

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL
BOARD OF EASTERN
ONTARIO**

Year ended August 31, 2014

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Year ended August 31, 2014

Management Responsibility for the 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 the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


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

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 consolidated financial statements.

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



Director of Education



Superintendent of Business

November 18, 2014



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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, 2014, the consolidated statements of operations and accumulated surplus, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation 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 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 of the Catholic District School Board of Eastern Ontario as at August 31, 2014 and for the year then ended, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 18, 2014

Ottawa, Canada

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

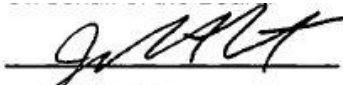
Consolidated Statement of Financial Position

August 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 3,059,963	\$ 2,570,718
Temporary investments	28,848	28,713
Amounts receivable:		
Municipalities	2,573,588	2,437,122
Other	3,334,996	3,650,820
Approved capital funding - Government of Ontario (note 2)	74,147,909	80,573,451
Total financial assets	83,145,304	89,260,824
Liabilities:		
Accounts payable and accrued liabilities	10,098,363	9,950,584
Net long-term liabilities (note 3)	68,413,030	77,049,805
Deferred revenue (note 4)	3,819,806	4,987,286
Employee future benefits liability (note 5)	6,888,770	6,624,399
Deferred capital contributions (note 6)	142,551,629	141,308,911
Total financial liabilities	231,771,598	239,920,985
Net debt	(148,626,294)	(150,660,161)
Non-financial assets:		
Prepaid expenses	4,299,556	7,262,667
Tangible capital assets (note 7)	146,366,197	145,235,134
Total non-financial assets	150,665,753	152,497,801
Commitments and contingent liabilities (note 11)		
Accumulated surplus	\$ 2,039,459	\$ 1,837,640

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, 2014, with comparative information for 2013

	2013-2014 Budget	2013-2014 Actual	2012-2013 Actual
Revenues:			
Government of Ontario grants:			
Grants for Student Needs	\$ 129,332,160	\$ 129,101,092	\$ 131,925,133
Provincial legislative grant	19,991,720	20,160,189	19,064,418
Other	6,366,533	7,669,003	5,055,657
Ontario Youth Apprenticeship Program	101,527	126,602	101,527
Amortization of deferred capital contributions (note 6)	7,330,291	7,440,017	7,145,289
Investment income	65,681	180,561	395
Federal grants and fees	-	254	611
Other - school boards	-	15,258	9,240
Other fees and revenue	71,400	905,419	607,576
School generated funds	5,152,295	4,922,798	4,784,500
Total revenue	168,411,607	170,521,193	168,694,346
Expenses (note 9):			
Instruction	119,503,626	122,767,984	120,730,067
Administration	4,378,462	4,476,147	4,728,191
Transportation	12,973,303	13,423,867	13,243,565
Pupil accommodation	25,248,058	24,396,833	24,063,028
Other	382,827	382,830	382,927
School generated funds	5,155,393	4,871,713	4,841,789
Total expenses	167,641,669	170,319,374	167,989,567
Annual surplus	769,938	201,819	704,779
Accumulated surplus, beginning of year	-	1,837,640	1,132,861
Accumulated surplus, end of year (note 12)	\$ -	\$ 2,039,459	\$ 1,837,640

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, 2014, with comparative information for 2013

	2014	2013
Annual surplus	\$ 201,819	\$ 704,779
Tangible capital assets:		
Acquisition of tangible capital assets	(8,732,735)	(6,818,152)
Amortization of tangible capital assets	7,601,672	7,301,945
	(1,131,063)	483,793
Prepaid expenses:		
Acquisition of prepaid expenses	(4,456,337)	(7,376,553)
Use of prepaid expenses	7,419,448	7,792,321
	2,963,111	415,768
Decrease in net debt	2,033,867	1,604,340
Net debt, beginning of year	(150,660,161)	(152,264,501)
Net debt, end of year	\$ (148,626,294)	\$ (150,660,161)

