

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL  
BOARD OF EASTERN  
ONTARIO**

Year ended August 31, 2011

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Year ended August 31, 2011

---

Management Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Financial Statements

Statement of Financial Position .....	1
Statement of Operations and Accumulated Deficit .....	2
Statement of Change in Net Debt .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5

## **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 the basis of accounting described in note 1 to the financial statements. 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

November 1, 2011



**KPMG LLP**  
**Chartered Accountants**  
Suite 2000  
160 Elgin Street  
Ottawa, ON K2P 2P8  
Canada

Telephone (613) 212-KPMG (5764)  
Fax (613) 212-2896  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the Catholic District School Board of Eastern Ontario

We have audited the accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario, which comprise the consolidated statement of financial position as at August 31, 2011, the consolidated statements of operations and accumulated deficit, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions described in note 1 to the consolidated financial statements.

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

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

### *Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Catholic District School Board of Eastern Ontario as at August 31, 2011, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

*Basis of Accounting*

Without modifying our opinion, 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 Catholic District School Board of Eastern Ontario to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

*KPMG LLP*

---

Chartered Accountants, Licensed Public Accountants

November 1, 2011

Ottawa, Canada

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

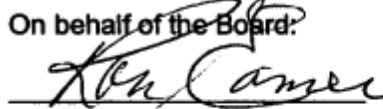
Consolidated Statement of Financial Position

August 31, 2011, with comparative figures for 2010

	2011	2010 (restated, note 2)
<b>Financial assets:</b>		
Cash	\$ 5,183,928	\$ 3,236,988
Temporary investments	71,007	80,186
Accounts receivable:		
Municipalities	2,332,791	2,420,143
Other	3,560,079	4,824,783
Approved Capital Funding – Government of Ontario (note 4)	83,447,061	85,946,518
<b>Total financial assets</b>	<b>94,594,866</b>	<b>96,508,618</b>
<b>Liabilities:</b>		
Temporary borrowings (note 3)	–	899,000
Accounts payable and accrued liabilities	9,402,860	9,431,595
Net long-term liabilities (note 5)	82,464,850	83,728,753
Deferred revenue (note 6)	2,247,603	2,963,109
Employee future benefits liability (note 7)	25,380,787	24,369,813
Deferred capital contributions (note 8)	140,605,065	131,638,342
<b>Total financial liabilities</b>	<b>260,101,165</b>	<b>253,030,612</b>
<b>Net debt</b>	<b>(165,506,299)</b>	<b>(156,521,994)</b>
<b>Non-financial assets:</b>		
Prepaid expenses	3,825,499	3,797,021
Tangible capital assets (note 9)	144,764,597	135,974,954
<b>Total non-financial assets</b>	<b>148,590,096</b>	<b>139,771,975</b>
Commitments and contingent liabilities (note 13)		
<b>Accumulated deficit</b>	<b>\$ (16,916,203)</b>	<b>\$ (16,750,019)</b>

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 Deficit

Year ended August 31, 2011, with comparative figures for 2010

	2010-2011 Budget (restated, note 14)	2010-2011 Actual	2009-2010 Actual (restated, note 2)
<b>Revenues:</b>			
Local taxation	\$ 19,971,908	\$ 20,121,480	\$ 19,801,094
Government of Ontario grants:			
Grants for Student Needs	129,817,984	129,344,379	125,255,441
Other	877,172	2,914,249	4,144,228
Ontario Youth Apprenticeship Program	–	101,527	101,527
Amortization of deferred capital contributions (note 8)	5,904,869	6,138,335	5,698,877
Investment income	198,332	165,234	255,445
Federal grants and fees	–	2,100	227
Other – school boards	140,616	146,298	115,379
Other fees and revenue	–	790,596	381,812
School generated funds	6,081,975	4,935,650	4,987,274
<b>Total revenue</b>	<b>162,992,856</b>	<b>164,659,848</b>	<b>160,741,304</b>
<b>Expenses (note 11):</b>			
Instruction	115,481,999	117,679,885	113,354,071
Administration	4,445,300	4,613,930	4,652,784
Transportation	13,127,270	13,327,657	12,996,996
Pupil accommodation	25,064,622	23,853,710	23,146,592
Other	382,827	412,632	417,132
School generated funds	5,982,173	4,938,218	4,924,207
<b>Total expenses</b>	<b>164,484,191</b>	<b>164,826,032</b>	<b>159,491,782</b>
<b>Annual surplus (deficit)</b>	<b>(1,491,335)</b>	<b>(166,184)</b>	<b>1,249,522</b>
<b>Accumulated deficit, beginning of year</b>	<b>(23,716,159)</b>	<b>(16,750,019)</b>	<b>(17,999,541)</b>
<b>Accumulated deficit, end of year (note 15)</b>	<b>\$(25,207,494)</b>	<b>\$ (16,916,203)</b>	<b>\$ (16,750,019)</b>

