

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL
BOARD OF EASTERN
ONTARIO**

Years ended August 31, 2012 and 2011

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Years ended August 31, 2012 and 2011

Management Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

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 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 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

Associate Director of Education

November 6, 2012



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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 statements of financial position as at August 31, 2012 and 2011, the consolidated statements of operations and accumulated surplus (deficit), change in net debt and cash flows for the years 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 audits. We conducted our audits 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 in our audits 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, 2012 and 2011, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

November 6, 2012

Ottawa, Canada

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

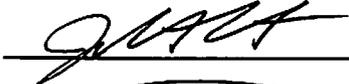
Consolidated Statements of Financial Position

August 31, 2012 and 2011

| | 2012 | 2011 |
|---|----------------------|------------------------|
| Financial assets: | | |
| Cash | \$ 1,346,772 | \$ 5,183,928 |
| Temporary investments | 28,498 | 71,007 |
| Accounts receivable: | | |
| Municipalities | 2,356,858 | 2,332,791 |
| Other | 5,525,285 | 3,560,079 |
| Approved capital funding – Government of Ontario (note 3) | 83,220,942 | 83,447,061 |
| Total financial assets | 92,478,355 | 94,594,866 |
| Liabilities: | | |
| Temporary borrowings (note 2) | 1,557,486 | – |
| Accounts payable and accrued liabilities | 9,281,538 | 9,402,860 |
| Net long-term liabilities (note 4) | 79,661,864 | 82,464,850 |
| Deferred revenue (note 5) | 4,478,478 | 2,267,603 |
| Employee future benefits liability (note 6) | 8,047,438 | 25,380,787 |
| Deferred capital contributions (note 7) | 141,716,052 | 140,605,065 |
| Total financial liabilities | 244,742,856 | 260,121,165 |
| Net debt | (152,264,501) | (165,526,299) |
| Non-financial assets: | | |
| Prepaid expenses | 7,678,435 | 3,825,499 |
| Tangible capital assets (note 8) | 145,718,927 | 144,764,597 |
| Total non-financial assets | 153,397,362 | 148,590,096 |
| Commitments and contingent liabilities (note 12) | | |
| Accumulated surplus (deficit) | \$ 1,132,861 | \$ (16,936,203) |

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 Statements of Operations and Accumulated Surplus (Deficit)

Years ended August 31, 2012 and 2011

| | 2011-2012 Budget | 2011-2012 Actual | 2010-2011 Actual |
|---|-----------------------|---------------------|------------------------|
| Revenues: | | | |
| Local taxation | \$ 20,351,957 | \$ 19,774,291 | \$ 20,121,480 |
| Government of Ontario grants: | | | |
| Grants for Student Needs | 136,158,830 | 133,999,083 | 129,344,379 |
| Other | 1,366,747 | 2,965,481 | 2,914,249 |
| Ontario Youth Apprenticeship Program | 101,527 | 101,527 | 101,527 |
| Amortization of deferred capital contributions (note 7) | 6,289,139 | 6,634,835 | 6,138,335 |
| Investment income | 115,793 | 203,106 | 165,234 |
| Federal grants and fees | – | 77 | 2,100 |
| Other - school boards | 135,408 | 58,762 | 146,298 |
| Other fees and revenue | 56,000 | 486,979 | 770,596 |
| School generated funds | 5,037,148 | 5,152,295 | 4,935,650 |
| Total revenue | 169,612,549 | 169,376,436 | 164,639,848 |
| Expenses (note 10): | | | |
| Instruction | 122,145,851 | 105,469,670 | 117,679,885 |
| Administration | 4,728,984 | 4,285,823 | 4,613,930 |
| Transportation | 13,289,362 | 13,370,629 | 13,327,657 |
| Pupil accommodation | 25,206,478 | 22,616,123 | 23,853,710 |
| Other | 382,827 | 409,734 | 412,632 |
| School generated funds | 4,973,450 | 5,155,393 | 4,938,218 |
| Total expenses | 170,726,952 | 151,307,372 | 164,826,032 |
| Annual surplus (deficit) | (1,114,403) | 18,069,064 | (186,184) |
| Accumulated deficit, beginning of year | (18,370,931) | (16,936,203) | (16,750,019) |
| Accumulated surplus (deficit), end of year (note 13) | \$(19,485,334) | \$ 1,132,861 | \$ (16,936,203) |

