

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL
BOARD OF EASTERN
ONTARIO**

Year ended August 31, 2010

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Year ended August 31, 2010

Management Responsibility for the Financial Statements

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Consolidated Financial Statements

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario are the responsibility of Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

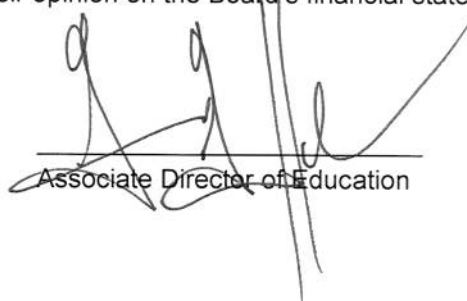
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

The Board 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 their approval of the financial statements.

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



Director of Education



Associate Director of Education

October 28, 2010



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AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

We have audited the consolidated statement of financial position of the Catholic District School Board of Eastern Ontario as at August 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Catholic District School Board of Eastern Ontario as at August 31, 2010 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada
October 28, 2010

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

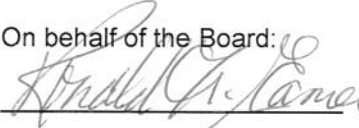
Consolidated Statement of Financial Position

August 31, 2010, with comparative figures for 2009

	2010	2009 (restated, note 2)
Financial assets:		
Cash	\$ 3,236,988	\$ 4,593,590
Temporary investments	80,186	74,582
Accounts receivable:		
Municipalities	2,420,143	2,564,557
Other	4,947,675	1,077,181
Approved Capital Funding – Government of Ontario (note 3)	85,823,626	–
Total financial assets	96,508,618	8,309,910
Liabilities:		
Temporary borrowings (note 4)	899,000	11,350,000
Accounts payable and accrued liabilities	9,431,595	10,588,661
Net long-term liabilities (note 5)	83,728,753	70,336,923
Deferred revenue (note 6)	2,963,109	3,754,600
Employee future benefits liability (note 7)	24,369,813	23,714,924
Total financial liabilities	121,392,270	119,745,108
Net debt	(24,883,652)	(111,435,198)
Non-financial assets:		
Prepaid expenses	3,797,021	3,804,615
Tangible capital assets (note 8)	135,974,954	136,148,857
Total non-financial assets	139,771,975	139,953,472
Commitments and contingent liabilities (note 12)		
Accumulated surplus	\$ 114,888,323	\$ 28,518,274

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Chair of the Board

 Director of Education

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2010, with comparative figures for 2009

	2009-2010 Budget (restated, note 13 unaudited)	2009-2010 Actual	2008-2009 Actual (restated, note 2)
Revenues:			
Local taxation	\$ 20,086,779	\$ 19,801,094	\$ 20,088,455
Government of Ontario grants:			
Grants for Student Needs	129,695,185	130,251,219	124,634,215
Approved Capital Funding (note 3)	–	85,823,626	–
Other	64,561	4,144,228	1,992,899
Ontario Youth Apprenticeship Program	–	101,527	125,524
Investment income	196,009	255,445	216,940
Federal grants and fees	–	227	2,188
Other – school boards	194,250	115,379	212,390
Other fees and revenue	–	381,812	440,587
School generated funds	5,054,838	4,987,274	5,211,528
Total revenue	155,291,622	245,861,831	152,924,726
Expenses (note 8):			
Instruction	113,118,545	113,354,071	109,898,881
Administration	4,102,562	4,652,784	4,601,889
Transportation	13,269,974	12,996,996	12,947,470
Pupil accommodation	23,708,266	23,146,592	23,061,014
Other	382,827	417,132	399,527
School generated funds	4,920,875	4,924,207	5,111,726
Total expenses	159,503,049	159,491,782	156,020,507
Annual surplus (deficit)	(4,211,427)	86,370,049	(3,095,781)
Accumulated surplus, beginning of year		28,518,274	31,614,055
Accumulated surplus, end of year (note 15)		\$ 114,888,323	\$ 28,518,274

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Change in Net Debt

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009 (restated, note 2)
Annual surplus (deficit)	\$ 86,370,049	\$ (3,095,781)
Tangible capital assets:		
Acquisition of tangible capital assets	(5,643,691)	(14,564,922)
Amortization of tangible capital assets	5,780,421	5,442,382
Gain on disposal of tangible capital assets	(6,757)	-
Proceeds on disposal of tangible capital assets	43,930	-
	173,903	(9,122,540)
Prepaid expenses:		
Acquisition of prepaid expenses	(3,904,262)	(3,905,965)
Use of prepaid expenses	3,911,856	3,450,299
	7,594	(455,666)
Decrease (increase) in net debt	86,551,546	(12,673,987)
Net debt, beginning of year	(111,435,198)	(98,761,211)
Net debt, end of year	\$ (24,883,652)	\$(111,435,198)

