

**Simcoe Muskoka Catholic  
District School Board  
Consolidated Financial Statements  
For the Year Ended August 31, 2011**

**Index to Consolidated Financial Statements**

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## MANAGEMENT REPORT

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

The accompanying consolidated financial statements of the Simcoe Muskoka Catholic District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of 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 Hahn Trickey Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Associate Director of Education  
(Business & Finance)

November 23, 2011

*Our Vision: We are a faith-filled Catholic learning community dedicated to excellence*

## Independent Auditors' Report

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### To the Board of Trustees of the Simcoe Muskoka Catholic District School Board

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

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

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

### Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

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

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Simcoe Muskoka Catholic District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.



**Hehn Trickey Professional Corporation**  
**Chartered Accountants**

*Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario*

Orillia, Ontario  
November 23, 2011

**Simcoe Muskoka Catholic District School Board**  
**Consolidated Statement of Financial Position**  
**As At August 31, 2011**

	<b>August 31 2011</b>	August 31 2010 (restated)
<b>Financial Assets</b>		
Cash	\$ 8,065,100	\$ 12,113,484
Investments (Note 3, Page 13)	-	97,738
Accounts receivable (Note 4, Page 13 and Note 20, Page 25)	<b>148,481,353</b>	145,475,921
<b>Total Financial Assets</b>	<b>156,546,453</b>	157,687,143
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 20, Page 25)	<b>15,218,232</b>	17,060,338
Deferred revenue (Note 6, Page 15)	<b>4,100,610</b>	6,976,483
Retirement and other employee future benefits liabilities (Note 8, Page 17)	<b>23,159,080</b>	21,708,002
Net long-term liabilities (Note 9, Page 19)	<b>135,521,323</b>	136,763,454
Deferred capital contributions (Note 7, Page 16)	<b>221,435,801</b>	211,522,307
<b>Total Liabilities</b>	<b>399,435,046</b>	394,030,584
<b>Net Debt</b>	<b>(242,888,593)</b>	(236,343,441)
<b>Non-Financial Assets</b>		
Prepaid expenses	<b>1,077,122</b>	397,970
Tangible capital assets (Note 5, Page 14)	<b>255,175,517</b>	243,953,188
<b>Total Non-Financial Assets</b>	<b>256,252,639</b>	244,351,158
<b>Accumulated Surplus</b> (Note 2, Page 12 and Note 10, Page 21)	<b>\$ 13,364,046</b>	\$ 8,007,717

**Simcoe Muskoka Catholic District School Board**  
**Consolidated Statement of Operations**  
**For the Year Ended August 31, 2011**

	Budget August 31 2011	Actual August 31 2011	Actual August 31 2010 (restated)
<b>Revenue</b>			
Provincial grants			
- grants for student needs (Note 2, Page 12, Note 4, Page 13 and Note 20, Page 25)	\$ 173,071,921	<b>\$ 174,702,504</b>	\$ 164,840,707
- other	2,762,077	<b>3,428,276</b>	8,482,044
Local taxation	43,011,473	<b>42,728,881</b>	42,132,375
School generated funds	9,300,562	<b>7,819,305</b>	8,135,934
Federal grants and fees	256,719	<b>281,357</b>	234,447
Investment income	-	<b>406,001</b>	2,830,138
Other revenues - school boards	-	<b>194,326</b>	189,040
Other fees and revenue	218,595	<b>1,760,888</b>	1,084,448
Deferred capital contribution revenue (Note 2, Page 12)	10,106,865	<b>10,113,609</b>	10,182,799
<b>Total revenue</b>	<b>238,728,212</b>	<b>241,435,147</b>	238,111,932
<b>Expenses</b>			
Instruction	170,824,802	<b>171,842,850</b>	168,022,470
Administration	6,751,944	<b>6,902,604</b>	7,298,067
Transportation	12,078,193	<b>12,722,894</b>	12,354,264
Pupil accommodation	39,437,854	<b>36,453,981</b>	38,842,862
School generated funds	9,349,404	<b>7,756,246</b>	8,276,640
Other	503,127	<b>407,400</b>	559,368
<b>Total expenses (Note 12, Page 22)</b>	<b>238,945,324</b>	<b>236,085,975</b>	235,353,671
<b>Annual Surplus (Deficit) (Note 2, Page 12)</b>	<b>(217,112)</b>	<b>5,349,172</b>	2,758,261
Accumulated Surplus (Deficit), Beginning of Year as previously stated	-	<b>8,007,717</b>	78,091,215
Restatement due to change in accounting policy and prior period error corrections (Note 2, Page 12 and Note 20, Page 25)	-	-	(72,777,938)
<b>Accumulated Surplus, Beginning of Year as restated</b>	<b>-</b>	<b>8,007,717</b>	5,313,277
<b>Adjustments to School Generated Funds (Note 17, Page 23)</b>	<b>-</b>	<b>7,157</b>	(63,821)
<b>Accumulated Surplus (Deficit), End of Year (Note 2, Page 12 and Note 10, Page 21)</b>	<b>\$ (217,112)</b>	<b>\$ 13,364,046</b>	\$ 8,007,717