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Operating transaction		
Annual surplus	\$ 201,819	\$ 704,779
Items not involving cash:		
Amortization of tangible capital assets	7,601,672	7,301,945
Amortization of deferred capital contributions	(7,440,017)	(7,145,289)
Change in non-cash assets and liabilities:		
Increase in temporary investments	(135)	(215)
Decrease in amounts receivable - municipalities and other	179,358	1,794,201
Increase in accounts payable and accrued liabilities	147,779	669,046
Increase (decrease) in deferred revenue	(1,167,480)	508,808
Increase (decrease) in employee future benefits liability	264,371	(1,423,039)
Decrease in prepaid expenses	2,963,111	415,768
Cash provided by (applied to) operating transactions	2,750,478	2,826,004
Capital transactions:		
Cash used to acquire tangible capital assets	(8,732,735)	(6,818,152)
Financing transactions:		
Long-term liabilities issued	-	175,264
Decrease in temporary borrowings	-	(1,557,486)
Debt principal repayments and sinking fund contributions	(8,636,775)	(2,787,323)
Decrease in amounts receivable - approved capital funding	6,425,542	2,647,491
Additions to deferred capital contributions	8,682,735	6,738,148
Cash provided by financing transactions	6,471,502	5,216,094
Change in cash	489,245	1,223,946
Opening cash	2,570,718	1,346,772
Closing cash	\$ 3,059,963	\$ 2,570,718

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2014

1. Significant accounting policies:

The consolidated 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. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations and accumulated surplus over the periods during which the asset is used to provided service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Reporting entity:

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

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario (STEO): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the financial statements. The Board is a member of STEO with the Upper Canada District School Board. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.
- (ii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions and balances are eliminated in these financial statements.

(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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting policies (continued):

(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 .75%.

(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 cost 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, 2014

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.

(g) Government transfers:

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

Government transfers for the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(h).

(h) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting principles (continued):

(i) 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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System 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, 2014

1. Significant accounting principles (continued):

- (j) 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.

- (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.

The Board approves its budget annually. The approved operating budget for 2013-2014 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 18, 2013.

- (l) Long-term debt:

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

- (m) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported 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 performing actuarial valuations of employee future benefit liabilities.

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

2. Accounts receivable - approved capital funding - Government of Ontario:

The Province of Ontario 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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

2. Accounts receivable - approved capital funding - Government of Ontario (continued):

The Board has an account receivable from the Province of Ontario of \$74,147,909 (2013 - \$80,573,451) as at August 31, 2014 with respect to capital grants.

3. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	2014	2013
Debentures	\$ 35,359,503	\$ 36,965,234
Sinking fund debenture	1,318,431	8,307,170
Loans	33,219,812	34,428,798
	69,897,746	79,701,202
Less sinking fund assets	(1,484,716)	(2,651,397)
	\$ 68,413,030	\$ 77,049,805

The respective interest rates on the loan and debentures range from 4.5% to 7.2% and the respective maturity dates on the loans and debentures range from November 7, 2013 to March 9, 2038.

Sinking fund assets consist of investments in cash, short-term and Canadian bonds. Sinking fund assets are invested in accordance with Ontario Resolution 41/10.

Principal payments relating to the net long-term liabilities outstanding as at August 31, 2014 are due as follows:

	Principal	Interest	Total
2014-2015	\$ 3,158,881	\$ 3,734,346	\$ 6,893,227
2015-2016	3,176,782	3,657,077	6,833,859
2016-2017	3,350,391	3,398,529	6,748,920
2017-2018	3,533,817	3,215,997	6,749,814
2018-2019	3,727,631	3,023,089	6,750,720
Thereafter	51,465,528	18,867,423	70,332,951
	\$ 68,413,030	\$ 35,896,461	\$104,309,491

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

4. 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.

Deferred revenue is comprised of:

	2014	2013
By legislation, regulation or agreement:		
School Renewal	\$ 594,045	\$ 316,602
School Condition Improvement - Capital	256,875	337,429
Child Care Capital Retrofit	608,239	308,218
Specialized Equipment Per Pupil Amount (SEA)	1,272,148	1,851,649
Full Day Kindergarten - Special Education	95,959	239,109
Proceeds on disposition - School Buildings	295,331	295,331
	3,122,597	3,348,338
Amounts restricted by external funder	697,209	1,638,948
	\$ 3,819,806	\$ 4,987,286

(a) School Renewal:

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

(b) School Condition Improvement - Capital:

The Province provides specific capital funding to address the costs of improving the condition of school sites and buildings.

(c) Child Care Capital Retrofit

The Province provides specific capital funding to repurpose existing child care spaces or space not required for instruction purposes in schools, to serve children aged 0 to 3.8 years under the Schools-First Child Care Capital Retrofit Policy.

(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, 2014

4. Deferred revenue (continued):

(e) Full-Day Kindergarten - Special Education:

Specific funding is provided by the Province to support the provision of special education supports to junior and senior kindergarten students in schools offering the ministry approved full-day kindergarten programs.

(f) Proceeds on disposition - School Buildings:

The gains on disposition of deferred revenue are 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.

