %	2019 %
Inflation	2.0	2.0
Discount on accrued benefit obligations	1.40	2.00

Sick leave top-up benefits

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried 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 \$438,040 (2019 – \$396,313).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events.

Life insurance benefits

The Board sponsors a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience and employees are required to pay 100% of the premium costs. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

The accrued benefit obligations for life insurance benefits as at August 31, 2020 are based on actuarial valuations for accounting purposes as at August 31, 2020. These actuarial valuations are based on assumptions about future events. For purposes of these calculations, the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2020 %	2019 %
Inflation	1.5	1.5
Discount on accrued benefit obligations	1.40	2.00

Health care and dental benefits

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The premiums are based on the experience or demographics of the group and retirees are required to pay 100% of the premium costs.

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8 Net long-term debt

Net debenture debt, and capital loans reported on the consolidated statement of financial position is comprised of the following:

	2020 \$	2019 \$
Debenture #CDS 00-42 due on November 17, 2020. Interest payments semi-annually at 6.67%	5,131,210	5,131,210
Debenture #CDS 02-45 due on November 21, 2022. Interest payments semi-annually at 5.642%	7,521,000	9,767,000
Debenture #CDS 04-49 due on November 29, 2024. Interest payments semi-annually at 5.257%	9,041,772	10,784,704
Debenture #CDS 06-53 due on October 30, 2026. Interest payments semi-annually at 4.841%	7,858,305	8,868,451
Ontario Financing Authority Loan (OFA#1) due on November 17, 2031. Interest payments semi-annually at 4.56%	14,801,118	15,761,392
Ontario Financing Authority Loan (OFA#2) due on March 3, 2033. Interest payments semi-annually at 4.90%	10,308,432	10,876,267
Ontario Financing Authority Loan (OFA#3) due on November 15, 2033. Interest payments semi-annually at 5.347%	8,893,951	9,333,832
Ontario Financing Authority Loan (OFA#4) due on March 13, 2034. Interest payments semi-annually at 5.062%	3,971,978	4,166,481
Ontario Financing Authority Loan (OFA#5) due on November 15, 2034. Interest payments semi-annually at 5.047%	1,160,314	1,213,535
Ontario Financing Authority Loan (OFA#6) due on April 13, 2035. Interest payments semi-annually at 5.232%	6,700,929	6,991,780
Ontario Financing Authority Loan (OFA#7) due on April 13, 2036. Interest payments semi-annually at 4.833%	9,146,805	9,524,707
Ontario Financing Authority Loan (OFA#8) due on November 15, 2036. Interest payments semi-annually at 3.97%	5,707,491	5,948,491
Ontario Financing Authority Loan (OFA#9) due on March 9, 2037. Interest payments semi-annually at 3.564%	12,514,259	13,049,806
Ontario Financing Authority Loan (OFA#10) due on March 19, 2038. Interest payments semi-annually at 3.799%	23,716,879	24,632,276
Ontario Financing Authority Loan (OFA#11) due on November 11, 2039. Interest payments semi-annually at 4.003%	635,974	658,272
	<u>127,110,417</u>	<u>136,708,204</u>
Less: Sinking funds accumulated	(3,870,588)	(2,869,908)
	<u>123,239,829</u>	<u>133,838,296</u>

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Principal and interest payments relating to net long-term debt of \$167,294,629 (2019 – \$183, 170,802) outstanding as at August 31, 2020 are due as follows:

	Principal Payments \$	Interest \$	Total \$
2020/21	15,202,429	5,632,607	20,835,036
2021/22	10,567,306	4,930,649	15,497,955
2022/23	11,089,860	4,392,677	15,482,537
2023/24	8,844,728	3,912,136	12,756,864
2024/25	8,125,137	3,493,063	11,618,200
Thereafter	73,280,957	17,823,080	91,104,037
Net long-term liabilities	<u>127,110,417</u>	<u>40,184,212</u>	<u>167,294,629</u>

Interest on long-term debt amounted to \$6,278,383 (2019 – \$6,728,572).

9 Debt charges and capital loans interest

Expenditures for debt charges, capital loans and interest include principal and interest expense as follows:

	2020 \$	2019 \$
Principal payments on long-term liabilities	9,597,787	9,147,246
Sinking fund contributions	1,000,680	917,485
Interest expense on long-term liabilities	6,278,383	6,728,572
	<u>16,876,850</u>	<u>16,793,303</u>

10 Expenses by object

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	Budget \$ (Unaudited)	2020 Actual \$	2019 Actual \$
Expenses			
Salary and wages	547,110,992	536,769,513	546,136,183
Employee benefits	86,041,674	84,983,868	86,485,914
Staff development	2,174,204	1,390,373	1,984,770
Supplies and services	40,506,160	36,277,207	42,644,004
Interest charges on capital	6,042,983	5,961,075	6,599,520
Rental	1,603,821	1,854,701	1,323,191
Fees and contract services	30,938,456	29,794,164	30,243,966
Other	442,841	535,180	1,815,081
Amortization of tangible capital assets	36,337,640	38,452,641	34,569,636
School funded activities	14,000,000	6,771,595	13,680,371
	<u>765,198,771</u>	<u>742,790,317</u>	<u>765,482,636</u>

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11 Tangible capital assets

	Cost				Accumulated amortization					
	Balance at August 31, 2019	Additions and transfers	Disposals	Balance at August 31, 2020	Balance at August 31, 2019	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2020	Net book value August 31, 2020	Net book value August 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	92,814,308	4,242,462	-	97,056,770	-	-	-	-	97,056,770	92,814,308
Land improvements	11,064,370	2,720,445	-	13,784,815	5,062,286	1,292,084	-	6,354,370	7,430,445	6,002,084
Buildings	845,095,871	34,988,283	-	880,084,154	304,090,898	28,454,223	-	332,545,121	547,539,033	541,004,973
Portable structures	8,214,976	-	(821,500)	7,393,476	5,633,902	390,211	(821,500)	5,202,613	2,190,863	2,581,074
Construction in progress	9,857,022	(8,708,147)	-	1,148,875	-	-	-	-	1,148,875	9,857,022
Pre-acquisition and construction cost	70,659	129,408	-	200,067	-	-	-	-	200,067	70,659
Furniture and equipment	16,114,949	777,888	(1,246,502)	15,646,335	8,290,106	1,589,358	(1,246,502)	8,632,962	7,013,373	7,824,843
Computer hardware and software	29,321,324	5,211,625	(3,866,382)	30,666,567	13,375,496	5,998,789	(3,866,382)	15,507,903	15,158,664	15,945,828
Vehicles	1,843,548	155,224	(26,960)	1,971,812	1,489,658	149,398	(26,960)	1,612,096	359,716	353,890
Leasehold improvements	4,059,084	-	-	4,059,084	1,764,901	578,578	-	2,343,479	1,715,605	2,294,183
	1,018,456,111	39,517,188	(5,961,344)	1,052,011,955	339,707,247	38,452,641	(5,961,344)	372,198,544	679,813,411	678,748,864