**Simcoe Muskoka Catholic District School Board**  
**Consolidated Statement of Cash Flow**  
**For the Year Ended August 31, 2011**

	<b>August 31 2011</b>	August 31 2010 (restated)
<b>Operating Activities</b>		
Annual surplus	\$ 5,349,172	\$ 2,758,261
Sources and (uses)		
Non-cash items including amortization, write downs and gain/loss on disposal	<b>10,501,570</b>	10,558,199
Decrease (increase) in accounts receivable	<b>(4,113,775)</b>	(138,163,258)
Decrease (increase) in investments	<b>97,738</b>	39,804
Increase (decrease) in accounts payable and accrued liabilities	<b>(733,764)</b>	2,602,141
Increase (decrease) in deferred revenue	<b>(2,875,873)</b>	4,600,530
Increase (decrease) in deferred capital contributions (Note 2, Page 12)	<b>9,913,494</b>	138,772,406
Increase (decrease) in retirement and other employee future benefits liabilities	<b>1,451,078</b>	1,277,656
Decrease (increase) in non-financial assets - prepaid expenses	<b>(679,152)</b>	856,870
	<b>18,910,488</b>	23,302,609
<b>Capital Activities</b>		
Cash used to acquire tangible capital assets	<b>(21,723,898)</b>	(17,336,052)
<b>Financing Activities</b>		
Long-term financing issued	<b>54,649,497</b>	11,260,963
Debt repaid and sinking fund contributions	<b>(55,891,628)</b>	(8,118,079)
	<b>(1,242,131)</b>	3,142,884
<b>Increase (Decrease) in Cash and Cash Equivalents During the Year</b>	<b>(4,055,541)</b>	9,109,441
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>12,113,484</b>	3,067,864
<b>Adjustments to School Activities Funds (Note 17, Page 23)</b>	<b>7,157</b>	(63,821)
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 8,065,100</b>	\$ 12,113,484

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# **Simcoe Muskoka Catholic District School Board**

## **Notes to Consolidated Financial Statements**

### **For the Year Ended August 31, 2011**

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#### **1. Significant Accounting Policies**

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

##### **(a) Basis of Accounting**

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

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

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

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

##### **(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.

School generated funds, which include the assets, liabilities, revenues, expenditures and fund balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

Simcoe County Student Transportation Consortium  
School Generated Funds

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.



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# **Simcoe Muskoka Catholic District School Board**

## **Notes to Consolidated Financial Statements**

### **For the Year Ended August 31, 2011**

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#### **1. Significant Accounting Policies (continued)**

##### **(c) Trust Funds**

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

##### **(d) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of change in value and have a short maturity term of less than 90 days.

##### **(e) 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. They are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

##### **(f) Deferred Revenue**

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

##### **(g) Retirement and Other Employee Future Benefits**

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuities, and workers' compensation. 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 cost trends, disability recovery rate, long-term inflation rates and discount rates.

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' 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.

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# Simcoe Muskoka Catholic District School Board

## Notes to Consolidated Financial Statements

### For the Year Ended August 31, 2011

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#### 1. Significant Accounting Policies (continued)

##### (g) Retirement and Other Employee Future Benefits (continued)

- (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.