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Cash Flows

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009 (restated, note 2)
Operating transactions:		
Annual surplus (deficit)	\$ 86,370,049	\$ (3,095,781)
Items not involving cash:		
Amortization of capital assets	5,780,421	5,442,382
Gain on disposal of tangible capital assets	(6,757)	-
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(89,549,706)	80,634
Decrease (increase) in temporary investments	(5,604)	44,677
Increase (decrease) in accounts payable and accrued liabilities	(1,157,066)	1,335,063
Increase (decrease) in deferred revenue	(791,491)	2,106,922
Increase in employee future benefits liability	654,889	2,910,303
Decrease (increase) in prepaid expenses	7,594	(455,666)
Cash provided by operating transactions	1,302,329	8,368,534
Capital transactions:		
Proceeds on disposal of tangible capital assets	43,930	-
Cash used to acquire tangible capital assets	(5,643,691)	(14,564,922)
Cash applied to capital transactions	(5,599,761)	(14,564,922)
Financing transactions:		
Long-term liabilities issued	15,585,676	2,630,455
Increase (decrease) in temporary borrowings	(10,451,000)	9,035,512
Debt principal repayments and sinking fund contributions	(2,193,846)	(2,009,025)
Cash applied to financing transactions	2,940,830	9,656,942
Change in cash	(1,356,602)	3,460,554
Opening cash	4,593,590	1,133,036
Closing cash	\$ 3,236,988	\$ 4,593,590

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies:

The financial statements of the Catholic District School Board of Eastern Ontario (the "Board") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants ("CICA"). Significant accounting policies of the Board are as follows:

(a) 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.

The Board's consolidated financial statements reflect school generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and are controlled by the Board.

(b) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services acquired in the period whether or not payment has been made or invoices received.

(c) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on externally appropriated funds such as pupil accommodation, special education, energy efficient schools capital and proceeds of disposition, when required by the funding government or related Act, is added to the fund balance and forms part of the respective deferred revenue balances.

(d) Temporary investments:

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition. Investments are recorded at cost which approximates market value. Temporary investments have interest rates that range from 0.25% to 4.77%.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

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. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets.

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

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years

Assets under construction are not amortized until the asset is available for productive use.

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

Works of art and cultural and historic assets are not recorded.

(f) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

1. Significant accounting principles (continued):

(f) Deferred revenue (continued):

The Board also receives restricted contributions under the authority of provincial legislation, regulation or agreement. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(g) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, accumulated sick leave, life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

1. Significant accounting principles (continued):

- (h) Accumulated surplus – available for compliance, internally appropriated:

Certain amounts, as approved by the Board trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

- (i) Government transfers:

Government transfers, which include legislative grants, are recognized in the 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.

- (j) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements.

The Board approves its budget annually. The approved budget for 2009-2010 is reflected on the Consolidated Statement of Operations and Accumulated Surplus.

Budgets established for capital purposes are based on a project-oriented basis, the costs of which may be carried out over one or more years. Capitalization of assets, amortization and disposals were not contemplated in the development of the budget.

Budget figures have not been audited and are presented for information purposes.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

1. Significant accounting principles (continued):

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in:

- (i) estimating the collectability of accounts receivable to determine the allowance for doubtful accounts,
- (ii) estimating provisions for accrued liabilities, and
- (iii) performing actuarial valuations of employee future benefits liabilities.

In addition, as a result of the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. For the year ended August 31, 2010, these amounts and the related estimation techniques have been disclosed in note 2.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

2. Change in accounting policies:

The Board has implemented Public Sector Accounting Board ("PSAB") sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Method used for determining the cost of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

2. Change in accounting policies (continued):

Method used for determining the cost of tangible capital assets (continued)

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings were determined by the Ministry of Education of Ontario using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded as historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	2010
Accumulated surplus (deficit) at August 31, 2009:	
Operating fund balance	\$ –
Capital fund balance	(16,093,332)
Reserve fund balance	2,835,847
School activities fund balance	1,309,444
Amounts to be recovered	(95,682,542)
Accumulated surplus (deficit), as previously reported	(107,630,583)
Net book value of tangible capital assets recorded	136,148,857
Accumulated surplus (deficit), as restated	\$ 28,518,274
Annual surplus (deficit) for the year ended August 31, 2009:	
Change in net assets (liabilities), as previously reported	\$ (12,218,321)
Add:	
Capital expenses capitalized, previously expensed	14,564,922
Less:	
Amortization expense not previously recorded	(5,442,382)
Annual surplus (deficit), as restated	\$ (3,095,781)