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statements of Change in Net Debt

Years ended August 31, 2012 and 2011

| | 2012 | 2011 |
|--|-----------------|-----------------|
| Annual surplus (deficit) | \$ 18,069,064 | \$ (186,184) |
| Tangible capital assets: | | |
| Acquisition of tangible capital assets | (7,745,822) | (15,105,056) |
| Amortization of tangible capital assets | 6,791,492 | 6,295,413 |
| Loss on disposal of tangible capital assets | - | 17,898 |
| Proceeds on disposal of tangible capital assets | - | 142,462 |
| Less: Proceeds on disposal allocated to deferred revenue | - | (140,360) |
| | (954,330) | (8,789,643) |
| Prepaid expenses: | | |
| Acquisition of prepaid expenses | (7,758,675) | (3,908,154) |
| Use of prepaid expenses | 3,905,739 | 3,879,676 |
| | (3,852,936) | (28,478) |
| Decrease (increase) in net debt | 13,261,798 | (9,004,305) |
| Net debt, beginning of year | (165,526,299) | (156,521,994) |
| Net debt, end of year | \$(152,264,501) | \$(165,526,299) |

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statements of Cash Flows

Years ended August 31, 2012 and 2011

| | 2012 | 2011 |
|--|---------------|--------------|
| Operating transactions: | | |
| Annual surplus (deficit) | \$ 18,069,064 | \$ (186,184) |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 6,791,492 | 6,295,413 |
| Loss on disposal of tangible capital assets | - | 17,898 |
| Amortization of deferred capital contributions | (6,634,835) | (6,138,335) |
| Deferred gain on disposal of restricted assets | - | (140,360) |
| Change in non-cash assets and liabilities: | | |
| Decrease in temporary investments | 42,509 | 9,179 |
| Decrease (increase) in accounts receivable | (1,907,428) | 1,024,225 |
| Decrease (increase) other financial assets | (81,845) | 327,831 |
| Decrease in accounts payable and accrued liabilities | (121,322) | (28,735) |
| Increase (decrease) in deferred revenue | 2,210,875 | (695,506) |
| Increase (decrease) in employee future benefits liability | (17,333,349) | 1,010,974 |
| Increase in prepaid expenses | (3,852,936) | (28,478) |
| Cash provided by (applied to) operating transactions | (2,817,775) | 1,467,922 |
| Capital transactions: | | |
| Proceeds on disposal of tangible capital assets | - | 142,462 |
| Cash used to acquire tangible capital assets | (7,745,822) | (15,105,056) |
| Cash applied to capital transactions | (7,745,822) | (14,962,594) |
| Financing transactions: | | |
| Long-term liabilities issued | 41,786 | 8,947,864 |
| Increase (decrease) in temporary borrowings | 1,557,486 | (899,000) |
| Debt principal repayments and sinking fund contributions | (2,844,772) | (10,211,767) |
| Increase in accounts receivable - approved capital funding | 226,119 | 2,499,457 |
| Additions to deferred capital contributions | 7,745,822 | 15,105,058 |
| Cash provided by financing transactions | 6,726,441 | 15,441,612 |
| Change in cash | (3,837,156) | 1,946,940 |
| Opening cash | 5,183,928 | 3,236,988 |
| Closing cash | \$ 1,346,772 | \$ 5,183,928 |

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Years ended August 31, 2012 and 2011

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 (deficit) over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than 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)

Years ended August 31, 2012 and 2011

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 (deficit) and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

Regulation 395/11 "Accounting Policies and Practices Public Entities" was released in the fall of 2011 requiring that the school board comply with the related accounting policy requirements described above. Prior to the release of this regulation the consolidated financial statements as at and for the year ended August 31, 2011 were originally prepared under a special purpose framework as directed by the Ministry of Education. As a result, these are the first financial statements of the Board 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 ("new financial reporting framework"). The Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements. There are no changes to accumulated surplus on the statement of financial position as at August 31, 2011 or the annual surplus on the statement of operations and accumulated surplus (deficit) for the year ended August 31, 2011 as a result of the transition to this new financial reporting framework.