##### (h) Tangible Capital Assets

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

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

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

Land improvements with finite lives	- 15 years
Buildings	- 40 years
Portable structures	- 20 years
Equipment - 5 years	- 5 years
Equipment - 10 years	- 10 years
Furniture	- 10 years
First time equipping	- 10 years
Computer hardware	- 5 years
Computer software	- 5 years
Vehicles	- 5 years

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

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

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

##### (i) 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.

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# Simcoe Muskoka Catholic District School Board

## Notes to Consolidated Financial Statements

### For the Year Ended August 31, 2011

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#### 1. Significant Accounting Policies (continued)

##### (i) Government Transfers (continued)

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

##### (j) Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

##### (k) Long-term Liabilities

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

##### (l) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially-mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the school board in the preparation of the financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

##### (m) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported revenues and expenditures during the year. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

##### (n) Financial Instruments

The Consolidated Statement of Financial Position value for short-term investments, accounts receivable, short-term borrowing, accounts payable and accrued liabilities approximates fair value because of their limited term. The Statement of Financial Position value of the net long-term liabilities approximates fair value because the Board's current rate of borrowing for similar debt instruments of comparable maturity is not materially different. Fair value estimates are made as at the Consolidated Statement of Financial Position date based on relevant information and information about the financial instruments.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**2. Change in Accounting Policies**

In fiscal 2011, the Board adopted Public Sector Accounting Handbook section 3410 Government Transfers as described in Note 1(a). This change has been applied retroactively and prior periods have been restated. Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

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

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

**Accumulated surplus at August 31, 2010**

Accumulated surplus, as previously reported	\$ 219,258,061
Transfer to deferred capital contributions	(211,522,307)
Transfer to deferred revenue	(28,037)
Prior period error correction (Note 20, Page 25)	<u>300,000</u>
Accumulated surplus, as restated	<u>\$ 8,007,717</u>

**Annual surplus for the year ended August 31, 2010**

Annual surplus (deficit), as previously reported	\$ 141,230,667
Plus: amounts recognized in revenue	10,182,799
Less: in-year capital contributions	(148,955,205)
Add: prior period error correction (Note 20, Page 25)	<u>300,000</u>
Annual surplus (deficit), as restated	<u>\$ 2,758,261</u>

The impact for the year ended August 31, 2011 is as follows:

**Annual surplus for the year ended August 31, 2011**

Annual surplus (deficit), as per prior year policy	\$ 15,228,580
Plus: amounts recognized in revenue	10,113,609
Less: in-year capital contributions	<u>(19,993,017)</u>
Decrease in provincial grants	<u>(9,879,408)</u>
Annual surplus, as currently reported	<u>\$ 5,349,172</u>

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**3. Investments**

	<u>2011</u>	<u>2010</u>
Term deposit	<u>\$ -</u>	<u>\$ 97,738</u>

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**4. Accounts Receivable - Government of Ontario Approved Capital**

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

The Board has an account receivable from the Province of Ontario of \$137,388,699 (2010 - \$137,432,323) with respect to capital grants.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2011**

