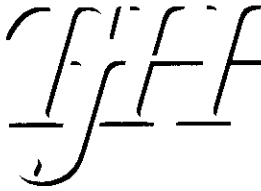


**Simcoe Muskoka Catholic
District School Board
Financial Statements
For the year ended August 31, 2005**

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Auditors' Report

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

We have audited the statement of financial position of the Simcoe Muskoka Catholic District School Board as at August 31, 2005 and the statements of financial activities and of changes in financial position for the year then ended. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2005 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

T. J. Hehn & Associates

Chartered Accountants

Orillia, Ontario
November 10, 2005

Simcoe Muskoka Catholic District School Board
Statement of Financial Position
As At August 31, 2005

| | August 31 2005 | August 31 2004 |
|---|------------------------|-------------------|
| Financial Assets | | |
| Cash | \$ 9,654,300 | \$ 40,834,866 |
| Investments | 36,596,049 | - |
| Accounts receivable | | |
| Local government | 4,209,224 | 4,240,795 |
| Other | 1,791,976 | 1,560,639 |
| Total Financial Assets | 52,251,549 | 46,636,300 |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 13,163,097 | 12,758,944 |
| Deferred revenue - externally restricted (Note 2, Page 9) | 2,775,518 | 1,654,907 |
| Deferred revenue - other | 415,787 | 254,435 |
| Retirement and other employee future benefits payable (Note 3, Page 10) | 14,575,160 | 6,344,270 |
| Net long-term liabilities (Note 4, Page 12) | 152,377,691 | 130,730,535 |
| Total Financial Liabilities | 183,307,253 | 151,743,091 |
| Net Financial Assets (Liabilities) | (131,055,704) | (105,106,791) |
| Non-Financial Assets | | |
| Prepaid Expenses | 223,296 | 238,456 |
| Net Assets (Liabilities) | \$(130,832,408) | \$(104,868,335) |
| Financial Position | | |
| Operating Fund (Schedule 1, Page 19) | \$ 329,745 | \$ 1,661,360 |
| Capital Fund (Schedule 2, Page 20) | (3,881,538) | - |
| Reserve Funds (Schedule 3, Page 21 and Note 5, Page 14) | 42,634,494 | 33,474,649 |
| | 39,082,701 | 35,136,009 |
| School Activities Fund (Schedule 4, Page 22) | 1,503,949 | 994,929 |
| Total Fund Balances | 40,586,650 | 36,130,938 |
| Amounts to be Recovered in Future Years (Note 6, Page 14) | (171,419,058) | (140,999,273) |
| Net Financial Position | \$(130,832,408) | \$(104,868,335) |

Simcoe Muskoka Catholic District School Board
Statement of Financial Activities
For the Year Ended August 31, 2005