*Note: reallocated portapack of \$220,470 from building to portapack and portables.

Asset under construction

Assets under construction (which include construction in progress and pre-acquisition and construction cost) having a value of \$1,348,942 (2019 – \$9,927,681) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2019 – \$nil).

Asset inventories for resale (assets permanently removed from service)

The Board has identified no land and no building properties that qualify as “assets permanently removed from service” in the current year. Assets that have previously qualified have been separately disclosed as “assets held for sale”.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Notes to Consolidated Financial Statements

August 31, 2020

12 Accumulated surplus

Accumulated surplus consists of the following:

	2020 \$	2019 \$
Accumulated surplus – unappropriated	50,235,651	36,333,725
Invested in non-depreciable tangible capital assets (land)	91,009,323	83,686,814
Amounts restricted for future use by Board motion	20,241,535	17,688,866
Other	5,505,327	4,990,551
	<hr/>	<hr/>
Total accumulated surplus	166,991,836	142,699,956

The annual surplus of \$24,291,880 for 2020 (2019 – \$26,973,724) includes revenues recognized for land of \$7,322,509 (2019 – \$17,797,492), transfers to internally appropriated of \$2,522,669 (2019 – \$7,358,277), transfers to externally appropriated of \$1,193,382 (2019 – \$468,821) and recognized actuarial loss of \$678,606 (2019 – loss of \$618,393). The impact of these adjustments is summarized below:

	2020 \$	2019 \$
Annual surplus before the following items	13,901,926	1,967,527
Revenues recognized for land	7,322,509	17,797,492
Transfer to internally appropriated	2,552,669	7,358,277
Transfer to externally appropriated	1,193,382	468,821
Recognized actuarial loss	(678,606)	(618,393)
	<hr/>	<hr/>
Annual surplus	24,291,880	26,973,724

13 Trust funds

Trust funds administered by the Board amounting to \$1,858,597 (2019 – \$1,887,351) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

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 \$20 million per occurrence.

The 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 January 1, 2022.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Notes to Consolidated Financial Statements

August 31, 2020

15 Contractual obligations and contingent liabilities

Contractual obligations

The cost to complete construction contracts in progress at August 31, 2020 is estimated to be \$8,253,623 (2019 – \$11,314,217).

Contingent liabilities

The Board has various labour related and legal issues that are outstanding. Although the outcome of these matters is not known, management has made an estimate of what it believes represents the minimum amount that will become payable and this estimate has been recorded in these financial statements. The amount of the estimate has not been disclosed, as proceedings relating to these matters are ongoing. Based on the nature of the matters and existing knowledge, it is reasonably possible that changes in future conditions in the near term could require a material change in the recognized amounts. The difference between the recognized amount and the actual amount will be recorded in the period that the settlement of this matter is reached.

Operating lease commitments

The following is a schedule of minimum lease payments under significant operating leases required in each of the following years:

	\$
Year ending August 31, 2021	3,565,327
2022	3,464,239
2023	2,407,242
2024	1,259,217
Thereafter	513,982

16 Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2020 budgets approved by the Board on June 13, 2019.

As boards only budget the statement of operations, the budget figures in the consolidated statement of change in net debt have not been provided.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Notes to Consolidated Financial Statements

August 31, 2020

17 Partnership in the Student Transportation Services of Waterloo Region Inc.

Transportation consortium

On September 1, 2007, the Student Transportation Services of Waterloo Region Inc. (STSWR) was incorporated. On February 27, 2008, the Board entered into an agreement with Waterloo Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement created at the time STSWR was established, decisions related to the financial and operating activities of STSWR are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances between these organizations have been eliminated.

The following provides condensed financial information.

	2020		2019	
	Total \$	Board portion \$	Total \$	Board portion \$
Financial position				
Financial assets	1,382,946	873,435	261,767	148,032
Liabilities	(1,438,063)	(903,936)	(277,035)	(152,751)
Non-financial assets	55,117	35,635	15,268	8,819
Accumulated deficit	-	5,134	-	4,100
Operations				
Revenues	22,918,170	15,912,364	23,504,866	15,489,707
Expenses	22,918,170	15,912,364	23,504,866	15,489,707
Annual surplus	-	-	-	-

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

Waterloo Region District School Board

Notes to Consolidated Financial Statements

August 31, 2020

18 Repayment of the “55 School Board Trust” funding

On June 1, 2003, the Board received \$1,407,664 from the 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it 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 to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board’s financial position.

19 Significant event

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, in March 2020, all school boards were closed in the Waterloo Region and schools remained closed until September 2020. As the impacts of COVID-19 continue, there could be further impacts on the Board, its students, and its funding sources. Management is actively monitoring the effect on the Board’s financial condition, liquidity, operation, suppliers, and workforce. Given the daily changes in the COVID-19 outbreak and the global responses to curb its spread, the Board is not able to fully estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**



Report to Committee of the Whole

November 16, 2020

Subject: 2019-20 Financial Report

Recommendation

This report is for the information of the Board.

Status

The Board of Trustees (Board) approved the 2019-20 operating budget on June 18, 2019, and at that time the Board approved a balanced budget.