**5. Tangible Capital Assets**

	Cost				Accumulated Amortization			Net Book	Net Book	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Value 2011	Value 2010
Land	\$ 24,632,881	\$ 1,624,323	-	\$ 26,257,204	-	-	-	-	\$ 26,257,204	\$ 24,632,881
Land improvements	2,050,875	84,673	-	2,135,548	352,505	145,378	-	497,883	1,637,665	1,698,370
Buildings	283,120,218	16,784,510	-	299,904,728	85,013,999	8,609,157	-	93,623,156	206,281,572	198,106,219
Portable structures	10,758,317	-	3,271,200	7,487,117	8,079,319	345,189	3,271,200	5,153,308	2,333,809	2,678,998
Construction in progress	12,008,151	15,174,579	12,526,249	14,656,481	-	-	-	-	14,656,481	12,008,151
Equipment - 5 years	75,652	-	-	75,652	43,013	15,130	-	58,143	17,509	32,639
Equipment - 10 years	769,171	106,558	57,052	818,677	291,089	79,392	57,052	313,429	505,248	478,082
Equipment - 15 years	283,970	20,543	-	304,513	-	10,150	-	10,150	294,363	283,970
Furniture	68,091	-	11,911	56,180	45,103	6,214	11,911	39,406	16,774	22,988
First time equipping	5,440,482	378,619	985,952	4,833,149	3,642,153	514,595	985,952	3,170,796	1,662,353	1,798,329
Computer hardware	3,040,725	23,541	231,610	2,832,656	1,148,357	587,338	231,610	1,504,085	1,328,571	1,892,368
Computer software	1,104,969	-	682,768	422,201	857,608	152,717	682,768	327,557	94,644	247,361
Vehicles	273,768	52,801	-	326,569	200,936	36,309	-	237,245	89,324	72,832
	<b>\$343,627,270</b>	<b>\$ 34,250,147</b>	<b>\$ 17,766,742</b>	<b>\$360,110,675</b>	<b>\$ 99,674,082</b>	<b>\$ 10,501,569</b>	<b>\$ 5,240,493</b>	<b>\$104,935,158</b>	<b>\$255,175,517</b>	<b>\$243,953,188</b>

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**5. Tangible Capital Assets (continued)**

**(a) Assets under construction**

Assets under construction having a value of \$14,656,481 (2010 - \$12,008,151) have not been amortized. Amortization of these assets will commence when the assets are put into service.

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**6. Deferred Revenue**

Revenues received and that have been set aside for specific purposes are included in deferred revenue and reported on the Consolidated Statement of Financial Position. Those that are set aside by legislation, regulation, or agreement are externally restricted deferred revenues.

These amounts in deferred revenue are composed of:

	<u>2011</u>	<u>2010</u>
<b>Learning Improvements</b>		
Balance, beginning of year	\$ 1,897,709	\$ 1,101,489
Increase in deferred revenue	<u>496,785</u>	<u>796,220</u>
Balance, end of year	<u>2,394,494</u>	<u>1,897,709</u>
<b>Education Development Charges</b>		
Balance, beginning of year	230,697	229,868
Decrease in deferred revenue	-	(1,913)
Interest earned	<u>2,479</u>	<u>2,742</u>
Balance, end of year	<u>233,176</u>	<u>230,697</u>
<b>Pupil Accommodation - School Renewal</b>		
Balance, beginning of year	-	257,284
Increase (decrease) in deferred revenue	<u>401,114</u>	<u>(257,284)</u>
Balance, end of year	<u>401,114</u>	<u>-</u>
<b>Proceeds of Disposal</b>		
Balance, beginning of year as previously stated	296,328	268,291
Restatement due to change in accounting policy (Note 2, Page 12)	<u>-</u>	<u>28,037</u>
Balance, beginning of year as restated	296,328	296,328
Increase in deferred revenue	<u>-</u>	<u>-</u>
Balance, end of year	<u>296,328</u>	<u>296,328</u>

**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

**6. Deferred Revenue (continued)**

	<u>2011</u>	<u>2010</u>
<b>Green Schools Pilot</b>		
Balance, beginning of year	24,887	-
Increase (decrease) in deferred revenue	<u>(20,543)</u>	24,887
Balance, end of year	<u>4,344</u>	24,887
<b>Energy Efficient Schools</b>		
Balance, beginning of year	4,105,094	-
Increase (decrease) in deferred revenue	<u>(3,881,642)</u>	4,105,094
Balance, end of year	<u>223,452</u>	4,105,094
<b>Renewable Energy</b>		
Balance, beginning of year	-	-
Increase in deferred revenue	<u>3,019</u>	-
Balance, end of year	<u>3,019</u>	-
<b>Total Deferred Revenue - Externally Restricted</b>	<b>3,555,927</b>	6,554,715
<b>Other Deferred Revenue</b>	<b><u>544,683</u></b>	421,768
<b>Total Deferred Revenue</b>	<b><u>\$ 4,100,610</u></b>	<b>\$ 6,976,483</b>

**7. Deferred Capital Contributions**

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in Note 2.