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, 2011, with comparative figures for 2010

	2011	2010 (restated, note 2)
Annual surplus (deficit)	\$ (166,184)	\$ 1,249,522
Tangible capital assets:		
Acquisition of tangible capital assets	(15,105,056)	(5,643,691)
Amortization of tangible capital assets	6,295,413	5,780,421
Loss (gain) on disposal of tangible capital assets	17,898	(6,757)
Proceeds on disposal of tangible capital assets	142,462	43,930
Less: Proceeds on disposal allocated to deferred revenue	(140,360)	-
	(8,789,643)	173,903
Prepaid expenses:		
Acquisition of prepaid expenses	(3,908,154)	(3,904,262)
Use of prepaid expenses	3,879,676	3,911,856
	(28,478)	7,594
Decrease (increase) in net debt	(8,984,305)	1,431,019
Net debt, beginning of year	(156,521,994)	(157,953,013)
Net debt, end of year	\$(165,506,299)	\$(156,521,994)

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

## Consolidated Statement of Cash Flows

Year ended August 31, 2011, with comparative figures for 2010

	2011	2010 (restated, note 2)
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ (166,184)	\$ 1,249,522
Items not involving cash:		
Amortization of capital assets	6,295,413	5,780,421
Loss (gain) on disposal of tangible capital assets	17,898	(6,757)
Amortization of deferred capital contributions	(6,138,335)	(5,698,877)
Change in non-cash assets and liabilities:		
Deferred gain on disposal of restricted assets	(140,360)	-
Decrease (increase) in accounts receivable	3,523,682	(87,976,982)
Decrease (increase) in temporary investments	9,179	(5,604)
Decrease (increase) other financial assets	327,831	(1,572,724)
Decrease in accounts payable and accrued liabilities	(28,735)	(1,157,066)
Decrease in deferred revenue	(715,506)	(791,491)
Increase in employee future benefits liability	1,010,974	654,889
Decrease (increase) in prepaid expenses	(28,478)	7,594
<b>Cash provided by operating transactions</b>	<b>3,967,379</b>	<b>(89,517,075)</b>
<b>Capital transactions:</b>		
Proceeds on disposal of tangible capital assets	142,462	43,930
Cash used to acquire tangible capital assets	(15,105,056)	(5,643,691)
<b>Cash applied to capital transactions</b>	<b>(14,962,594)</b>	<b>(5,599,761)</b>
<b>Financing transactions:</b>		
Long-term liabilities issued	8,947,864	15,585,676
Decrease in temporary borrowings	(899,000)	(10,451,000)
Debt principal repayments and sinking fund contributions	(10,211,767)	(2,193,846)
Additions to deferred capital contributions	15,105,058	90,819,404
<b>Cash applied to financing transactions</b>	<b>12,942,155</b>	<b>93,760,234</b>
<b>Change in cash</b>	<b>1,946,940</b>	<b>(1,356,602)</b>
<b>Opening cash</b>	<b>3,236,988</b>	<b>4,593,590</b>
<b>Closing cash</b>	<b>\$ 5,183,928</b>	<b>\$ 3,236,988</b>

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2011

---

## 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 the basis of accounting described below. Significant accounting policies of the Board are as follows:

### (a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in note 2 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in note 2. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

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.

### (b) 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## 1. Significant accounting policies (continued):

### (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.

#### 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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## 1. Significant accounting policies (continued):

### (e) Non-financial assets (continued):

#### Tangible capital assets (continued):

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. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. 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 as assets in these consolidated financial statements.

### (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.

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) Deferred capital contributions:

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 asset.

### (h) 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## 1. Significant accounting principles (continued):

### (h) Retirement and other employee future benefits (continued):

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.

### (i) 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.

### (j) 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## 1. Significant accounting principles (continued):

### (k) Budget figures:

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

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the Board in the preparation of these consolidated financial statements, 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 2010-2011 is reflected on the Consolidated Statement of Operations and Accumulated Deficit.