The development of the Waterloo Region District School Board's (WRDSB's) operating budget includes many underlying assumptions which, over the course of a school year, can change significantly. On a quarterly basis throughout the year, staff will be providing updates to the Board regarding our key assumptions, the identification of key risks and planned mitigation strategies. The quarterly updates referenced above were provided to the Board on the following dates:

- [1st Quarter \(Q1\) Report \(Sept 1, 2019, to Nov 30, 2019\)- Jan 20, 2020](#)
- [2nd Quarter \(Q2\) Report \(Dec 1, 2019, to Feb 28, 2020\)- April 27, 2020](#)
- [3rd Quarter \(Q3\) Report \(Mar 1, 2020, to May 31, 2020\)- July 20, 2020](#)

The 2019-20 year-end financial position is an in-year surplus of \$13.9M; this represents approximately 1.79% of the WRDSB's operating budget for the year, and increases our Accumulated Unappropriated Surplus to \$50.2M as of August 31, 2020. The 2019-2020 Final Financial Report, comparing the budget to the actual year-end position is attached as [Appendix A](#).

As indicated in previous updates throughout the year, the emergence of COVID-19 and subsequent system closure on March 13, 2020, has had a material impact on our finances. Furthermore, the impact of labour sanctions (strike days) which occurred during the second quarter of the 2019-20 school year also had a material impact on the Board's operating budget. Together, these events account for the material variances noted in this report and our 2019-20 financial statements.

As we look ahead to the remainder of the 2020-21 school year, our organization is financially well positioned to deal with the fiscal challenges that re-opening our system during a pandemic will present.

In terms of key assumptions and risk areas, the following represent material changes from the budget forecast, which help to explain the year-end results; it should be noted that these items are consistent with information previously presented to the Board throughout the year.

Revenues

- In previous updates provided to the Board, staff identified changes in revenue related to Student Enrolment, Priorities and Partnerships Funding (other grants) provided by the Ministry of Education, Strike Savings and School Generated Funds. No subsequent variances have been identified in these areas so they are not addressed below.
- Provincial Grants GSN (Pupil Foundation, Teacher/ DECE Q&E)
 - In-year change: Revenues were \$3.2M lower than the budget forecast, or 0.5%. The reduction is the net effect of lower enrolment ([See Appendix A](#)), calculated strike savings and increases to salary and benefit benchmarks resulting from centrally negotiated contracts.
 - Impact: The net effect to the Board of calculated strike savings is nil; the reduction in provincial grants is offset by salary and benefit costs which were not incurred as a result of strikes. The increases to salary and benefit benchmarks within the Pupil Foundation Grant, and the Qualifications & Experience Grant, will continue into the 2020-21 school year.
 - 2020-21 Outlook: The central labour agreements which were signed in the spring of 2020 will provide the sector with some much needed stability; the term of the contracts is from September 1, 2019, to August 31, 2022. Any negotiated increases to salaries and benefits will be reflected in the funding benchmarks set by the Ministry for the duration of the contracts. Early evidence indicates that our student enrolment will be down significantly in 2020-21 as a result of parental choices regarding school registration; this will have an overall negative impact on provincial grants in 2020-21.
- Student Transportation
 - In-year change: Revenues were \$589 thousand lower than the budget forecast, or 3.12%. This variance is attributable to an adjustment the Ministry made ([2020 SB:07](#)) to reduce the overall student transportation grant by \$24.8M, which is the estimated fuel portion of transportation contracts for the months of May and June 2020.
 - Impact: The reduced transportation funding in 2019-20 will have little impact on the Board's overall financial position. Due to the system shutdown (COVID-19), expenditures on student transportation were lower by \$963 thousand.
 - 2020-21 Outlook: The board will be incurring significant costs in 2020-21 to provide student transportation services amidst the ongoing pandemic. Enhanced cleaning requirements, the need for personal protective equipment and higher routing costs for mid-day pickups (secondary) will put significant pressure on the budget. Staff will continue to monitor and will provide updates throughout the 2020-21 school year.

- Teacher Job Protection Funding
 - In-year change: Revenues were \$3.2M higher than the budget forecast, or 16.47%. The increase is attributable to the difference between the estimated number of teacher retirements/ resignations that would occur in 2019-20 (149), and the actual number reported in the financial statements (174).
 - Impact: Teacher job protection funding was introduced as part of the 2019-20 Grants for Student Needs, and was designed to allow school boards to phase in the secondary class size changes that were enacted by the Government in [March 2019](#).
 - 2020-21 Outlook: With the move to an average funded class size of 23 students, the board will no longer qualify for teacher job protection funding beyond the 2019-20 school year. Except for very rare circumstances across the province, this component of the GSN has been rendered largely irrelevant for school boards moving forward.
- Other Revenue
 - In-year change: Revenues are \$5.2M lower than the budget forecast, or 17.6%.
 - Impact:
 - Extended Day Program- The Waterloo Region District School Board directly operates extended day programs in 70 schools across the system, providing before and after care to over 3,700 students. All WRDSB programs closed as of Friday March 13, 2020, and parents were not charged fees during the closure period. The foregone revenue from the program during the closure is approximately \$2.34M, or 21.8% of budgeted revenues.
 - In May 2020, the Ministry of Education [announced sustainability funding](#) would be made available to child care operators and school boards who directly operate before and after school programs. This funding, which was provided through our Consolidated Municipal Service Manager (Region of Waterloo), was intended to cover fixed overhead costs as well as 75% of staff salary and 100% of staff benefits for School Board Extended Day programs for the period of March 15, 2020 to June 30, 2020.

In August, 2020, the board received confirmation that it would be receiving \$2.12M in additional funding under this program; this amount is reflected in the financial results noted in this report.
 - Community Use- As a result of both labour sanctions and the COVID-19 system closure, community use revenues were lower by \$600 thousand, or 33.3%, compared to the budget forecast.
 - Education Development Charges - Under the authority of [Ontario Regulation 20/98](#), the Board collects education development charges from new residential and non-residential building permits within the Region of Waterloo. During the emergency closure period, municipalities in the

Region were not issuing new building permits and this reduced our EDC revenue for the 2019-20 school year by \$3.3M; this shortfall will be included in the analysis undertaken to establish the Board's new EDC by-law, which is scheduled for 2021.