3. Approved Capital Funding – Government of Ontario:

In the year, the Government of Ontario provided Ontario school boards with a one-time debt support grant to replace its former annual variable capital funding programs. Under this new funding model, Ontario school boards were awarded a one-time grant in fiscal 2010 based on their capital debt supported by the former capital funding programs, as at August 31, 2010. Ontario school boards will receive this grant in cash on an annual basis to cover the cash flow requirements over the remaining term as the respective capital debt instruments.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

3. Approved Capital Funding – Government of Ontario (continued):

The Board has recognized an approved capital funding grant of \$85,823,626 as revenue and a corresponding account receivable from the Province as at August 31, 2010 with respect to this one-time grant.

4. Temporary borrowings:

The temporary borrowings consist of thirty-day bankers acceptances bearing interest at the bank prime rate plus 0.75%.

5. Net long-term liabilities:

Net long-term debt reported on the “Consolidated Statement of Financial Position” consists of the following:

	2010	2009
Debt	\$ 55,380,871	\$ 57,262,811
Loan	28,347,882	13,074,112
	\$ 83,728,753	\$ 70,336,923

Principal payments relating to net long-term liabilities of \$83,728,753 (2009 - \$70,336,923) outstanding as at August 31, 2010 are due as follows:

	Principal	Interest	Total
2010-2011	\$ 2,537,007	\$ 4,899,911	\$ 7,436,918
2011-2012	2,677,201	4,785,416	7,462,617
2012-2013	2,825,307	4,664,208	7,489,515
2013-2014	2,981,781	4,535,890	7,517,671
2014-2015	3,147,107	4,400,037	7,547,144
Thereafter	69,560,345	41,469,657	111,030,002
	\$ 83,728,748	\$ 64,755,119	\$ 148,483,867

The respective interest rates on the loan and debentures range from 4.56% to 7.2%.

6. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

6. Deferred revenue (continued):

Deferred revenue is comprised of:

	2010	2009
By legislation, regulation or agreement:		
Energy Efficient Schools – Operating	\$ –	\$ 210,745
Energy Efficient Schools – Capital	1,191,112	1,958,855
Gains on disposition – School Buildings	154,971	154,971
	1,346,083	2,324,571
Amounts restricted by external funder	1,617,026	1,430,029
	\$ 2,963,109	\$ 3,754,600

(a) Energy Efficient Schools – Operating:

The Province has provided specific funding to be used to improve the operational efficiency of schools through operating investments, including energy audits and other studies, as well as through investments in technology and equipment that can help boards monitor and reduce their energy use.

(b) Energy Efficient Schools – Capital:

The Province has provided specific capital funding for the following purposes:

- (1) to support the installation of small equipment designed to improve the board's ability to monitor, control and reduce energy use in schools and strengthen multi-year energy management plans;
- (2) to address renewal of major building components with more efficient building components; and
- (3) to support the renovation of existing schools (new additions or retrofits) to accommodate students currently learning in portables in more energy efficient permanent space.

(c) Gains on disposition – School Buildings:

The gains on disposition deferred revenue is composed of gains generated from the sale of schools. The Board intends to use this amount to fund future capital costs related to Board facilities.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

7. 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, retirement gratuity, service awards, worker's compensation and long-term disability benefits.

(a) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's 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. On January 1, 2009 employee contribution rates were up to 9.5% of earnings. On January 1, 2010 employee contribution rates were increased to up to 9.7% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2010, the Board contributed \$ 1,239,311 (2009 - \$1,191,666) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

(iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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 financial statements.

(b) Other employee future benefits:

(i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

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

(b) Other employee future benefits (continued):

(ii) Accumulated sick leave:

The Board provides accumulated sick leave benefits to certain groups of employees. Under the plan employees can accumulate unused sick leave days available for use in future years. 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 financial statements.

(iii) Long-term disability life insurance:

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

(iv) Post-employment 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 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 financial statements.