| | Budget August 31 2005 | Actual August 31 2005 | Actual August 31 2004 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Local taxation | \$ 34,663,338 | \$ 36,718,681 | \$ 35,349,220 |
| Provincial grants - student focused funding | 137,978,128 | 137,379,327 | 129,303,497 |
| Provincial grants - other | 1,293,954 | 944,449 | 426,421 |
| Federal grants and fees | 220,418 | 147,764 | 214,427 |
| Other revenues - school boards | - | 351,995 | 67,935 |
| Other fees and revenue | 911,614 | 1,540,113 | 1,375,577 |
| Investment income | - | 2,287,968 | 1,829,438 |
| School fund raising and other revenues | - | 6,696,957 | 5,085,467 |
| | <u>175,067,452</u> | <u>186,067,254</u> | <u>173,651,982</u> |
| Expenditures | | | |
| Instruction | 126,641,508 | 128,094,450 | 116,290,794 |
| Administration | 5,757,051 | 5,983,089 | 5,531,384 |
| Transportation | 10,350,756 | 10,594,998 | 10,209,697 |
| School operations and maintenance | 15,149,496 | 15,098,343 | 14,870,581 |
| Pupil accommodation | 12,363,822 | 38,097,901 | 21,364,313 |
| Other | 463,127 | 602,774 | 786,350 |
| School funded activities | - | 6,516,833 | 4,988,114 |
| | <u>170,725,760</u> | <u>204,988,388</u> | <u>174,041,233</u> |
| Net Revenue (Expenditures) | 4,341,692 | (18,921,134) | (389,251) |
| Increase (Decrease) in Non-Financial Assets - Prepaid Expenses | - | (15,160) | 78,141 |
| | <u>4,341,692</u> | <u>(18,936,294)</u> | <u>(311,110)</u> |
| Change in Net Assets (Liabilities) | | | |
| Financing Transactions | | | |
| Long-term financing issued | - | 27,000,000 | - |
| Debt repayments and sinking fund contributions | (3,907,364) | (5,352,843) | (4,786,591) |
| Increase in unfunded liabilities | - | 1,415,953 | 430,362 |
| | <u>(3,907,364)</u> | <u>23,063,110</u> | <u>(4,356,229)</u> |
| Change in Amounts to be Recovered | | | |
| Change in Fund Balances | 434,328 | 4,126,816 | (4,667,339) |
| Additional School Activities Funds (Note 13, Page 18) | - | 328,896 | - |
| Opening Fund Balances (Note 14, Page 18) | 15,887,812 | 36,130,938 | 40,798,277 |
| | <u>\$ 16,322,140</u> | <u>\$ 40,586,650</u> | <u>\$ 36,130,938</u> |

Simcoe Muskoka Catholic District School Board
Statement of Changes in Financial Position
For the Year Ended August 31, 2005

| | August 31 2005 | August 31 2004 |
|---|----------------------------|----------------------|
| Operating Activities | | |
| Net revenue (expenditures) | \$ (18,921,134) | \$ (389,251) |
| Sources and (uses) | | |
| Decrease (increase) in accounts receivable | (199,766) | 342,604 |
| Decrease (increase) in investments | (36,596,049) | - |
| Increase (decrease) in accounts payable and accrued liabilities | 404,153 | 232,952 |
| Increase (decrease) in deferred revenue - externally restricted | 1,120,611 | 1,094,430 |
| Increase (decrease) in deferred revenues - other | 161,352 | (13,453) |
| Increase (decrease) in retirement and other employee future benefits payable (Note 3, Page 10) | 874,214 | 291,140 |
| | <u>(53,156,619)</u> | <u>1,558,422</u> |
| Financing Activities | | |
| Long-term financing issued | 27,000,000 | - |
| Debt repaid and sinking fund contributions | (5,352,843) | (4,786,591) |
| | <u>21,647,157</u> | <u>(4,786,591)</u> |
| Increase (Decrease) in Cash and Cash Equivalents During the Year | (31,509,462) | (3,228,169) |
| Cash and Cash Equivalents, Beginning of Year | 40,834,866 | 44,063,035 |
| Additional School Activities Funds (Note 13, Page 18) | 328,896 | - |
| Cash and Cash Equivalents, End of Year | <u>\$ 9,654,300</u> | <u>\$ 40,834,866</u> |

Simcoe Muskoka Catholic District School Board

Notes to Financial Statements

For the Year Ended August 31, 2005

1. Significant Accounting Policies

The financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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 activities 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 financial statements.

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

(b) Trust Funds

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

(c) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

(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

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 Statement of Financial Position at the lower of cost or market value.

(f) Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported. Capital assets are reported as expenditures on the Statement of Financial Activities in the year of acquisition.

Simcoe Muskoka Catholic District School Board

Notes to Financial Statements

For the Year Ended August 31, 2005

1. Significant Accounting Policies (continued)

(g) 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.

(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 gratuities, workers' compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

- (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) Reserves and Reserve Funds

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

Simcoe Muskoka Catholic District School Board

Notes to Financial Statements

For the Year Ended August 31, 2005

1. Significant Accounting Policies (continued)

(j) Government Transfers

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

(k) Investment Income

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds are reported as revenue in the period earned.

Investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education is added to the fund balance and forms part of the respective deferred revenue 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. 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 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 Statement of Financial Position date based on relevant information and information about the financial instruments.