- For the period April to August, 2020, new residential permits issued within the Region of Waterloo were down 40% compared to the prior year; likewise, permits for new commercial construction (square footage) decreased by roughly 64% on a year over year basis.
- 2020-21 Outlook: As we look ahead to the 2020-21 school year, we anticipate that the ongoing pandemic will have material impacts on the above noted revenue sources for the Board. In particular, we anticipate significant declines in Extended Day Revenue, Community Use of Schools Revenue and revenue generated from other sources, such as international fee paying students. Staff will continue to monitor and will provide updates throughout the course of the 2020-21 school year.

Expenditures

- In previous updates to the Board, we identified the potential for significant variances in a number of expenditure areas as a result of labour disruptions and the COVID-19 system closure. The information below will focus on key areas that have been affected by these events.
- Strike Savings
 - In-year Change: Strike savings, in the form of staff salaries and benefits which are not paid by the Board during a withdrawal of service, amounted to \$12.9M.
 - Impact: The calculation of strike savings, which corresponds to the reduction in provincial grants noted above, are dictated by the Ministry of Education through their [strike savings calculation](#). The net effect to the Board, by design, is neutral but the reduction in expenses is reflected in the following expenditure areas; Classroom Teachers, Early Childhood Educators, Professionals & Paraprofessionals, Library and Guidance, School Secretaries, Teacher Consultants, School Operations (Custodial/ Maintenance) and Board Administration.
 - 2020-21 Outlook: As noted previously in this report, central labour agreements were agreed to in the Spring of 2020. Upon settlement of local terms and conditions, these agreements will provide some much needed stability for the education sector.
- Supply Costs
 - In-year change: Total expenditures on supply costs (Teachers, DECEs and Educational Assistants) were \$5.4M lower than the budget forecast, a decrease of 25.9%.

- Impact: As a result of the system closure, expenditures on short-term supply costs were significantly reduced compared to budget, representing an overall savings to the Board.
- 2020-21 Outlook: Over the past number of years there has been a consistent upward trend in supply costs. As we approached the mid-way point of the 2019-20 school year, this trend was continuing and as of December 31, 2019, we were forecasting that short-term supply costs would exceed the budgeted amount by approximately \$1.0M, or 4.97%. In the [2020-21 Grants for Student Needs](#), the Ministry acknowledged this upward trend and increased the short-term supply benchmark by the equivalent of one additional day per employee; furthermore, as part of the [additional funding to support school re-opening](#), the Ministry provided \$70M provincially (\$1.9M to the board) to allow boards to hire additional non-permanent teachers and cover the cost of short-term supply teachers. Staff will be closely monitoring short-term sickness and will report back to the Board during the year.
- Transportation
 - In-year Change: Total expenditures on transportation were \$963 thousand lower than the budget forecast, a decrease of 5.2%.
 - Impact: The reduced expenditures on student transportation relate exclusively to the system closure, and have contributed to the in-year surplus.
 - 2020-21 Outlook: As noted previously in this report, we anticipate higher than normal transportation costs as a result of additional cleaning measures, personal protective equipment and mid-day routing (secondary) in 2020-21. Staff will continue to provide updates on forecasted transportation costs throughout the 2020-21 school year.
- Principals and Vice-Principals
 - In-year Change: Total expenditures on Principals and Vice-Principals were \$1.3M higher than the budget forecast, an increase of 4.5%.
 - Impact: The increased expenditures on Principals and Vice-Principals in 2019-20 reflect a combination of factors, including increased utilization of short-term sick leave (\$277 thousand) and a one-time payout for school administrators who returned early in August to prepare for school re-opening (\$1.05M).
 - 2020-21 Outlook: Planning and executing the school reopening plan for 2020-21 has placed a significant amount of pressure on all staff groups. While the Ministry has allocated [additional funding in 2020-21](#) to hire more administrators and secretaries to support the distance learning program (\$1.4M), we anticipate that increased levels of stress will have a negative impact on staff wellness, and we will be monitoring sick leave utilization throughout the 2020-21 school year.
- School Operations
 - In-year change: Expenditures were \$2.3M lower than the budget forecast, a decrease of 3.5%.

- Impact: The savings reported in school operations are the result of a combination of factors including savings in utilities (\$2.4M) and vacant positions (\$600 thousand). These savings were offset, to some degree, by an increase in general operating expenses for items such as PPE, Barriers and Signage, Cleaning Supplies to prepare for school reopening in September.
- 2020-21 Outlook: Staff in Facility Services continue to play an integral role in ensuring the health and safety of both staff and students in our buildings. In preparation for school re-opening, the Ministry has allocated additional funding to support improved air quality and ventilation in our schools (\$1.4M), as well funding to support the hiring of more custodians (\$1.6M). Updates on hiring and expenditures in these areas will be provided throughout the 2020-21 school year.

Overall, staff continue to identify ongoing risks and develop mitigation strategies that help ensure the fiscal well-being of the organization. As noted above, the 2019-20 in-year surplus is \$13.9M; this amount has been added to the WRDSB's Accumulated Surplus (Unappropriated), which is now \$50.2M, or approximately 6.48% of annual operating revenues.

The Accumulated Surplus (Unappropriated) represents funds that are available on a one-time basis to address strategic priorities, financial pressures and respond to unforeseen circumstances. Ongoing activities to ensure the safety and well-being of both staff and students during the 2020-21 school year will have material financial implications for the Board, which will require us to draw on these funds. Staff will be providing regular updates on these activities, and the associated financial implications, through our quarterly reports in 2020-21.

Background

It is the sole responsibility of the Board to approve the annual operating budget and it is the responsibility of staff to oversee and monitor day-to-day spending within the budget framework. The Board plays a key role in the budget process, ensuring that funding is aligned with the WRDSB's strategic priorities and legislative requirements.

In an effort to support the Board in fulfilling their fiduciary duties, staff provide quarterly financial updates on in-year spending forecasts relative to the budget. These updates identify potential risks and opportunities that may be on the horizon, as well as the strategies staff have in place to address the identified items. These actions are intended to support the Board in making evidence based decisions and fulfilling their governance responsibilities.