(v) Service Awards:

The Board provides a one-time service award to teachers, principals and vice-principals upon achievement of the service requirements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

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

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2010. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

Discount rate	4.75% per annum
Salary growth	3% in 2009-2012 2.35% per annum thereafter
Dental benefits escalation	6.0% per annum in 2009/10 grading down linearly to 4.5% per annum in and after 2013/14
Health benefits escalation	9.0% per annum in 2009/10 grading down linearly to 4.5% per annum in and after 2029/30
Accumulated sick leave usage rate	5.7% - 17.1%

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

	2010	2009
Accrued benefit liability, beginning of year	\$ 23,714,924	\$ 20,804,621
Expense recognized for the year:		
Current service cost	1,231,874	2,141,808
Amortization of actuarial gains and losses	1,080,136	661,615
Interest cost	170,913	1,424,387
	2,482,923	4,227,870
Benefits paid for the year	(1,828,034)	(1,317,507)
Accrued benefit liability, end of year	\$ 24,369,813	\$ 23,714,924
	2010	2009
Accrued future benefit obligation, end of year	\$ 24,396,612	\$ 23,383,028
Net unamortized actuarial gain (loss)	(26,799)	331,896
Accrued benefit liability, end of year	\$ 24,369,813	\$ 23,714,924

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

8. Tangible capital assets:

Cost	Balance at August 31, 2009	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2010
Land	\$ 3,566,932	\$ –	\$ –	\$ 3,566,932
Land improvements	454,683	432,464	–	887,147
Buildings	151,258,406	15,386,610	–	166,645,016
Construction-in-progress	13,373,503	1,716,076	(13,373,503)	1,716,076
Portable structures	10,742,714	270,642	(961,300)	10,052,056
First-time equipping of schools	3,619,716	73,699	(775,560)	2,917,855
Furniture	380,195	5,849	(59,936)	326,108
Equipment	552,644	119,880	(123,173)	549,351
Computer hardware	1,119,523	1,003,440	(253,811)	1,869,152
Computer software	226,646	8,534	(94,707)	140,473
Vehicles	211,042	–	(58,525)	152,517
Total	\$ 185,506,004	\$ 19,017,194	\$ (15,700,515)	\$ 188,822,683

Accumulated amortization	Balance at August 31, 2009	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2010
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	62,997	45,656	–	108,653
Buildings	41,191,060	4,435,511	–	45,626,571
Construction-in-progress	–	–	–	–
Portable structures	4,736,074	516,024	(961,300)	4,290,798
First-time equipping of schools	2,127,350	326,879	(775,560)	1,678,669
Furniture	196,801	33,614	(59,936)	170,479
Equipment	298,072	73,495	(108,922)	262,645
Computer hardware	512,124	288,981	(253,811)	547,294
Computer software	138,147	32,006	(94,707)	75,446
Vehicles	94,522	28,255	(35,603)	87,174
Total	\$ 49,357,147	\$ 5,780,421	\$ (2,289,839)	\$ 52,847,729

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

8. Tangible capital assets (continued):

	Net book value August 31, 2009	Net book value August 31, 2010
Land	\$ 3,566,932	\$ 3,566,932
Land improvements	391,686	778,495
Buildings	110,067,346	121,018,444
Construction-in-progress	13,373,503	1,716,076
Portable structures	6,006,640	5,761,258
First-time equipping of schools	1,492,366	1,239,186
Furniture	183,394	155,629
Equipment	254,572	286,706
Computer hardware	607,399	1,321,858
Computer software	88,499	65,027
Vehicles	116,520	65,343
Total	\$ 136,148,857	\$ 135,974,954

Included in the disposals, write-offs and adjustments column are adjustments of \$2,289,839 for the deemed disposal of assets.

9. Debt charges and capital loans interest:

The payments made for debt charges and capital loans include principal and interest payments as follows:

	2010	2009
Debt principal repayments and sinking fund contributions	\$ 2,193,845	\$ 2,009,022
Interest payments on long-term liabilities	4,250,088	4,156,013
	\$ 6,443,933	\$ 6,165,035

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

10. Expenses by object:

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

	2009-2010 Budget (restated, note 13 unaudited)	2009-2010 Actual	2008-2009 Actual (restated, note 2)
Expenses by object:			
Salary and wages	\$ 102,904,657	\$ 102,542,971	\$ 97,669,917
Employee benefits	15,266,139	12,303,286	15,089,697
Staff development	624,141	1,076,480	1,076,716
Supplies and services	14,003,752	16,333,250	15,038,438
Interest	4,679,669	4,526,818	4,353,820
Rental expenses	148,673	214,279	144,668
Fees and contract services	15,515,276	16,117,807	16,725,687
Other	580,321	596,470	479,182
Amortization of tangible capital assets	5,780,421	5,780,421	5,442,382
	<u>\$ 159,503,049</u>	<u>\$ 159,491,782</u>	<u>\$ 156,020,507</u>

11. Ontario School Board Insurance Exchange (OSBIE):

The school 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.