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

2. Deferred Revenue - Externally Restricted

The use of certain reserve funds are restricted by Government of Ontario regulations. It is a requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants that these reserve funds be reported as deferred revenue.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement is comprised of:

| | <u>2005</u> | <u>2004</u> |
|---|----------------------------|----------------------------|
| Learning Improvements | | |
| Balance, beginning of year | \$ 15,005 | \$ 15,005 |
| Increase (decrease) in deferred revenue | <u>1,544,617</u> | <u>-</u> |
| Balance, end of year | <u>1,559,622</u> | <u>15,005</u> |
| Education Development Charges | | |
| Balance, beginning of year | 1,106,281 | 523,717 |
| Increase (decrease) in deferred revenue | <u>(326,558)</u> | <u>560,875</u> |
| Interest earned | 27,752 | 21,689 |
| Balance, end of year | <u>807,475</u> | <u>1,106,281</u> |
| Special Education Accessibility | | |
| Balance, beginning of year | - | 19,786 |
| Increase (decrease) in deferred revenue | <u>-</u> | <u>(19,786)</u> |
| Balance, end of year | <u>-</u> | <u>-</u> |
| Proceeds of Disposal | | |
| Balance, beginning of year | 16,974 | 16,974 |
| Increase (decrease) in deferred revenue | <u>207,308</u> | <u>-</u> |
| Balance, end of year | <u>224,282</u> | <u>16,974</u> |
| Distant School and Student Success | | |
| Balance, beginning of year | 516,647 | - |
| Increase (decrease) in deferred revenue | <u>(332,508)</u> | <u>516,647</u> |
| Balance, end of year | <u>184,139</u> | <u>516,647</u> |
| Total Deferred Revenue - Externally Restricted | <u>\$ 2,775,518</u> | <u>\$ 1,654,907</u> |

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

3. Retirement and Other Employee Future Benefits

| | <u>2005</u> | <u>2004</u> |
|---|----------------------|---------------------|
| Retirement and Other Employee Future Benefit Liabilities | | |
| Liability, beginning of year | \$ 6,344,270 | \$ 6,053,130 |
| Non-vesting sick leave accumulated benefit obligation at September 1, 2004 | <u>7,356,676</u> | - |
| | <u>13,700,946</u> | <u>6,053,130</u> |
| Employee future benefits expense | | |
| Current year benefit cost | 997,347 | 490,183 |
| Interest on accrued benefit obligation | 872,527 | 390,616 |
| Recognized actuarial gains(losses) | <u>29,161</u> | - |
| | <u>1,899,035</u> | 880,799 |
| Benefits paid during the year | <u>(1,024,821)</u> | <u>(589,659)</u> |
| | <u>874,214</u> | <u>291,140</u> |
| Liability, end of year | <u>\$ 14,575,160</u> | <u>\$ 6,344,270</u> |
| Accrued Employee Future Benefit Obligations | | |
| Accrued employee future benefit obligations | \$ 16,418,545 | \$ 6,691,329 |
| Unamortized actuarial gains (losses) | <u>(1,843,385)</u> | <u>(347,059)</u> |
| Employee future benefit liability | <u>\$ 14,575,160</u> | <u>\$ 6,344,270</u> |

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 Ontario's 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, 2004 employee contribution rates were up to 8.8% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2005, the Board contributed \$1,081,770 (2004 - \$738,531) 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.

Simcoe Muskoka Catholic District School Board

Notes to Financial Statements

For the Year Ended August 31, 2005

3. Retirement and Other Employee Future 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 insurance premiums for the year ended August 31, 2005 were \$1,109,489 (2004 - \$978,229) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the 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. Beginning in 2005, the Board obtained an actuarial valuation of the non-vesting sick leave accumulation benefits at year end. The Board has opted to report this liability retroactively without restatement. As a result, the non-vesting sick leave accumulation benefits are reported as of August 31, 2005 but these benefits are not included in the August 31, 2004 comparative figures. The accrued benefit obligation of non-vesting sick leave accumulation benefits at September 1, 2004 was \$7,356,676.