	<u>2011</u>	<u>2010</u> (restated)
Balance, beginning of year	\$211,522,307	\$ 72,749,901
Additions to deferred capital contributions	20,027,103	148,955,205
Revenue recognized in the period	<u>(10,113,609)</u>	<u>(10,182,799)</u>
Balance, end of year	<b><u>\$221,435,801</u></b>	<b>\$211,522,307</b>



**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

**8. Retirement and Other Employee Future Benefits**

	<u>2011</u>	<u>2010</u>
<b>Retirement and Other Employee Future Benefits Liabilities</b>		
Liability, beginning of year	<b>\$ 21,708,002</b>	\$ 20,430,346
Employee future benefits expense		
Current year benefit cost	<b>1,320,454</b>	1,199,697
Interest on accrued benefits obligation	<b>1,265,501</b>	1,161,774
Recognized actuarial gains (losses)	<b>412,594</b>	333,562
	<b>2,998,549</b>	2,695,033
Benefits paid during the year	<b>(1,547,471)</b>	(1,417,377)
	<b>1,451,078</b>	1,277,656
Liability, end of year	<b>\$ 23,159,080</b>	\$ 21,708,002
<b>Accrued Employee Future Benefits Obligations</b>		
Accrued employee future benefits obligations	<b>\$ 29,131,060</b>	\$ 26,054,904
Unamortized actuarial gains (losses)	<b>(5,971,980)</b>	(4,346,902)
Employee future benefits liability	<b>\$ 23,159,080</b>	\$ 21,708,002

Employee future benefits expense above excludes pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

**Retirement Benefits**

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

(ii) Ontario Municipal Employees Retirement System

Non-teaching employees of the Board may be 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. Effective January 1, 2006 employee contribution rates were up to 9.6% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed \$1,978,240 (2010 - \$1,677,575) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**8. Retirement and Other Employee Future Benefits (continued)**

**Retirement Benefits (continued)**

(iii) Retirement Gratuities

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

**Other Employee Future Benefits**

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's net insurance premiums for the year ended August 31, 2011 were \$1,115,553 (2010 - \$1,079,136) and are included in the Board's financial statements. No liabilities for claims by its injured workers under the Workplace Safety and Insurance Act are included in the Board's financial statements.

(ii) Long-term Disability Life Insurance and Health Care Benefits

The Board provides its share of life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of its share of life insurance premiums and the costs of health care benefits 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.

(iii) Non-Vesting Sick Leave Accumulation Benefits

The Board allows employees to accumulate sick days, up to a maximum, and use these days for illness in the future. Only employees eligible for a retirement gratuity will benefit from any unused sick days at their retirement date.

**Actuarial Report**

The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2011 as indicated in an actuarial report dated October 2011 except for the portion relating to the members of the former Parry Sound Roman Catholic Separate School Board. These benefit obligations are estimated based on the actuarial valuations for accounting purposes as at August 31, 2011 as indicated in an actuarial report dated November 3, 2008.

**Economic Assumptions**

The actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations for 2011 are a discount rate of 4.0% and salary increases of 3.0%.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