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

### (l) 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 PS3410 and the Ministry's directive 2011:B08 the Board was required to record previous capital grants as deferred capital contributions. For the year ended August 31, 2011, 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 2. Change in accounting policies:

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook Section 3410 Government Transfers as described in note 1(a). This change has been applied retroactively and prior periods have been restated. 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 asset.

At the direction of the Ministry, the Board has calculated the opening DCC balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of the Board's outstanding debt that is not supported by Ministry funding. This calculation provides a cost effective solution to determine the opening balance, allowing for the standard to be implemented retroactively. Retroactive implementation results in a set of financial statements that is relevant, understandable to the user, and comparable over periods and amongst school boards in Ontario.

This change in accounting policy has changed amounts reported in the prior period as follows:

	2011
Accumulated surplus at August 31, 2010:	
Accumulated surplus, as previously reported	\$ 114,888,323
Transfer to deferred capital contributions	(131,638,342)
<b>Accumulated surplus/ (deficit), as restated</b>	<b>\$ (16,750,019)</b>
Annual surplus for the year ended August 31, 2010:	
Change in net assets/(liabilities), as previously reported	\$ 86,370,049
Plus: amounts recognized as revenue	5,698,877
Less: in-year provincial capital contributions	90,819,404
<b>Annual surplus/ (deficit), as restated</b>	<b>\$ 1,249,522</b>
Annual surplus for the year ended August 31, 2011:	
Change in net assets/(liabilities), as previously reported	\$ 8,800,539
Less: in-year provincial capital contributions	15,105,058
Plus: amounts recognized as revenue	6,138,335
<b>Annual surplus/ (deficit), as currently reported</b>	<b>\$ (166,184)</b>

## 3. Temporary borrowings:

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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

#### 4. Accounts receivable – Government of Ontario:

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$83,447,061 (2010 - \$85,946,518) as at August 31, 2011 with respect to capital grants.

#### 5. Net long-term liabilities:

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

	2011	2010
Debenture	\$ 46,003,690	\$ 55,380,871
Loan	36,461,160	28,347,882
	<b>\$ 82,464,850</b>	<b>\$ 83,728,753</b>

Principal payments relating to net long-term liabilities of \$82,464,850 (2010 - \$83,728,753) outstanding as at August 31, 2011 are due as follows:

	Principal	Interest	Total
2011-2012	\$ 2,775,369	\$ 4,535,861	\$ 7,311,230
2012-2013	2,922,215	4,397,533	7,319,748
2013-2014	3,077,155	4,251,403	7,328,558
2014-2015	3,240,652	4,096,714	7,337,366
2015-2016	3,413,195	4,019,842	7,433,037
Thereafter	67,036,264	33,227,654	100,263,918
	<b>\$ 82,464,850</b>	<b>\$ 54,529,007</b>	<b>\$ 136,993,857</b>

The respective interest rates on the loan and debentures range from 4.5% 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, 2011

## 6. Deferred revenue (continued):

Deferred revenue is comprised of:

	2011	2010
By legislation, regulation or agreement:		
Energy Efficient Schools – Capital	\$ 169,295	\$ 1,191,112
Renewable Energy – Capital	33,188	–
School Renewal	97,379	–
Specialized Equipment Per Pupil Amount (SEA)	809,454	–
Gains on disposition – School Buildings	275,331	154,971
	1,384,647	1,346,083
Amounts restricted by external funder	862,956	1,617,026
	\$ 2,247,603	\$ 2,963,109

### (a) 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.

### (b) Renewable Energy – Capital:

The Province has provided specific capital funding to support the installation of renewable energy technology in schools.

### (c) School Renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

### (d) Specialized Equipment Per-Pupil Amount (SEA):

Specific funding is provided by the Province to support computers, software, computer-related devices and required supporting furniture identified for use by students with special education needs as well as all training and technician costs for all SEA equipment.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## 6. Deferred revenue (continued):

### (e) 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.

## 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, 2011, the Board contributed \$1,421,046 (2010 - \$1,239,311) 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

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

### (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.

#### (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, 2011

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

The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2011. 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 in 2010 - 2011 and 4% thereafter
Salary growth	3% in 2009-2012 2.35% per annum thereafter
Dental benefits escalation	6.0% per annum in 2010/11 grading down linearly to 4.5% per annum in and after 2013/14
Health benefits escalation	9.0% per annum in 2010/11 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:

	2011	2010
Accrued benefit liability, beginning of year	\$ 24,369,813	\$ 23,714,924
Expense recognized for the year:		
Current service cost	1,461,738	1,231,874
Amortization of actuarial gains and losses	115,439	170,913
Interest cost	1,139,950	1,080,136
	2,717,127	2,482,923
Benefits paid for the year	(1,706,153)	(1,828,034)
Accrued benefit liability, end of year	\$ 25,380,787	\$ 24,369,813
	2011	2010
Accrued future benefit obligation, end of year	\$ 27,262,906	\$ 24,396,612
Net unamortized actuarial gain (loss)	(1,882,119)	(26,799)
Accrued benefit liability, end of year	\$ 25,380,787	\$ 24,369,813

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 8. Deferred capital contributions:

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 asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in Note 2.