Actuarial Report

The accrued benefit obligations for employee future benefit plans as at August 31, 2005 are based on actuarial valuations for accounting purposes as at August 31, 2005 as indicated in an actuarial report dated October 2005 except for long-term disability life insurance and health care benefits. These benefit obligations are based on actuarial valuations for accounting purposes as at August 31, 2005 as indicated in an actuarial report dated November 2003.

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

3. Retirement and Other Employee Future Benefits (continued)

Economic Assumptions

The actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are:

| | 2005 | 2004 |
|---|-------------|------|
| | % | % |
| Inflation | 2.00 | 2.00 |
| Wage and salary escalation | 2.00 | 2.00 |
| Insurance and health care cost escalation | 2.00 | 2.00 |
| Discount on accrued benefit obligations | 5.00 | 6.25 |

4. Net Long-Term Liabilities

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

| | 2005 | 2004 |
|--|-----------------------------|-----------------------------|
| Debenture 1991 - Bylaw 2304-91 | \$ 480,000 | \$ 690,000 |
| Debenture 1992 - Bylaw 2402-92 | 720,000 | 790,000 |
| Debenture 1994 - Bylaw 2603-94 | 2,840,000 | 3,000,000 |
| Debenture 1995 - Bylaw 2701-95 | 2,840,000 | 3,000,000 |
| Debenture 1996 (1) - Bylaw 2801-96 | 5,800,000 | 6,100,000 |
| Debenture 1996 (2) - Bylaw 2803-96 | 2,900,000 | 3,075,000 |
| Debenture 1997 - Bylaw 2903-97 | 3,357,000 | 3,522,000 |
| Debenture 2000 (OSBFC #1) - Bylaw 3201-00 | 13,612,305 | 13,910,712 |
| Debenture 2002 (OSBFC #4) - Bylaw 3402-02 | 22,802,291 | 23,279,375 |
| Debenture 2004 (OSBFC #5) - Bylaw 3601-04 | 26,741,756 | - |
| Sinking Fund Debenture (OMIC #1 1991) - Bylaw 2301-91 | 1,568,496 | 1,917,508 |
| Sinking Fund Debenture (OMIC #2 1991) - Bylaw 2303-91 | 1,365,069 | 1,683,525 |
| Sinking Fund Debenture (OMIC #1 1992) - Bylaw 2401-92 | 3,165,898 | 3,699,288 |
| Sinking Fund Debenture (OSBFC #2 2000) - Bylaw 3202-00 | 61,490,526 | 63,302,263 |
| Sinking Fund Debenture (OSBFC #3 2003) - Bylaw 3401-02 | 2,694,350 | 2,760,864 |
| | <u>\$152,377,691</u> | <u>\$130,730,535</u> |

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

4. Net Long-Term Liabilities (continued)

Principal payments relating to net long-term liabilities of \$152,377,691 outstanding as at August 31, 2005 are due as follows:

| | Principal and Sinking Fund Contributions | Interest | Total |
|------------|--|----------------------|----------------------|
| 2005/06 | \$ 4,565,304 | \$ 11,322,443 | \$ 15,887,747 |
| 2006/07 | 4,718,951 | 11,117,166 | 15,836,117 |
| 2007/08 | 4,667,793 | 10,913,115 | 15,580,908 |
| 2008/09 | 4,900,157 | 10,758,473 | 15,658,630 |
| 2009/10 | 5,113,390 | 10,477,827 | 15,591,217 |
| Thereafter | 128,412,096 | 45,376,998 | 173,789,094 |
| | <u>\$152,377,691</u> | <u>\$ 99,966,022</u> | <u>\$252,343,713</u> |

Included in net long-term debt are outstanding debentures of \$70,284,339 (2004 - \$73,363,448) secured by sinking fund assets with a carrying and market value of \$16,403,360. Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures.