Financial Implications

No Financial implications.

Communications

Financial Services will work with our communications department to ensure that financial information is readily available to the public via our corporate website.

Prepared by: Matthew Gerard, Coordinating Superintendent,
Business Services & Treasurer of the Board
Nick Landry, Controller, Financial Services
Sharon Uttley, Manager of Accounting Services
Wendy Jocques, Manager of Budget Services
Fabiana Frasher, Budget Officer
in consultation with Coordinating Council

APPENDIX A

2019-20 Final Financial Report (September 1, 2019, to August 31, 2020)

PSAB Revenues for the Period Ending August 31, 2020

SUMMARY OF FINANCIAL RESULTS (000s)

	Budget	Actual	In-Year Change	
			\$	%
Revenue				
Provincial Grants-GSN	711,681	708,444	(3,236)	(0.5%)
Revenue transferred from/(to) deferred revenue	86	(2,302)	(2,388)	(2791.1%)
Other Grants	625	4,318	3,693	590.5%
Other Revenue	29,591	24,371	(5,221)	(17.6%)
School Generated Funds	14,000	7,150	(6,850)	(48.9%)
Transferred from DCC**	35,618	37,820	2,202	6.2%
Transferred to DCC**	(16,025)	(12,719)	3,307	(20.6%)
Total Revenue	775,575	767,082	(8,493)	(1.1%)
Expenses				
Instruction	600,572	586,453	(14,119)	(2.4%)
Administration	18,389	17,312	(1,077)	(5.9%)
Transportation	18,638	17,676	(962)	(5.2%)
School Operations & Maintenance	64,989	62,772	(2,217)	(3.4%)
Pupil Accom/Renewal/Debt/Non-operating	48,611	51,806	3,195	6.6%
School Generated Funds	14,000	6,772	(7,228)	(51.6%)
Total Expenses	765,199	742,790	(22,408)	(2.9%)
Surplus/(Deficit)	10,376	24,292	13,915	134.1%

DETERMINATION OF ANNUAL OPERATING SURPLUS (000s)

	Budget	Actual
PSAB Surplus/(Deficit) (from above)	10,376	24,292
LESS: Restricted Amounts		
Revenues Recognized for Land	10,055	7,323
Transfers to/(from) Internally Appropriated	95	2,553
Transfers to/(from) Externally Appropriated	226	515
Sub-Total: In-Year Appropriations	10,376	10,390
ANNUAL Unappropriated Operating Surplus/(Deficit)	(0)	13,902

Changes in Revenue

- Provincial Grants- change to reflect projected strike savings and transportation funding reduction for May and June 2020 due to suspended service
- Deferred Revenue- Changes are related to transfers from the Student Achievement Envelope & School Renewal
- Other Grants- Increase due to additional Priorities and Partnerships Funding (PPF) announcements following 2019-20 budget submission
- Other Revenue- Net effect of decrease in extended day care fees due Covid-19; receipt of sustainability funding from the Region of Waterloo and decrease in EDC revenues due to fewer new housing starts
- School Generated Funds - change to reflect projected decrease revenues from school closures due to Covid-19

Change in Expenditures

- Instruction- Reflects changes due to additional PPF announcements following 2019-20 budget submission; projected savings in supply staff, professional development, strike savings and reduced spending as a result of Covid-19
- Administration- Net effect of increase due to additional PPF announcements following 2019-20 budget submission and carryover of one-time initiatives from previous year; projected savings from staff vacancies, professional development and utilities
- Transportation - projected savings from school closures due to Covid-19
- School Operations & Maintenance- projected savings from staff vacancies and decrease in utility costs due to Covid-19
- Pupil Accom/Renewal/Debt/Non-Operating- Net of increase in school renewal and increase in fully recoverable positions and decrease in extended day care enrolment and staff savings due to Covid-19
- School Generated Funds - change to reflect projected decrease revenues from school closures due to Covid-19

**DCC - Deferred Capital Contributions

2019-20 Final Financial Report (September 1, 2019, to August 31, 2020)

Summary of Capital to be Financed

(000's)

	Budget	Actual	In-Year Change	
			#	%
Funding				
New Building and Additions	1,572	866	(706)	-44.9%
Child Care Capital	192	134	(58)	-30.4%
Child and Family Centres	127	89	(38)	-30.3%
School Condition Improvement	23,198	15,023	(8,175)	-35.2%
Full Day Kindergarten	267	80	(187)	-70.0%
Renewal	9,508	7,377	(2,131)	-22.4%
Education Development Charge (EDC)	12,222	439	(11,783)	-96.4%
Proceeds of Disposition	329	2,876	2,547	773.3%
Minor Tangible Capital Assets	6,458	5,336	(1,122)	-17.4%
Rural and Norther Education	60	6	(54)	-90.5%
Other	3,300	3,359	59	100.0%
Total Capital by Funding Source	57,233	35,584	(21,649)	435.8%
Expenditure				
Buildings (new, additions & renewal)	37,044	26,410	(10,634)	-28.7%
Land	12,222	439	(11,783)	-96.4%
Land Improvements	1,350	2,591	1,241	91.9%
Leasehold Improvements	0	0	-	
Moveable Assets	6,618	6,145	(473)	100.0%
Total Capital Expenditure	57,233	35,584	(21,649)	-37.8%

Summary of Staffing

FTE	Budget	Actual	In-Year Change	
			#	%
Instruction				
Classroom Teachers	3,860.65	3,852.30	(8.35)	-0.22%
Non-Classroom	2,000.60	2,001.80	1.20	0.06%
Total Instruction	5,861.25	5,854.10	(7.15)	-0.12%
Non-Instruction	839.50	806.80	(32.70)	-3.90%
Total	6,700.75	6,660.90	(39.85)	-0.59%

Highlights of Changes in Staffing:

- Variance between budgeted and actual staffing FTE relates to vacant positions that were not filled on reporting dates (Oct 31 and Mar 31)

2019-20 Final Financial Report (September 1, 2019, to August 31, 2020)