	2011	2010 (restated)
Opening balance, September 1	\$ 131,638,342	\$ 46,517,815
Additions to deferred capital contributions	15,105,058	90,819,404
Revenue recognized in the period	(6,138,335)	(5,698,877)
Ending balance, August 31	\$ 140,605,065	\$ 131,638,342

## 9. Tangible capital assets:

Cost	Balance at August 31, 2010	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2011
Land	\$ 3,566,932	\$ –	\$ 20,000	\$ 3,546,932
Land improvements	887,147	326,506	–	1,213,653
Buildings	166,645,016	7,482,314	819,100	173,308,230
Construction-in-progress	1,716,076	5,704,852	605,523	6,815,405
Portable structures	10,052,056	44,138	1,365,800	8,730,394
First-time equipping of schools	2,917,855	256,182	96,659	3,077,378
Furniture	326,108	68,389	32,926	361,571
Equipment	549,351	718,649	109,145	1,158,855
Computer hardware	1,869,152	1,109,549	188,997	2,789,704
Computer software	140,473	–	42,036	98,437
Vehicles	152,517	–	28,485	124,032
Total	\$ 188,822,683	\$ 15,710,579	\$ 3,308,671	\$ 201,224,591

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 9. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2010	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2011
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	108,653	73,638	—	182,291
Buildings	45,626,571	4,794,293	819,100	49,601,764
Construction-in-progress	—	—	—	—
Portable structures	4,290,798	478,885	1,365,800	3,403,883
First-time equipping of schools	1,678,669	299,762	96,659	1,881,772
Furniture	170,479	34,384	32,926	171,937
Equipment	262,645	99,833	109,145	253,333
Computer hardware	547,294	465,886	188,997	824,183
Computer software	75,446	23,891	42,036	57,301
Vehicles	87,174	24,841	28,485	83,530
<b>Total</b>	<b>\$ 52,847,729</b>	<b>\$ 6,295,413</b>	<b>\$ 2,683,148</b>	<b>\$ 56,459,994</b>

	Net book value August 31, 2011	Net book value August 31, 2010
Land	\$ 3,546,932	\$ 3,566,932
Land improvements	1,031,362	778,495
Buildings	123,706,466	121,018,444
Construction-in-progress	6,815,405	1,716,076
Portable structures	5,326,511	5,761,258
First-time equipping of schools	1,195,606	1,239,186
Furniture	189,634	155,629
Equipment	905,522	286,706
Computer hardware	1,965,521	1,321,858
Computer software	41,136	65,027
Vehicles	40,502	65,343
<b>Total</b>	<b>\$ 144,764,597</b>	<b>\$ 135,974,954</b>

Included in the disposals, write-offs and adjustments column are adjustments of \$1,835,563 for the deemed disposal of assets.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 10. Debt charges and capital loans interest:

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

	2011	2010
Debt principal repayments and sinking fund contributions	\$ 10,211,767	\$ 2,193,845
Interest payments on long-term liabilities	4,807,344	4,250,088
	<b>\$ 15,019,111</b>	<b>\$ 6,443,933</b>

## 11. Expenses by object:

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

	2010-2011 Budget	2010-2011 Actual	2009-2010 Actual
Expenses by object:			
Salary and wages	\$ 105,273,453	\$ 106,927,017	\$ 102,542,971
Employee benefits	14,009,578	14,628,112	12,303,286
Staff development	344,474	1,243,946	1,076,480
Supplies and services	15,748,802	13,834,765	16,333,250
Interest	4,521,245	4,644,006	4,526,818
Rental expenses	139,378	201,077	214,279
Fees and contract services	17,901,583	16,383,466	16,117,807
Other	459,981	668,230	596,470
Amortization of tangible capital assets	6,085,697	6,295,413	5,780,421
	<b>\$ 164,484,191</b>	<b>\$ 164,826,032</b>	<b>\$ 159,491,782</b>

## 12. 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.

## 13. 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.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 13. Commitments and contingent liabilities (continued):

### (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 \$1,734,484 of contractual obligations at year end relating to the construction or renovation of buildings.