Le Conseil Scolaire de District Catholique Centre - Sud has assumed responsibility for the repayment of \$832,564 of the net long-term debt. This amount is included as part of the Amounts to be Recovered in Future Periods. Principal amounting to \$418,384 plus interest amounting to \$613,524 is recoverable over the next five years from this school board.

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

5. Reserve Funds

Reserve funds set aside for specific purposes by the Board are comprised of:

| | <u>2005</u> | <u>2004</u> |
|---------------------------------------|----------------------|----------------------|
| Learning Improvements Reserve | | |
| Balance, beginning of year | \$ 200,000 | \$ 338,000 |
| Transfer from (to) the operating fund | <u>(200,000)</u> | <u>(138,000)</u> |
| Balance, end of year | <u>-</u> | <u>200,000</u> |
| Non-Capital Reserve (Clarica) | | |
| Balance, beginning of year | 550,000 | 550,000 |
| Interest earned | 9,634 | - |
| Transfer from (to) the operating fund | <u>102,000</u> | <u>-</u> |
| Balance, end of year | <u>661,634</u> | <u>550,000</u> |
| Pupil Accommodation Reserve | | |
| Balance, beginning of year | 32,574,649 | 20,815,695 |
| Interest earned | 1,068,597 | 808,163 |
| Transfer from (to) operating fund | 3,260,810 | (1,858,029) |
| Transfer from (to) capital fund | <u>5,068,804</u> | <u>12,808,820</u> |
| Balance, end of year | <u>41,972,860</u> | <u>32,574,649</u> |
| Working Funds Reserve | | |
| Balance, beginning of year | 150,000 | 300,000 |
| Transfer from (to) operating fund | <u>(150,000)</u> | <u>(150,000)</u> |
| | <u>-</u> | <u>150,000</u> |
| | <u>\$ 42,634,494</u> | <u>\$ 33,474,649</u> |

6. Amounts to be Recovered in Future Years

| | <u>2005</u> | <u>2004</u> |
|--|----------------------|----------------------|
| Capital Outlay to be Recovered in Future Years | | |
| Net long term debt (Note 4) | \$152,377,691 | \$130,730,535 |
| Amounts to be Financed in Future Years | | |
| Retirement and other employee future benefits liability (Note 3) | 14,575,160 | 6,344,270 |
| Vacation accrual | 555,322 | 371,013 |
| Interest accrual | <u>3,910,885</u> | <u>3,553,455</u> |
| | <u>\$171,419,058</u> | <u>\$140,999,273</u> |

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

7. Debt Charges and Interest

The expenditure for debt charges, sinking fund contributions and interest payments are as follows:

| | <u>2005</u> |
|--|----------------------|
| Principal payments on long-term liabilities including contributions to sinking funds | \$ 5,352,843 |
| Interest payments on long-term liabilities | <u>11,119,987</u> |
| | <u>\$ 16,472,830</u> |

8. 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.

9. Contractual Obligations and Contingent Liabilities

The Board has outstanding contractual obligations of approximately \$10,500,068 and outstanding letters of credit of \$728,290 for uncompleted capital projects at August 31, 2005.

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.

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

10. Commitments

The Board has operating leases for its premises at 80 Bell Farm Road in Barrie at \$10,060 per month until May 2007 and at \$11,066 per month until May 2009, for its premises at 566 Bryne Drive in Barrie at \$1,672 per month under a lease expiring July 2006 and for its premises in the Bayfield Mall in Barrie at \$1,674 per month under a lease expiring March 2006.

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 and thereafter are as follows:

| | |
|------------|---------------------|
| 2006 | \$ 719,668 |
| 2007 | 692,571 |
| 2008 | 701,625 |
| 2009 | 668,427 |
| 2010 | 568,833 |
| Thereafter | <u>3,460,398</u> |
| | <u>\$ 6,811,522</u> |

11. Tuition Fees

During the year the Board billed the Beausoleil and Mnjikaning First Nations, on behalf of First Nations Pupils, \$147,764 in tuition fees.