(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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(b) Reporting entity (continued):

- (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.

(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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

Tangible capital assets (continued):

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

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

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

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. 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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting principles (continued):

(g) 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.

(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.

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act, which included changes to the Board's retirement gratuity plan, sick leave plan, service awards and retiree health, life and dental plan. 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. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining services life of the employee group.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting principles (continued):

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

(i) (continued):

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

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 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(g).

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 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.

The Board approves its budget annually. The approved operating budget for 2011-2012 is reflected on the Consolidated Statement of Operations and Accumulated Surplus (Deficit).

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

(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. 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)

Years ended August 31, 2012 and 2011

3. 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.

The Board has an account receivable from the Province of Ontario of \$83,220,942 (2011 - \$83,447,061) as at August 31, 2012 with respect to capital grants.

4. Net long-term liabilities:

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

| | 2012 | 2011 |
|--------------------------|---------------|---------------|
| Debentures | \$ 38,478,550 | \$ 39,904,830 |
| Sinking fund debentures | 8,307,170 | 8,307,170 |
| Loan | 35,404,420 | 36,461,160 |
| | 82,190,140 | 84,673,160 |
| Less sinking fund assets | (2,528,276) | (2,208,310) |
| | \$ 79,661,864 | \$ 82,464,850 |

Principal payments relating to net long-term liabilities of \$79,661,864 (2011 - \$82,464,850) outstanding as at August 31, 2012 are due as follows:

| | Principal | Interest | Total |
|------------|---------------|---------------|----------------|
| 2012-2013 | \$ 2,925,645 | \$ 4,399,013 | \$ 7,324,658 |
| 2013-2014 | 3,080,704 | 4,252,844 | 7,333,548 |
| 2014-2015 | 3,244,324 | 4,098,299 | 7,342,623 |
| 2015-2016 | 3,416,994 | 4,021,202 | 7,438,196 |
| 2016-2017 | 3,599,236 | 3,762,834 | 7,362,070 |
| Thereafter | 63,394,961 | 29,480,647 | 92,875,608 |
| | \$ 79,661,864 | \$ 50,014,839 | \$ 129,676,703 |

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, 2037.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

5. 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:

| | 2012 | 2011 |
|--|---------------------|---------------------|
| By legislation, regulation or agreement: | | |
| Energy Efficient Schools - Capital | \$ – | \$ 169,295 |
| Renewable Energy - Capital | – | 33,188 |
| School Renewal | 489,865 | 97,379 |
| School Condition Improvement - Capital | 321,440 | – |
| Specialized Equipment Per Pupil Amount (SEA) | 1,775,885 | 809,454 |
| Full Day Kindergarten - Special Education | 133,488 | – |
| Proceeds on disposition - School Buildings | 295,331 | 295,331 |
| | <u>3,016,009</u> | <u>1,404,647</u> |
| Amounts restricted by external funder | 1,462,469 | 862,956 |
| | <u>\$ 4,478,478</u> | <u>\$ 2,267,603</u> |

(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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

5. Deferred revenue (continued):

(d) School Condition Improvement – Capital:

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

(e) 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.

(f) 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.

(g) 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.

6. 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:

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result, employees eligible for retirement gratuities will receive a payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as at August 31, 2012. All accumulated non-vested sick days are eliminated as at September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provision for accumulation of unused days. The service award benefit was eliminated for those employees who did not meet the requirements under the program as at August 31, 2012.

Existing retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who will retire 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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

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

(a) Plan changes (continued):

The changes to the Board's employee future benefit plans resulted in a one-time decrease to the Board's obligation of \$20,207,717 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus (deficit) as at August 31, 2012. The curtailment gain is made up of the following items:

| | |
|--------------------------------------|-----------------|
| Retirement gratuities | \$ 499,537 |
| Service award benefits | (184,214) |
| Accumulated non-vesting sick leave | (8,259,355) |
| Non-pension post retirement benefits | (12,263,685) |
| | <hr/> |
| | \$ (20,207,717) |

(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.