Summary of Enrolment

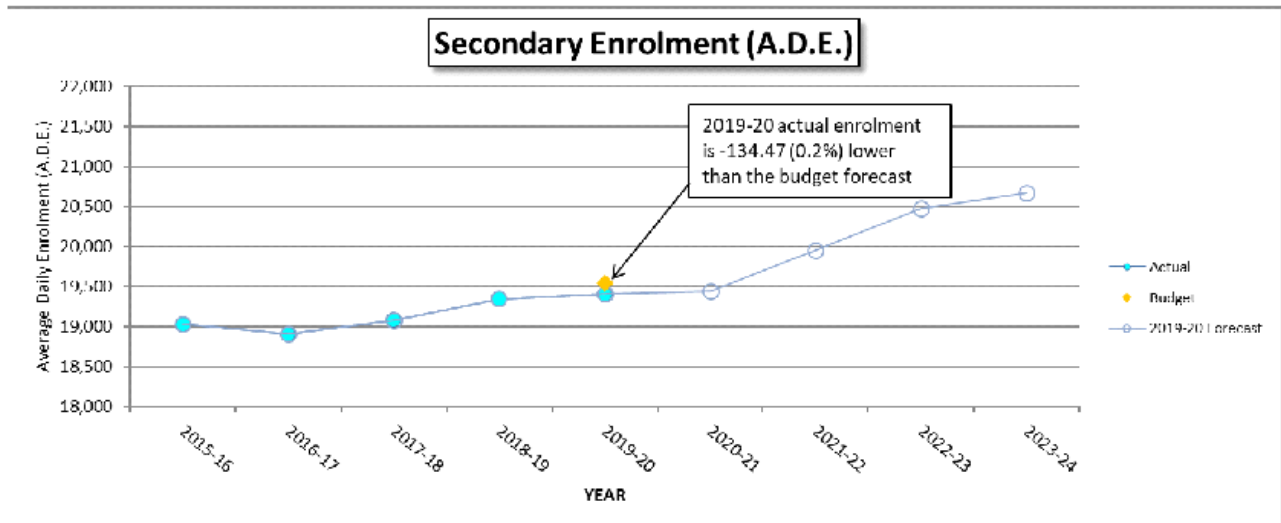
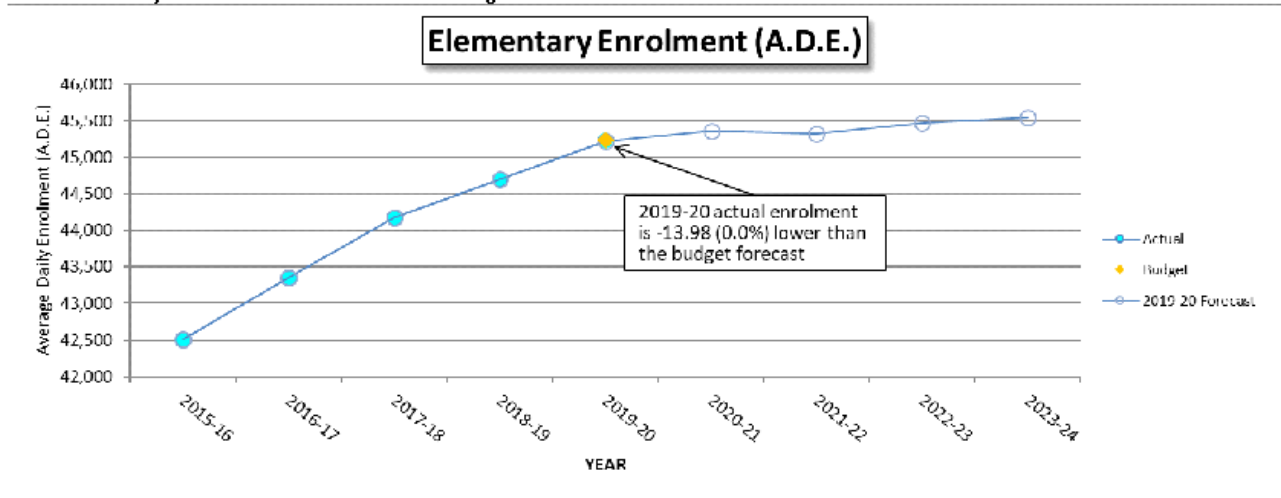
ADE	Budget	Actual	In-Year Change	
			#	%
Elementary				
JK	4,054.61	4,187.85	133.24	3.3%
SK	4,582.16	4,410.38	(171.78)	-3.7%
Grade 1-3	13,374.24	13,352.83	(21.41)	-0.2%
Grade 4-8	23,207.98	23,259.95	51.97	0.2%
Other Pupils (International)	20.00	14.00	(6.00)	-30.0%
Total Elementary	45,238.99	45,225.01	(13.98)	0.0%
Secondary				
Pupils of the Board <21	19,413.61	19,276.10	(137.51)	-0.7%
High Credit Pupils	26.50	34.82	8.32	31.4%
Pupils of the Board >21	8.96	5.18	(3.78)	-42.2%
Other Pupils (International)	95.00	93.50	(1.50)	-1.6%
Total Secondary	19,544.07	19,409.60	(134.47)	-0.7%
Total	64,783.06	64,634.61	(148.45)	-0.2%

Note: Forecast based on October 31st count date

Highlights of Changes in Enrolment:

- Minimal variances have been identified in both the elementary and secondary panel.
- We expect COVID-19 to have a negative impact on student enrolment in 2020-21.