**9. Net Long-Term Liabilities**

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

	<u>2011</u>	<u>2010</u>
<b>Debentures</b>		
Debenture 1992 - Bylaw 2402-92, semi-annual payments of principal and interest at 9.5% to 9.75%, non-callable, maturing in July 2012	\$ 140,000	\$ 260,000
Debenture 1994 - Bylaw 2603-94, semi-annual payments of principal and interest at 10% to 10.125%, maturing in July 2014	1,450,000	1,740,000
Debenture 1995 - Bylaw 2701-95, semi-annual payments of principal and interest at 9.875%, maturing in April 2015	1,450,000	1,740,000
Debenture 1996 (1) - Bylaw 2801-96, semi-annual payments of principal and interest at 8.5% to 9.1%, maturing in May 2016	3,250,000	3,750,000
Debenture 1996 (2) - Bylaw 2803-96, semi-annual payments of principal and interest at 6.75% to 7.5%, maturing in December 2016	1,750,000	1,975,000
Debenture 1997 - Bylaw 2903-97, semi-annual payments of principal and interest at 6.25% to 6.8%, maturing in December 2017	2,132,000	2,368,000
Debenture 2000 (OSBFC #1) - Bylaw 3201-00, semi-annual payments of principal and interest at 7.2%, maturing in December 2025	11,302,151	11,758,319
Debenture 2002 (OSBFC #4) - Bylaw 3402-02, semi-annual payments of principal and interest at 5.9%, maturing in October 2027	19,276,393	19,952,649
Debenture 2004 (OSBFC #5) - Bylaw 3601-04, semi-annual payments of principal and interest at 5.483%, maturing in November 2026	23,031,090	23,736,073
Loan 2006 (OFA - GPL 1) - Bylaw 3801-06, semi-annual payments of principal and interest at 4.56%, maturing in November 2031	4,014,972	4,131,415
Loan 2008 (OFA - GPL 2) - Bylaw 4001-08, semi-annual payments of principal and interest at 4.9%, maturing in March 2033	1,771,454	1,816,164
Loan 2010 (OFA - GPL, PCS, PTR) - Bylaw 4201-10, semi-annual payments of principal and interest at 5.232%, maturing in April 2035	11,033,137	11,260,963
Loan 2010 (OFA - NPP) - Bylaw 4202-10, semi-annual payments of principal and interest at 3.942%, maturing in September 2025	53,277,947	-
	<u>133,879,144</u>	<u>84,488,583</u>

**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

**9. Net Long-Term Liabilities (continued)**

	<u>2011</u>	<u>2010</u>
<b>Sinking Fund Debentures</b>		
Sinking Fund Debenture (OMIC #1 1991) - Bylaw 2301-91, semi-annual payments of principal and interest at 9.81%, maturing in May 2011	-	4,456,000
Sinking Fund Debenture (OMIC #2 1991) - Bylaw 2303-91, semi-annual payments of principal and interest at 9.86%, maturing in June 2011	-	3,819,000
Sinking Fund Debenture (OMIC #1 1992) - Bylaw 2401-92, semi-annual payments of principal and interest at 9.17%, maturing in July 2012	<b>7,434,000</b>	7,434,000
Sinking Fund Debenture (OSBFC #2 2000) - Bylaw 3202-00, semi-annual payments of principal and interest at 6.3%, maturing in September 2010	-	68,155,000
Sinking Fund Debenture (OSBFC #3 2003) - Bylaw 3401-02, semi-annual payments of principal and interest at 5.7%, maturing in October 2017	<b>2,823,700</b>	2,823,700
	<b>10,257,700</b>	86,687,700
	<b>144,136,844</b>	171,176,283
Less market value of sinking fund assets	<b>(8,615,521)</b>	(34,412,829)
	<b>\$135,521,323</b>	<b>\$136,763,454</b>

Included in net long-term liabilities are outstanding debentures of \$10,257,700 (2010 - \$86,687,700) secured by sinking fund assets with a carrying and market value of \$8,615,521 (2010 - \$34,412,829). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures.

Principal payments, including the minimum contributions required to the sinking funds, relating to net long-term liabilities of \$135,521,323 outstanding as at August 31, 2011 are due as follows:

	Principal and Sinking Fund Contributions	Interest	Total
2011-12	\$ 7,245,378	\$ 7,778,665	\$ 15,024,043
2012-13	7,292,321	6,681,654	13,973,975
2013-14	7,731,613	6,253,760	13,985,373
2014-15	8,184,635	5,796,410	13,981,045
2015-16	7,734,133	5,331,866	13,065,999
Thereafter	96,297,532	33,102,432	129,399,964
	<b>\$134,485,612</b>	<b>\$ 64,944,787</b>	<b>\$199,430,399</b>

Le Conseil Scolaire de District Catholique Centre - Sud has assumed responsibility for the repayment of \$49,953 of the net long-term liabilities. Principal amounting to \$113,091 plus interest amounting to \$131,446 are recoverable over the next five years from this school board.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**10. Accumulated Surplus (Deficit)**

Accumulated surplus (deficit) consists of the following:

	<u>2011</u>	<u>2010</u>
Operating	\$ 2,959,874	\$ (973,544)
Amounts restricted by board for future use		
- St. Peter the Apostle working funds	20,638	20,638
- St. Peter the Apostle music program	33,409	35,567
- St. Peter the Apostle professional development	1,210	1,210
- St. Peter the Apostle computers	41,460	41,460
- excess amortization funding	23,264	-
- committed sinking fund interest earned	6,961,841	13,143,730
- sinking fund top up payments	774,677	-
- committed capital projects	4,840,621	-
- school renewal (STH track)	221,000	-
- OSBFC costs	16,681	-
- sinking fund surplus unallocated	220,300	-
- sinking fund surplus (St. Louis)	85,398	85,398
- employee future benefits	(23,159,080)	(21,708,002)
- interest accrued	(2,342,195)	(4,106,018)
- vacation accrued	(791,283)	(848,917)
- school generated funds	1,809,258	1,739,042
Revenues recognized for land	<u>21,646,973</u>	<u>20,577,153</u>
	<u>\$ 13,364,046</u>	<u>\$ 8,007,717</u>

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**11. Debt Charges and Interest**

	<u>2011</u>	<u>2010</u>
Principal payments on long-term liabilities including contributions to sinking funds	\$ 55,891,628	\$ 8,118,079
Interest payments on long-term liabilities	<u>8,591,450</u>	<u>8,005,801</u>
	<u>\$ 64,483,078</u>	<u>\$ 16,123,880</u>

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of \$55,891,628 (2010 - \$8,118,079) are principal payments on long-term debt of \$7,135,330 (2010 - \$5,313,235) and sinking fund interest revenue of \$5,893,199 (2010 - \$2,804,844). The sinking fund interest revenue of \$5,893,199 is represented by the sinking fund surplus of \$6,194,110 less the \$300,911 of sinking fund interest reported in the 2010-11 Consolidated Statement of Operations.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**12. Expenses By Object**

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

	Budget August 31 2011	<b>Actual August 31 2011</b>	Actual August 31 2010
Salary and wages	\$155,355,176	<b>\$157,491,645</b>	\$153,205,215
Employee benefits	22,724,098	<b>22,488,710</b>	21,942,134
Staff development	529,568	<b>735,930</b>	617,049
Supplies and services	25,673,774	<b>21,928,479</b>	23,729,778
Interest charges on capital	10,792,511	<b>8,591,450</b>	10,927,505
Rental expenses	432,291	<b>532,552</b>	606,584
Fees and contract services	12,709,555	<b>13,307,449</b>	13,093,381
Other	621,487	<b>508,191</b>	523,136
Transfer to other boards	-	-	150,691
Amortization of tangible capital assets	10,106,864	<b>10,501,569</b>	10,558,198
	<b>\$238,945,324</b>	<b>\$236,085,975</b>	<b>\$235,353,671</b>

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**13. 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.

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**14. Contractual Obligations and Contingent Liabilities**

The Board has outstanding contractual obligations of approximately \$3,871,725 and outstanding letters of credit of \$860,229 for uncompleted capital projects at August 31, 2011.

The Board has a number of claims outstanding relating to construction liens and other lawsuits as well as potential lawsuits and/or claims. The Board does not anticipate any significant losses in these matters. Some matters are currently in litigation but no rulings have been made. Any losses will be recorded in the year of settlement.

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## Simcoe Muskoka Catholic District School Board

### Notes to Consolidated Financial Statements

### For the Year Ended August 31, 2011

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#### 15. Commitments

The Board has operating leases for its premises at 80 Bell Farm Road in Barrie at \$11,569 to \$13,078 per month until May 2014. The Board also is obligated to fulfil the lease agreement for the offices of the former Parry Sound Roman Catholic School Board until the end of its term in April 2012 at \$2,576 per month.

The Board also has a lease for its local loop fibre-optic internet connection at \$47,403 per month until September 2016.

The minimum annual lease payments for the next five years are as follows:

2012	\$ 752,036
2013	716,719
2014	686,538
2015	568,836
2016	<u>568,836</u>
	<u>\$ 3,292,965</u>

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#### 16. Tuition Fees

During the year the Board billed the Beausoleil First Nation and the Chippewas of Rama First Nation, on behalf of First Nations pupils, \$281,357 in tuition fees.