(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, 2011 employee contribution rates were up to 10.7% of earnings. On January 1, 2012 employee contribution rates were increased to up to 12.8% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2012, the Board contributed \$1,667,482 (2011 - \$1,421,046) 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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

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

(b) Retirement benefits (continued):

(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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service as 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 financial statements. The Putting Students First Act, requires the Board to provide a salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(ii) Accumulated sick leave:

As a result of the plan changes, the Board's liability related to non-vesting accumulating sick leave has been eliminated effective September 1, 2012 in accordance with Bill 115 – *Putting Students First Act*.

(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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

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

(c) Other employee future benefits:

(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 and 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.

(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, 2012 are eligible for the one-time service award benefit.

The accrued benefit obligations for employee future benefit plans as at August 31, 2012 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2012. 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:

| | 2012 | 2011 |
|-----------------------------------|--|---|
| Discount rate | 3% | 4.75% per annum in 2010 2011 and 4% thereafter |
| Salary growth | 0% | 3% in 2009-2012 2.35% per annum thereafter |
| Dental benefits escalation | 5.0% for 2012/13, reducing by ¼% in each year to an ultimate rate of 3.0% | 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% for 2012/13, reducing by ¼% in each year to an ultimate rate of 4.0% | 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% |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

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

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

| | 2012 | 2011 |
|--|---------------|---------------|
| Accrued benefit liability, beginning of year | \$ 25,380,787 | \$ 24,369,813 |
| Expense recognized for the year: | | |
| Current service cost | 1,573,327 | 1,461,738 |
| Amortization of actuarial gains and losses | 2,151,777 | 115,439 |
| Interest cost | 1,005,809 | 1,139,950 |
| | 4,730,913 | 2,717,127 |
| Benefits paid for the year | (1,856,545) | (1,706,153) |
| Changes due to plan curtailment (note 6(a)) | (20,207,717) | - |
| Accrued benefit liability, end of year | \$ 8,047,438 | \$ 25,380,787 |
| | | |
| | 2012 | 2011 |
| Accrued future benefit obligation, end of year | \$ 8,047,438 | \$ 27,262,906 |
| Net unamortized actuarial loss | - | (1,882,119) |
| Accrued benefit liability, end of year | \$ 8,047,438 | \$ 25,380,787 |

7. 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.

| | 2012 | 2011 |
|---|----------------|----------------|
| Opening balance, September 1 | \$ 140,605,065 | \$ 131,638,342 |
| Additions to deferred capital contributions | 7,745,822 | 15,105,058 |
| Revenue recognized in the period | (6,634,835) | (6,138,335) |
| Ending balance, August 31 | \$ 141,716,052 | \$ 140,605,065 |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Tangible capital assets:

| Cost | Balance at August 31, 2011 | Additions | Disposals, write-offs and adjustments | Balance at August 31, 2012 |
|---------------------------------|----------------------------------|---------------------|---|----------------------------------|
| Land | \$ 3,546,932 | \$ – | \$ – | \$ 3,546,932 |
| Land improvements | 1,213,653 | 856,555 | – | 2,070,208 |
| Buildings | 173,308,230 | 2,997,474 | 6,789,302 | 183,095,006 |
| Construction-in-progress | 6,815,405 | 2,620,399 | (6,789,302) | 2,646,502 |
| Portable structures | 8,730,394 | 373,501 | – | 9,103,895 |
| First-time equipping of schools | 3,077,378 | 186,842 | – | 3,264,220 |
| Furniture | 361,571 | 55,442 | (23,577) | 393,436 |
| Equipment | 1,158,855 | 117,433 | (62,539) | 1,213,749 |
| Computer hardware | 2,789,704 | 538,176 | (130,036) | 3,197,844 |
| Computer software | 98,437 | – | (3,501) | 94,936 |
| Vehicles | 124,032 | – | – | 124,032 |
| Total | \$ 201,224,591 | \$ 7,745,822 | \$ (219,653) | \$ 208,750,760 |