Historic and Projected Enrolments with 2019-20 Budget vs Actual



2019-20 Final Financial Report (September 1, 2019, to August 31, 2020)

Detail of PSAB Accumulated Surplus/(Deficit)

	Sept 1, 2019 Balance	2019-20 In Year Change	Aug. 31, 2020 Balance	Notes
Available for Compliance - Unappropriated				
OPERATING SURPLUS/(DEFICIT)	36,333,725	13,901,926	50,235,651	
Available for Compliance - Internally Appropriated				
One-time Initiatives	4,255,540	1,213,731	5,469,271	1
Carryover Accounts	474,799	1,021,779	1,496,578	2
International Baccalaureate Program (Cumulative Deficit)		(191,820)	(191,820)	3
CHIRP (Infrastructure Replacement)	105,352	154,894	260,246	4
WREPNET	483,516	225,000	708,516	5
Director's Emergency Fund	300,000	-	300,000	6
Other Capital	3,804,149	(2,431,653)	1,372,496	7
Committed Sinking Fund Interest	(132,357)	48,015	(84,342)	8
Committed Capital Projects	8,393,767	2,511,690	10,905,457	9
Equity in Transportation Consortium	4,100	1,033	5,133	10
TOTAL INTERNALLY APPROPRIATED	17,688,866	2,552,669	20,241,535	
Unavailable for Compliance				
School Generated Fund Balances	6,860,054	378,657	7,238,711	11
Interest Accruals	(1,869,503)	136,119	(1,733,384)	12
Revenues recognized for land	83,686,814	7,322,509	91,009,323	13
TOTAL EXTERNALLY APPROPRIATED	88,677,365	7,837,285	96,514,650	
Total PSAB Accumulated Surplus/(Deficit)	142,699,956	24,291,880	166,991,836	

1. One time operating (non-capital) approved new initiatives
2. School Operating (Schedule A) carryovers and other approved program carryovers (PD)
3. International Baccalaureate cumulative deficit (CHC and GPS)
4. Carry over of budget allocation not spent in year on CHIRP
5. Carry over of budget allocation not spent in year on WREPNET
6. Carry over of budget allocation
7. Carryover of balance allocated for Education Centre (non-committed capital) and schools HVAC one-time initiative
8. Interest on board sinking fund debentures
9. One-time capital new-initiatives funded through accumulated surplus (i.e. Ed Centre renovations, Tech Revitalization equipment, Jean Steckle & Groh childcare, science room upgrades)
10. Arising from the change in Employee Future Benefits (EFB) in 2010/2011 and the asset recognition change (i.e 2008-2009- 60.4%, whereas in 2010/11 - 67%)
11. Accumulated surplus from consolidating School Funds, SAC, WEFI into the Boards general ledger
12. Interest accrual on Long term debt (Ontario Financing Authority and Region of Waterloo) - ties to Schedule 10ADI
13. Represents revenues recognized for all board owned lands- schools, vacant lands, administrative buildings

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PSAB Revenues for the Period Ending August 31, 2020

	2019-20				Material Variance Note	
	Budget (Estimates)	% Change from Prior Year Actuals	Actual	In-Year Change		
				\$ Increase (Decrease)		% Increase (Decrease)
Provincial Grants for Student Needs						
Pupil Foundation-Elementary	244,664,868	0.4%	246,980,735	2,315,867	0.95%	1
Pupil Foundation-Secondary	94,774,720	(17.2%)	94,981,826	207,106	0.22%	1
School Foundation	44,779,533	2.3%	44,866,594	87,061	0.19%	
Special Education	91,040,745	2.0%	91,506,566	465,811	0.51%	
French as a Second Language	9,216,819	1.9%	9,401,870	185,051	2.01%	
English as a Second Language	12,149,984	2.9%	12,520,121	370,137	3.05%	
Remote and Rural Allocation	58,525	38.0%	58,905	380	0.65%	
Learning Opportunities	7,339,301	1.1%	7,624,103	284,802	3.88%	
Continuing Education	1,588,451	24.4%	1,692,835	104,384	6.57%	
High Credit	92,512	16.6%	122,636	30,124	32.56%	
Teacher Q&E	61,421,967	(5.5%)	64,078,724	2,656,757	4.33%	2
New Teacher Induction Program (NTIP)	265,446	(14.4%)	272,480	7,034	2.65%	
ECE Q&E	3,793,636	(12.3%)	4,040,694	247,058	6.51%	2
Transportation	18,875,602	7.9%	18,286,007	(589,595)	(3.12%)	3
Admin and Governance	18,205,780	(0.5%)	18,277,146	71,366	0.39%	
Trustees' Association Fee	43,316	0.0%	43,316	-	0.00%	
School Operations	62,170,932	2.0%	62,422,115	251,183	0.40%	
Community Use of Schools	845,602	0.3%	845,602	-	0.00%	
Declining Enrolment	-	0.0%	-	-	0.00%	
Temporary accommodation - relocation and leasing	1,868,727	(3.2%)	1,868,727	-	0.00%	
Indigenous Education	1,047,026	9.0%	957,477	(89,549)	(8.55%)	
Safe Schools	1,343,368	1.6%	1,352,256	8,888	0.66%	
School Renewal	10,046,086	1.0%	10,031,620	(14,466)	(0.14%)	
Approved Debt	104,872	0.0%	104,872	-	0.00%	
Debt Charges-Interest Portion	6,514,084	(5.7%)	6,394,860	(119,234)	(1.83%)	
1% Lump Sum	-	-	-	-	-	
Capital Grant for Land	-	-	-	-	-	
Restraint Savings	(129,030)	0.0%	(129,030)	-	0.00%	
Strike Savings	-	0.0%	(12,938,613)	(12,938,613)	0.00%	4
Teacher Job Protection Funding	19,557,693	-	22,779,807	3,222,114	16.47%	5
Total Provincial Grants for Student Needs (GSM)	711,680,555	0.5%	708,444,231	(3,236,324)	0.45%	
Amortization of Deferred Capital Contributions	35,617,847	100.0%	37,819,973	2,202,126	6.18%	
Legislative Grants transferred from/(to) Deferred Revenue	85,543	(195.9%)	(2,302,090)	(2,387,633)		
Other Grants	625,334	(90.5%)	4,317,996	3,692,662	590.51%	
Non Grant Revenue						
Fees	2,030,200	(2.1%)	1,990,190	(40,010)	(1.97%)	
Transportation Recoveries	-	(100.0%)	147,020	147,020	0.00%	
Rental Revenue	1,799,900	(0.3%)	1,199,794	(600,106)	(33.34%)	6
Education Development Charge	10,637,407	-	7,322,509	(3,314,898)	(31.16%)	7
Other Revenue	15,123,860	(1.7%)	13,710,990	(1,412,870)	(9.34%)	8
Non Grant Revenue	29,591,367	(20.9%)	24,370,503	(5,220,864)	(17.64%)	
School Generated Funds Revenue	14,000,000	4.5%	7,150,252	(6,849,748)	(48.93%)	
Grants Transferred to Deferred Capital Contributions	(16,025,399)	12.1%	(12,718,668)	3,306,731	(20.63%)	
Total PSAB Revenues	775,575,247	2.1%	767,082,197	(8,493,050)	(1.10%)	