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#### 17. Adjustments to School Generated Funds

During 2011 it was discovered that some schools had provided incorrect or incomplete information in fiscal 2010. The net effect of these instances is reported as an adjustment to the opening accumulated surplus for 2011 of \$7,157.

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#### 18. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$5,411,036 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.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**19. Partnership in Simcoe County Student Transportation Consortium**

On May 30, 2002 the Simcoe County Student Transportation Consortium ("Transportation Consortium") was incorporated. On May 31, 2007 the Board entered into an agreement with the Simcoe County District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement created at the time the Transportation Consortium was established, decisions related to the financial and operating activities of the Transportation Consortium are to be shared. No partner is in a position to exercise unilateral control.

Although the Transportation Consortium is a separate legal entity, a number of the Transportation Consortium's administrative and managerial practices are still segregated by the partner Boards. The Transportation Consortium's actual operating structure is more like that of a joint transportation services department than that of a separate legal entity. The Transportation Consortium has no separate bank account and all transactions are flowed through the partner Boards' bank accounts.

Effective September 1, 2011 the Simcoe County Student Transportation Consortium commenced operations as a separate legal entity.

The Transportation Consortium is proportionately consolidated in the Simcoe Muskoka Catholic District School Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information for the Transportation Consortium.

	<b>2011</b>		<b>2010</b>	
	<b>Total</b>	<b>Board Portion</b>	<b>Total</b>	<b>Board Portion</b>
<b>Financial Position</b>				
Financial assets	\$ 32,042	\$ 8,000	\$ 42,688	\$ 17,426
Liabilities	<b>32,042</b>	<b>26,042</b>	42,688	36,688
Accumulated surplus (deficit)	\$ -	\$ (18,042)	\$ -	\$ (19,262)
<b>Operations</b>				
Revenues	\$ 31,365,767	\$ 12,228,585	\$ 30,321,712	\$ 11,851,859
Expenses	<b>31,365,767</b>	<b>12,228,585</b>	30,321,712	11,851,859
Annual surplus (deficit)	\$ -	\$ -	\$ -	\$ -

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended August 31, 2011**

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**20. Prior Period Error Corrections**

During the Ministry of Education's review of the 2009-10 Financial Statements it was determined that an error had been made in the calculation of the capital portion of the Grants for Student Needs for the Board for the 2009-10 fiscal year. This error had no effect on the Statement of Operations or the annual surplus as the grant receivable from the Ministry of Education for approved capital was increased by an amount equal to the reduction in the 2009-10 grant for student needs. The amount owing to the Ministry of Education was previously reported as a receivable. Once the prior period error was corrected it was actually in a payable position. To correct this error the prior year comparative figures as at August 31, 2010 have been restated as follows:

Accounts Receivable - Government of Ontario Approved Capital increased by \$412,181  
Accounts Receivable - other decreased by \$288,793  
Accounts Payable and Accrued Liabilities increased by \$123,388.

It was also discovered during the year end audit of the 2010-11 Financial Statements that an error had been made in the Capital Wrap Up Template that was used to calculate the grant revenue for fiscal 2010 relating to the funding of Best Start expenditures. The Provincial Grants - Grants for Student Needs revenue was understated by \$300,000 and the Accounts Receivable - Government of Ontario Approved Capital was understated by \$300,000. To correct this error the prior year comparative figures for 2010 have been restated as follows:

Accounts Receivable - Government of Ontario Approved Capital increased by \$300,000  
Provincial Grants - Grants for Student Needs increased by \$300,000.

The Ministry of Education also made a change in how certain funding was to be reported in fiscal 2009-10. As a result of this change, Accounts Receivable - Government of Ontario Approved Capital has been increased by \$696,162 and other Accounts Receivable has been decreased by \$696,162. As these items are on the same line, Accounts Receivable, on the Statement of Financial Position there is no change to this statement although the amount disclosed in Note 4 has been adjusted to reflect this change.

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