| Accumulated amortization | Balance at August 31, 2011 | Amortization | Disposals, write-offs and adjustments | Balance at August 31, 2012 |
|---------------------------------|----------------------------------|---------------------|---|----------------------------------|
| Land | \$ – | \$ – | \$ – | \$ – |
| Land improvements | 182,291 | 125,622 | – | 307,913 |
| Buildings | 49,601,764 | 5,087,386 | – | 54,689,150 |
| Construction-in-progress | – | – | – | – |
| Portable structures | 3,403,883 | 454,546 | – | 3,858,429 |
| First-time equipping of schools | 1,881,772 | 317,080 | – | 2,198,852 |
| Furniture | 171,937 | 37,750 | (23,577) | 186,110 |
| Equipment | 253,333 | 131,575 | (62,539) | 322,369 |
| Computer hardware | 824,183 | 598,755 | (130,036) | 1,292,902 |
| Computer software | 57,301 | 19,337 | (3,501) | 73,137 |
| Vehicles | 83,530 | 19,441 | – | 102,971 |
| Total | \$ 56,459,994 | \$ 6,791,492 | \$ (219,653) | \$ 63,031,833 |

| | Net book value August 31, 2012 | Net book value August 31, 2011 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Land | \$ 3,546,932 | \$ 3,546,932 |
| Land improvements | 1,762,295 | 1,031,362 |
| Buildings | 128,405,856 | 123,706,466 |
| Construction-in-progress | 2,646,502 | 6,815,405 |
| Portable structures | 5,245,466 | 5,326,511 |
| First-time equipping of schools | 1,065,368 | 1,195,606 |
| Furniture | 207,326 | 189,634 |
| Equipment | 891,380 | 905,522 |
| Computer hardware | 1,904,942 | 1,965,521 |
| Computer software | 21,799 | 41,136 |
| Vehicles | 21,061 | 40,502 |
| Total | \$ 145,718,927 | \$ 144,764,597 |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Tangible capital assets (continued):

| 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 |

| 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 |
| Total | \$ 52,847,729 | \$ 6,295,413 | \$ 2,683,148 | \$ 56,459,994 |

| | 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 |
| Total | \$ 144,764,597 | \$ 135,974,954 |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Tangible capital assets (continued):

Included in the disposals, write-offs and adjustments column are adjustments of \$219,653 (2011 - \$1,835,563) for the deemed disposal of assets.

9. Debt charges and capital loans interest:

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

| | 2012 | 2011 |
|--|---------------------|----------------------|
| Debt principal repayments and sinking fund contributions | \$ 2,844,772 | \$ 10,211,767 |
| Interest payments on long-term liabilities | 4,536,134 | 4,807,344 |
| | \$ 7,380,906 | \$ 15,019,111 |

10. Expenses by object:

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

| | 2011-2012 Budget | 2011-2012 Actual | 2010-2011 Actual |
|---|-----------------------|-----------------------|-----------------------|
| Expenses by object: | | | |
| Salary and wages | \$ 111,564,482 | \$ 111,643,260 | \$ 106,927,017 |
| Employee benefits | 14,710,076 | 17,190,033 | 14,628,112 |
| Staff development | 404,965 | 889,098 | 1,243,946 |
| Supplies and services | 14,847,618 | 13,619,654 | 13,834,765 |
| Interest | 4,511,671 | 4,522,320 | 4,644,006 |
| Rental expenses | 109,833 | 48,296 | 201,077 |
| Fees and contract services | 17,657,608 | 16,180,098 | 16,383,466 |
| Other | 460,520 | 630,838 | 668,230 |
| Amortization of tangible capital assets | 6,460,179 | 6,791,492 | 6,295,413 |
| | 170,726,952 | 171,515,089 | 164,826,032 |
| Employee benefits plan curtailment (note 6(a)) | - | (20,207,717) | - |
| | \$ 170,726,952 | \$ 151,307,372 | \$ 164,826,032 |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

11. Ontario School Board Insurance Exchange (OSBIE):

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

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.