5. 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) Plan changes:

In 2013, changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A provision has been established representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

(b) 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 consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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

(b) Retirement benefits (continued):

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2014, the Board contributed \$1,924,556 (2013 - \$1,785,997) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(c) Other employee future benefits:

(i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require the Board to provide a salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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

(c) Other employee future benefits (continued):

(ii) Accumulated sick leave:

As a result of plan changes made during 2012-2013 to the short-term leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$114,708 (2013 - \$53,025).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2014. This actuarial valuation is based on assumptions about future events.

(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 continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the age of 65. The premiums are based on the Board's experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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

(c) Other employee future benefits:

(v) Service Awards:

The Board provides a one-time service award to teachers, principals and vice-principals upon achievement of the service requirements. Effective September 1, 2012 only teachers, principals and vice-principals that have met the required three consecutive years of service as of August 31, 2013 are eligible for the one-time service award benefit.

The accrued benefit obligations for employee future benefit plans as at August 31, 2014 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2014. 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:

	2014	2013
Discount rate	2.85%	3.4%
Salary growth	0%	0%
Dental benefits escalation	4.5% for 2014/15, reducing by ¼% in each year to an ultimate rate of 3.0%	4.75% for 2013/14, reducing by ¼% in each year to an ultimate rate of 3.0%
Health benefits escalation	8.5% for 2014/15, reducing by ¼% in each year to an ultimate rate of 4.0%	8.75% for 2013/14, reducing by ¼% in each year to an ultimate rate of 4.0%

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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

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

	2014	2013
Accrued benefit liability, beginning of year	\$ 6,624,399	\$ 8,047,438
Expense recognized for the year:		
Current service cost	922,986	561,489
Amortization of actuarial gains and losses	54,018	(1,283,123)
Interest cost	213,750	232,083
	1,190,754	(489,551)
Benefits paid for the year	(1,099,612)	(1,307,498)
Changes due to plan amendment (note 5(a))	173,229	374,010
Accrued benefit liability, end of year	\$ 6,888,770	\$ 6,624,399

	2014	2013
Accrued future benefit obligation, end of year	\$ 6,983,111	\$ 6,523,216
Net unamortized actuarial (loss)/gain	(94,341)	101,183
Accrued benefit liability, end of year	\$ 6,888,770	\$ 6,624,399

Accrued benefit obligation:

	2014	2013
Retirement gratuity	\$ 3,465,383	\$ 3,572,179
Carry-over sick leave benefit	114,708	53,025
Post-retirement benefits	898,716	927,905
Long-term disability benefit	986,648	698,142
WSIB	1,517,656	1,271,965
Accrued benefit obligation, end of year	\$ 6,983,111	\$ 6,523,216

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

6. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2014	2013
Opening balance, September 1	\$ 141,308,911	\$ 141,716,052
Additions to deferred capital contributions	8,682,735	6,738,148
Revenue recognized in the period	(7,440,017)	(7,145,289)
Ending balance, August 31	\$ 142,551,629	\$ 141,308,911

7. Tangible capital assets:

Cost	Balance at August 31, 2013	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2014
Land	\$ 3,626,932	\$ –	\$ –	\$ 3,626,932
Land improvements	2,290,022	51,611	–	2,341,633
Buildings	188,791,675	2,949,544	2,449,887	194,191,106
Construction-in-progress	2,667,518	4,891,701	(2,449,887)	5,109,332
Portable structures	9,107,873	384,857	(620,100)	8,872,630
First-time equipping of schools	2,699,596	113,609	(1,009,504)	1,803,701
Furniture	359,969	40,725	(22,599)	378,095
Equipment	1,157,083	46,432	(16,233)	1,187,282
Computer hardware	3,624,790	228,741	(437,562)	3,415,969
Computer software	52,992	–	(44,458)	8,534
Vehicles	124,032	25,515	–	149,547
Total	\$ 214,502,482	\$ 8,732,735	\$ (2,150,456)	\$ 221,084,761

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

7. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2013	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	483,210	185,588	-	668,798
Buildings	60,172,054	5,844,974	-	66,017,028
Construction-in-progress	-	-	-	-
Portable structures	4,187,049	458,335	(620,100)	4,025,284
First-time equipping of schools	1,827,816	225,165	(1,009,504)	1,043,477
Furniture	190,313	36,903	(22,599)	204,617
Equipment	377,860	130,906	(16,233)	492,533
Computer hardware	1,866,048	704,076	(437,562)	2,132,562
Computer software	45,986	6,153	(44,458)	7,681
Vehicles	117,012	9,572	-	126,584
Total	\$ 69,267,348	\$ 7,601,672	\$ (2,150,456)	\$ 74,718,564