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EXPLANATIONS OF MATERIAL GRANT VARIANCES

- 1 The Ministry has retroactively increased salary and benefit benchmarks within the GSN to reflect centrally negotiated increases
- 2 The variance noted reflects the impact of salary benchmark increases resulting from centrally negotiated contracts, as well as migration through the grid for staff based on experience and qualifications
- 3 Decrease in funding reflects the impact of lower enrolment, as well as Ministry announcement (2020 SB:07) that funding would be reduced in 2019-20 to reflect the estimated fuel portion of transportation contracts for the months of May & June (\$437,992). Service was suspended during this time as a result of COVID-19
- 4 Total value of strike savings for all unionized groups, based on methodology provided by the Ministry of Education
- 5 A net decrease in retirements relative to the Budget forecast increases teacher job protection funding
- 6 Reflects a decrease in revenues resulting from a closure of school buildings during COVID-19
- 7 Compounding effect of Ministry announcement on deferral of municipal payments, as well as lower building permits being issued overall
- 8 Net effect of decrease in Extended Day Revenue collected from customers, receipt of Sustainability Funding (\$2.1M) from the Region of Waterloo and an increase in interest revenue (Strike savings (for example) increased our concentrated balance throughout the year)

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 PSAB Expenses for the Period Ending August 31, 2020

	2019-20				Material Variance Note
	Budget	Actual	Change		
			\$ Increase	%	
OPERATING					
Classroom					
Classroom Teachers	400,835,278	393,986,190	(6,849,088)	(1.7%)	1
Supply Staff	21,033,800	15,591,909	(5,441,891)	(25.9%)	2
Teacher Assistants	34,629,419	35,231,229	601,810	1.7%	
Early Childhood Educator	18,694,700	18,013,066	(681,634)	(3.6%)	1
Textbooks and Classroom Supplies	14,862,808	11,558,199	(3,304,609)	(22.2%)	3
Computers	6,780,844	5,479,630	(1,301,214)	(19.2%)	4
Professionals & Paraprofessionals	29,617,612	30,349,381	731,769	2.5%	5
Library & Guidance	13,653,320	13,507,648	(145,672)	(1.1%)	
Staff Development	2,308,772	2,516,730	207,958	9.0%	
Department Heads	1,440,300	1,440,559	259	0.0%	
Principal and Vice-Principals	29,293,108	30,604,606	1,311,498	4.5%	6
School Secretaries & Office Supplies	15,961,590	15,222,130	(739,460)	(4.6%)	7
Teacher Consultants	9,103,153	9,406,846	303,693	3.3%	
Continuing Education	2,077,387	2,077,837	450	0.0%	
Instruction-Amortization	6,379,421	6,109,542	(269,879)	(4.2%)	
Less: GSN Funded Tangible Capital Assets	(6,099,299)	(4,642,304)	1,456,995	(23.9%)	
Sub-Total Instruction Expenses	600,572,213	586,453,199	(14,119,015)	(2.4%)	
Other Expenses					
Board Administration	17,756,824	17,959,985	203,161	1.1%	
School Operations	65,275,745	62,962,881	(2,312,864)	(3.5%)	8
Transportation	18,636,730	17,673,015	(963,715)	(5.2%)	9
Amortization	705,094	620,553	(84,541)	(12.0%)	
Less: GSN Funded Tangible Capital Assets	(358,402)	(1,456,941)	(1,098,539)	306.5%	
Sub-Total Other Expenses	102,015,991	97,759,493	(4,256,498)	(4.2%)	
TOTAL OPERATING EXPENSE	702,588,204	684,212,691	- 18,375,513	(2.6%)	
NON-OPERATING					
Pupil Accommodation/Renewal/Debt					
School Renewal	10,046,086	9,727,654	(318,432)	(3.2%)	
Debt Charges	6,042,983	5,961,075	(81,908)	(1.4%)	
Recoverable Costs	12,671,200	11,617,545	(1,053,655)	(8.3%)	10
Other Non-Operating Expenses	104,872	104,872	-	0.0%	
Loss on Disposal of TCA and Assets					
Amortization	29,253,125	31,722,546	2,469,421	8.4%	
Less: GSN Funded Tangible Capital Assets	(9,507,699)	(7,327,660)	2,180,039	(22.9%)	
Total Pupil Accommodation Expense	48,610,567	51,806,032	3,195,465	6.6%	
School Generated Funds	14,000,000	6,771,595	(7,228,405)	(51.6%)	
Covid-19 Expenses					
TOTAL EXPENSES	765,198,771	742,790,318	(22,408,453)	(2.9%)	

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EXPLANATIONS OF MATERIAL BUDGET VARIANCES

1. Net impact of strike savings and retroactive increases to salary and benefit benchmarks resulting from centrally negotiated contracts
2. Variance is directly attributable to the COVID-19 system shutdown; costs were trending higher than budget pre-shutdown
3. Reduced spending due to system shutdown (COVID-19).
4. Relates to a single purchase order for Chromebooks that was not invoiced until October; this amount appears on the auditor's summary of unadjusted differences.
5. Relates to centrally negotiated salary and benefit increases, as well as increased costs incurred to support students as we prepared for re-opening
6. Variance reflects a combination of increased supply costs for administrators incurred in the 2019-20 school year, as well as an additional payment that was made to school administrators for returning earlier in August 2020 to prepare for school reopening
7. Vacant positions through the year, as well as reduced spending on office supplies during shutdown
8. Net effect of utilities savings (\$2.4M) and vacant trades positions throughout the year; offset by increased spending to prepare for school reopening
9. Reduced spending related to shutdown; more specifically, fuel component of contracts
10. Reduced spending in the Extended Day Program for variable cost items, such as food and classroom supplies