## 14. Budget data (unaudited):

The unaudited budget data presented in these financial statements is based upon the 2011 budgets approved by the Board on June 15, 2010. The budget was prepared in June 2010, prior to the release of the Government Transfers standard, which was released in March 2011. As a result, there are some changes in how the DCC taken into income is calculated for the Financial Statements, versus for the budget. This includes the treatment of sinking fund interest and other components. 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 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

	2010-2011 Budget	Change	Restated 2010-11 Budget
<b>Revenues</b>			
Total Revenues as in the 2010-11 Budget	\$ 162,995,269		
Adjustment due to adoption of government transfer standard (see note 2)		\$ (2,413)	
<b>Total Revenue</b>	<b>162,995,269</b>	<b>(2,413)</b>	<b>\$ 162,992,856</b>
<b>Total Expenses</b>	<b>164,484,191</b>		<b>164,484,191</b>
<b>Annual Deficit</b>	<b>(1,488,922)</b>		<b>(1,491,335)</b>
Accumulated Deficit at beginning of year	(23,792,115)		
Adjust for unsupported sinking fund interest		75,956	
<b>Total Accumulated Deficit at beginning of year</b>	<b>(23,792,115)</b>	<b>75,956</b>	<b>(23,716,159)</b>
<b>Accumulated Deficit at end of year</b>	<b>\$ (25,281,037)</b>	<b>\$ 73,543</b>	<b>\$ (25,207,494)</b>

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 15. Accumulated surplus:

Accumulated surplus consists of the following:

	2011	2010 (restated, note 2)
<b>Available for compliance – unappropriated</b>		
Total operating accumulated surplus	\$ 1,585,562	\$ 1,290,719
<b>Available for compliance – internally appropriated</b>		
Workers' Safety Insurance Board (WSIB)	296,467	296,467
School renewal	233,810	175,708
School budget carryover	172,816	–
Textbooks	–	574
Student success	98,823	104,261
Assistive technology	33,585	33,585
Assessment	54,263	54,263
Educational support professional development	122,146	122,146
Specialist High Skills Major	5,817	–
Transportation	264,496	–
Sinking Fund Interest – not committed	899,493	–
Sinking Fund Interest – committed	73,424	868,707
Elementary Professional Learning	79,258	–
Great West Life ASO plan	1,244,893	1,572,724
Total accumulated surplus available for compliance	5,164,853	4,519,154
<b>Unavailable for compliance</b>		
Employee future benefits	(25,380,787)	(24,369,817)
Interest to be accrued	(1,360,275)	(1,557,007)
Vacation accrued	(276,869)	(281,792)
School generated funds	1,369,943	1,372,511
Revenue recognized for land	3,566,932	3,566,932
Total externally appropriated	(22,081,056)	(21,269,173)
Total accumulated deficit	\$ (16,916,203)	\$ (16,750,019)

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

## 16. School Generated Funds:

	2010-2011 Budget	2010-2011 Actual	2009-2010 Actual
Revenues:			
School fundraising and other	\$ 6,081,975	\$ 4,935,650	\$ 4,987,274
Total revenue	6,081,975	4,935,650	4,987,274
Expenses:			
School funded activities	5,982,173	4,938,218	4,924,207
Annual surplus	99,802	(2,568)	63,067
Opening accumulated surplus – school generated funds	1,409,246	1,372,511	1,309,444
Closing accumulated surplus – school generated funds	\$ 1,509,048	\$ 1,369,943	\$ 1,372,511

## 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 \$276,632 (2010 - \$284,501), and received \$114,390 (2010 - \$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 are \$ 60,283 (2010 - \$15,983). Of this, \$24,235 (2010 - \$15,983) is included in Transportation expense and \$36,048 (2010 - \$Nil) is capitalized.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2011

---

## **17. Transportation consortium (continued):**

At year-end the Board has a receivable of \$117,763 (2010 - \$Nil) from, and a payable of \$226,743 (2010 -\$149,786) to, the Upper Canada District School Board under the consortium agreement.

## **18. Repayment of “55 School Board Trust” funding:**

On June 1, 2003, the Board received \$5,138,566 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. Comparative figures:**

Certain 2010 comparative figures have been reclassified and/or restated to conform to the financial statement presentation adopted for 2011. The original accounts receivable approved capital funding – Government of Ontario recorded in 2010, was increased by \$122,892 due to a Ministry adjustment in the current fiscal year.