	Net book value August 31, 2014	Net book value August 31, 2013
Land	\$ 3,626,932	\$ 3,626,932
Land improvements	1,672,835	1,806,812
Buildings	128,174,078	128,619,621
Construction-in-progress	5,109,332	2,667,518
Portable structures	4,847,346	4,920,824
First-time equipping of schools	760,224	871,780
Furniture	173,478	169,656
Equipment	694,749	779,223
Computer hardware	1,283,407	1,758,742
Computer software	853	7,006
Vehicles	22,963	7,020
Total	\$ 146,366,197	\$ 145,235,134

Included in the disposals, write-offs and adjustments column are adjustments of \$2,150,456 (2013 - \$1,066,430) for the deemed disposal of assets.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

8. Debt charges and capital loans interest:

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

	2014	2013
Debt principal repayments and sinking fund contributions	\$ 2,022,323	\$ 2,787,323
Interest payments on long-term liabilities	4,074,260	4,400,035
	\$ 6,096,583	\$ 7,187,358

9. Expenses by object:

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

	2013-2014 Budget	2013-2014 Actual	2012-2013 Actual
Expenses by object:			
Salary and wages	\$ 111,053,691	\$ 111,686,524	\$ 111,187,432
Employee benefits	13,735,573	15,494,380	13,981,042
Staff development	373,044	1,124,794	893,617
Supplies and services	13,637,289	13,617,300	13,301,509
Interest	3,971,387	3,935,188	4,384,084
Rental expenses	31,865	79,468	69,109
Fees and contract services	16,887,628	16,078,483	16,098,163
Other	463,678	701,565	772,664
Amortization of tangible capital assets	7,487,514	7,601,672	7,301,947
	\$ 167,641,669	\$ 170,319,374	\$ 167,989,567

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

10. 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.

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2016.

11. 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 \$106,567.

(c) Contractual obligations:

The Board has a total of \$6,464,833 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, 2014

12. Accumulated surplus:

Accumulated surplus consists of the following:

	2014	2013
Available for compliance - unappropriated		
Total operating accumulated surplus	\$ 763,872	\$ 1,439,081
Available for compliance - internally appropriated		
Workers' Safety Insurance Board (WSIB)	296,467	296,467
School renewal	233,810	233,810
School budget carryover	323,498	235,453
Student success	39,020	-
ICT WAN	45,000	49,992
Religion	47,000	-
Assistive technology	27,512	33,585
Assessment	54,271	54,271
Educational support professional development	94,400	113,778
Sinking Fund Interest - not committed	1,113,772	991,614
Sinking Fund Interest - committed	65,828	68,360
Elementary Professional Learning	-	29,121
Great West Life ASO plan	1,343,926	1,219,859
Student Transportation of Eastern Ontario	-	204
Total accumulated surplus available for compliance	4,448,376	4,765,595
Unavailable for compliance		
Employee future benefits	(6,273,968)	(6,582,831)
Interest to be accrued	(1,122,522)	(1,281,612)
School generated funds (note 13)	1,360,641	1,309,556
Revenue recognized for land	3,626,932	3,626,932
Total accumulated surplus unavailable for compliance	(2,408,917)	(2,927,955)
Total accumulated surplus	\$ 2,039,459	\$ 1,837,640

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

13. School Generated Funds:

	2013-2014 Budget	2013-2014 Actual	2012-2013 Actual
Revenues:			
School fundraising and other	\$ 5,152,295	\$ 4,922,798	\$ 4,784,500
Expenses:			
School funded activities	5,155,393	4,871,713	4,841,789
Annual deficit	(3,098)	51,085	(57,289)
Opening accumulated surplus - school generated funds	1,369,943	1,309,556	1,366,845
Closing accumulated surplus - school generated funds	\$ 1,366,845	\$ 1,360,641	\$ 1,309,556

14. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario ("STEO") consortium with the Upper Canada District School Board, effective February 1, 2012. The consortium will provide joint governance and administration of student transportation services provided to students registered with the two member boards. Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$13,423,867 (2013 - \$13,243,565) for student transportation services in the year.
- (ii) The Board has a receivable from STEO of \$33,778 (2013 - \$83,702) for student transportation services.

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2014 are as follows:

	2014	2013
Financial assets	\$ 2,808,240	\$ 2,487,156
Financial liabilities	3,148,262	2,919,735
Net debt	(340,022)	(432,579)
Non-financial assets	340,022	433,196
Accumulated surplus	\$ -	\$ 617

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

14. Transportation consortium (continued):

	2014	2013
Revenue	\$ 36,899,057	\$ 36,277,784
Expenses	36,899,674	36,277,784
Annual deficit	\$ (617)	\$ -

The Board records \$204 (2013 - \$Nil) of STEO's deficit in the statement of operations and accumulated surplus. The remaining \$413 is recorded by the Upper Canada District School Board.

15. 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.