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

12. Public Sector Salary Disclosure Act

For the calendar year 2004, the following employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1997, of \$100,000 or more:

| <u>Name</u> | <u>Position</u> | <u>Salary Paid</u> | <u>Taxable Benefits</u> |
|----------------------|---|--------------------|-------------------------|
| Brian Beal | Superintendent of Schools | \$ 115,728 | \$ 78 |
| Miryam Blasko | Elementary School Principal | \$ 107,627 | \$ 71 |
| James Burns | Superintendent of Programme and Services | \$ 127,627 | \$ 78 |
| Glenn Clarke | Controller of Plant | \$ 124,321 | \$ 78 |
| William Connors | Superintendent of Schools | \$ 127,627 | \$ 78 |
| Peter Derochie | Associate Director of Education (Business and Finance) | \$ 153,737 | \$ 78 |
| Delio Di Giovanni | Assistant to the Superintendent of Programme and Services | \$ 104,357 | \$ 74 |
| Pia Elston | Controller of Finance | \$ 101,199 | \$ 78 |
| Diane Legg | Manager of Corporate Communications and Public Affairs | \$ 100,548 | \$ 78 |
| Catherine McCullough | Superintendent of Schools | \$ 126,712 | \$ 78 |
| Michael O'Keefe | Director of Education | \$ 157,831 | \$ 253 |
| Enda Soostar | Associate Superintendent of Human Resources | \$ 126,149 | \$ 78 |

Simcoe Muskoka Catholic District School Board
Notes to Financial Statements
For the Year Ended August 31, 2005

13. Additional School Activities Funds

During 2005 it was discovered that there were additional school activities funds, including Catholic School Community Council and Parent group funds, that were not reported at August 31, 2004. The opening balance for these amounts is \$328,896 and is reported as an adjustment to the opening fund balance for 2005. No information regarding these funds is available for 2004, thus no amounts for these funds have been included in the 2004 figures.

14. Correction of Prior Period Reporting Error

During the 2005 audit, the following reporting errors were discovered:

- (i) \$128,922 of Learning Improvement funds were recorded as internally restricted reserves when they were in fact externally restricted deferred revenue.
- (ii) \$19,916,520 of Pupil Accommodations funds were recorded as externally restricted deferred revenue when they were in fact internally restricted reserves.
- (iii) The debt payment of \$564,348 regarding the 55 Board Trust was not recorded.
- (iv) The liability relating to the portion of Outstanding Capital Commitments grant (50%) that belongs to Le Conseil Scolaire de District Catholique Centre - Sud regarding Marguerite Bourgeois school was not recorded.

As a result the financial statements at August 31, 2004 have been restated as follows:

- (i) Accounts payable and accrued liabilities increased by \$715,039
- (ii) Deferred revenue decreased by \$19,787,528
- (iii) Provincial grants - student focused funding decreased by \$1,821,325
- (iv) Provincial grants - other decreased by \$15,005
- (v) Investment income increased by \$808,163
- (vi) Other expenditures increased by \$715,039

These corrections increased the Boards' Net Financial Position by \$19,072,489 at August 31, 2004. This increase is broken down as follows:

- (i) Operating fund balance decreased by \$564,348
 - (ii) Reserve fund balance increased by \$19,636,837
-

15. Comparative Figures

The comparative figures were audited by another chartered accounting firm.

Simcoe Muskoka Catholic District School Board
Schedule 1 - Operating Fund
For the Year Ended August 31, 2005