12. Commitments and contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Guarantees:

The Board has guaranteed work relating to their capital projects with the respective municipalities in the amount of \$44,650.

(c) Contractual obligations:

The Board has a total of \$7,922,706 of contractual obligations at year end relating to the construction or renovation of buildings.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

13. Budget data (unaudited):

The unaudited budget data presented in these financial statements is based upon the 2010 budgets approved by the Board on June 29, 2010. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2010 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As the Consolidated Statement of Change in Net Debt is a new statement in the 2009-10 financial statements, the budget figures in that statement have not been provided.

	2009-2010 Budget (unaudited)	2009-2010 Budget (restated, note 2 unaudited)
Total revenue	\$ 156,077,381	\$ 155,291,622
Expenses:		
Total expenses as in the 2009-10 budget	156,716,298	155,930,539
Less: tangible capital asset expenditures	–	(2,207,911)
Plus: amortization of tangible capital assets	–	5,780,421
	156,716,298	159,503,049
Annual deficit	\$ (638,917)	\$ (4,211,427)

14. Future accounting for contributions used for capital:

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province of Ontario, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option in Canadian Public Sector Accounting Standards and could not be implemented within these financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

15. Accumulated surplus:

Accumulated surplus consists of the following:

	2010	2009
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 1,290,719	\$ 1,496,394
Available for compliance – internally appropriated		
Workers' Safety Insurance Board (WSIB)	\$ 296,467	\$ 296,467
School renewal	175,708	173,094
School budget carryover	–	160,466
Textbooks	574	574
Student success	104,261	104,261
Assistive technology	33,585	33,585
Assessment	54,263	55,866
Educational support professional development	122,146	122,146
Capital projects	–	392,994
Great West Life ASO plan	1,572,724	–
Total accumulated surplus available for compliance	3,650,447	2,835,847
Unavailable for compliance – externally appropriated		
Employee future benefits	(24,369,817)	(23,714,924)
Interest to be accrued	(1,557,007)	(1,345,075)
Vacation accrued	(281,792)	(285,620)
School generated funds	1,372,511	1,309,444
Investment in tangible capital assets	135,974,954	136,148,857
Permanently financed debt	(83,728,753)	(70,336,923)
Not permanently financed amounts	(1,995,846)	(16,093,332)
Receivable from province re: capital funding (note 3)	85,823,626	–
Total externally appropriated	111,237,876	25,682,427
Total accumulated surplus	\$ 114,888,323	\$ 28,518,274

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

16. School Generated Funds:

	2009-2010 Budget (restated, note 13 unaudited)	2009-2010 Actual	2008-2009 Actual
Revenues:			
School fundraising and other – elementary	\$ 2,623,234	\$ 2,547,469	\$ 2,701,572
School fundraising and other – secondary	2,431,604	2,439,805	2,509,956
Total revenue	5,054,838	4,987,274	5,211,528
Expenses:			
School funded activities	4,920,875	4,924,207	5,111,726
Annual surplus	133,963	63,067	99,802
Opening accumulated surplus – school generated funds	1,343,605	1,309,444	1,209,642
Closing accumulated surplus – school generated funds	\$ 1,477,568	\$ 1,372,511	\$ 1,309,444

17. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario (STEO) consortium with the Upper Canada District School Board, effective November 18, 2009. The consortium will provide joint governance and administration of student transportation services provided to students registered with the two coterminous boards.

The consortium is not a separate legal entity. Under the agreement, the boards are equally represented on a governance committee and an administration committee who oversee the operations of the student transportation services. The boards maintain and pay for their school bus contracts and are reimbursed by the other board for their students using buses under those contracts using a per-determined allocation formula. The consortium's start-up administration costs are also shared by each board on a prorata basis.

In the year, the Board paid \$284,501, and received \$107,731, relating to reimbursement for student transportation services received from, and provided to, the Upper Canada District School Board. These amounts are included in transportation expenses and other school board revenue respectively on the statement operations. The Board's share of the consortium start-up administration costs of \$15,983 are also included in transportation expense.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2010

17. Transportation consortium (continued):

At year-end the Board has a receivable of \$0 from, and a payable of \$149,786 to, the Upper Canada District School Board under the consortium agreement.

18. Comparative figures:

Certain 2009 comparative figures have been reclassified and/or restated to conform to the financial statement presentation adopted for 2010.