12. Commitments and contingent liabilities:

(a) Litigation:

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

(b) Guarantees:

The Board has guaranteed work relating to their capital projects with the respective municipalities in the amount of \$64,650.

(c) Contractual obligations:

The Board has a total of \$541,132 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)

Years ended August 31, 2012 and 2011

13. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2012 | 2011 |
|---|--------------|-----------------|
| Available for compliance – unappropriated | | |
| Total operating accumulated surplus | \$ 2,033,613 | \$ 1,585,562 |
| Available for compliance – internally appropriated | | |
| Workers' Safety Insurance Board (WSIB) | 296,467 | 296,467 |
| School renewal | 233,810 | 233,810 |
| School budget carryover | 198,637 | 172,816 |
| Student success | 112,417 | 98,823 |
| Assistive technology | 33,585 | 33,585 |
| Assessment | 54,271 | 54,263 |
| Educational support professional development | 122,146 | 122,146 |
| Specialist High Skills Major | – | 5,817 |
| Transportation | – | 264,496 |
| Sinking Fund Interest – not committed | 1,043,977 | 899,493 |
| Sinking Fund Interest – committed | 70,892 | 73,424 |
| Elementary Professional Learning | 62,354 | 79,258 |
| Great West Life ASO plan | 1,326,738 | 1,244,893 |
| 50% Vacation Accrual | 138,435 | – |
| Student Transportation of Eastern Ontario | 204 | – |
| Total accumulated surplus available for compliance | 5,727,546 | 5,164,853 |
| Unavailable for compliance | | |
| Employee future benefits | (8,047,438) | (25,380,787) |
| Interest to be accrued | (1,322,590) | (1,360,275) |
| Vacation accrued | (138,434) | (276,869) |
| School generated funds (note 14) | 1,366,845 | 1,369,943 |
| Revenue recognized for land | 3,546,932 | 3,546,932 |
| Total accumulated surplus unavailable for compliance | (4,594,685) | (22,101,056) |
| Total accumulated surplus (deficit) | \$ 1,132,861 | \$ (16,936,203) |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

14. School Generated Funds:

| | 2011-2012 Budget | 2011-2012 Actual | 2010-2011 Actual |
|--|---------------------|---------------------|---------------------|
| Revenues: | | | |
| School fundraising and other | \$ 5,037,148 | \$ 5,152,295 | \$ 4,935,650 |
| Expenses: | | | |
| School funded activities | 4,973,450 | 5,155,393 | 4,938,218 |
| Annual surplus (deficit) | 63,698 | (3,098) | (2,568) |
| Opening accumulated surplus – school generated funds | 1,435,578 | 1,369,943 | 1,372,511 |
| Closing accumulated surplus – school generated funds | \$ 1,499,276 | \$ 1,366,845 | \$ 1,369,943 |

15. 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 \$6,636,895 for student transportation services in the year.
- (ii) The Board has a payable to STEO of \$277,323 for student transportation services.
- (iii) The Board transferred assets with a fair value of \$128,577 and liabilities of \$15,875, representing the transferred employees’ vacation entitlement.

STEO’s assets, liabilities, revenue, expenses and surplus for the period from February 1, 2012 to August 31, 2012 are as follows:

| | 2012 |
|---------------------------|------------|
| Financial assets | \$ 286,567 |
| Financial liabilities | 761,239 |
| Net debt | (474,672) |
| Non-financial liabilities | 475,289 |
| Accumulated surplus | \$ 617 |

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

15. Transportation consortium (continued):

| | 2012 |
|----------------|--------------|
| Revenue | \$18,868,525 |
| Expenses | 18,867,908 |
| Annual surplus | \$ 617 |

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

16. 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.

17. Subsequent event:

On September 11, 2012, the Government of Ontario passed Bill 115, the Putting Students First Act that was introduced August 27, 2012. The requirements of this new legislation were used by the Board's actuaries in the calculations of management's estimates of the employee future benefit liabilities of the Board. The impact of the changes to the various employee benefit plans included in the employee future benefits liability is disclosed in note 6.