| | Budget August 31 2005 | Actual August 31 2005 | Actual August 31 2004 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Local taxation | \$ 34,663,338 | \$ 36,718,681 | \$ 35,349,220 |
| Provincial grants - student focused funding | 137,978,128 | 137,379,327 | 129,303,497 |
| Provincial grants - other | 1,293,954 | 944,449 | 426,421 |
| Federal grants and fees | 220,418 | 147,764 | 214,427 |
| Other revenues - school boards | - | 351,995 | 67,935 |
| Other fees and revenues | 911,614 | 374,933 | 742,115 |
| Investment income | - | 1,209,737 | 1,021,275 |
| | <u>175,067,452</u> | <u>177,126,886</u> | <u>167,124,890</u> |
| Expenditures | | | |
| Instruction | 125,442,990 | 127,057,879 | 114,739,177 |
| Administration | 5,703,651 | 5,934,904 | 5,472,640 |
| Transportation | 10,350,756 | 10,594,998 | 10,209,697 |
| School operations and maintenance | 14,975,296 | 14,931,899 | 14,836,930 |
| Pupil accommodation | 10,022,351 | 11,119,987 | 10,127,942 |
| Other non-operating expenditure | 463,127 | 602,774 | 786,350 |
| | <u>166,958,171</u> | <u>170,242,441</u> | <u>156,172,736</u> |
| Net Revenue (Expenditures) | 8,109,281 | 6,884,445 | 10,952,154 |
| Increase (Decrease) in Non-Financial Assets - Prepaid Expenses | - | (15,160) | 78,141 |
| Change in Net Assets (Liabilities) | 8,109,281 | 6,869,285 | 11,030,295 |
| Financing Transactions | | | |
| Debt principal repayments and sinking fund contributions | (3,907,364) | (5,352,843) | (4,786,591) |
| Increase in unfunded liabilities | - | 1,415,953 | 430,362 |
| Change in Amounts to be Recovered | (3,907,364) | (3,936,890) | (4,356,229) |
| Net Transfers (To) From Other Funds | | | |
| Transfer (to) from Capital Fund | (3,767,589) | (14,741,381) | (7,158,376) |
| Transfer (to) from Reserve Funds | (2,484,328) | 10,477,371 | 2,146,029 |
| | <u>(6,251,917)</u> | <u>(4,264,010)</u> | <u>(5,012,347)</u> |
| Change in Operating Fund Balance | (2,050,000) | (1,331,615) | 1,661,719 |
| Opening Balance - Operating Fund (Note 14, Page 18) | 2,050,000 | 1,661,360 | (359) |
| Closing Balance - Operating Fund | \$ - | \$ 329,745 | \$ 1,661,360 |

Simcoe Muskoka Catholic District School Board
Schedule 2 - Capital Fund
For the Year Ended August 31, 2005

| | Budget August 31 2005 | Actual August 31 2005 | Actual August 31 2004 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Educational development charges | \$ - | \$ 1,165,180 | \$ 633,462 |
| Expenditures | | | |
| Instruction - furniture, equipment and computers | 1,198,518 | 1,036,571 | 1,551,617 |
| Administration - furniture, equipment and computers | 53,400 | 48,185 | 58,744 |
| School operations and maintenance - maintenance vehicles and equipment | 174,200 | 166,444 | 33,651 |
| Pupil accommodation | 2,341,471 | 26,977,914 | 11,236,371 |
| Total Expenditures | 3,767,589 | 28,229,114 | 12,880,383 |
| Net Revenue (Expenditures) | (3,767,589) | (27,063,934) | (12,246,921) |
| Long-Term Financing Issued | - | 27,000,000 | - |
| Net Transfer From (To) Other Funds | | | |
| Transfers from (to) Operating Fund | 3,767,589 | 14,741,381 | 7,158,376 |
| Transfers from (to) Reserve Funds | - | (18,558,985) | (12,808,820) |
| | 3,767,589 | (3,817,604) | (5,650,444) |
| Change in Capital Fund Balance | - | (3,881,538) | (17,897,365) |
| Opening Balance - Capital Fund | - | - | 17,897,365 |
| Closing Balance - Capital Fund | \$ - | \$ (3,881,538) | \$ - |

Simcoe Muskoka Catholic District School Board
Schedule 3 - Reserve Funds
For the Year Ended August 31, 2005

| | Budget August 31 2005 | Actual August 31 2005 | Actual August 31 2004 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Interest earned | \$ - | \$ 1,078,231 | \$ 808,163 |
| Net Transfers (To) From Other Funds | | | |
| Transfers from (to) Operating Fund | 2,484,328 | (10,477,371) | (2,146,029) |
| Transfers from (to) Capital Fund | - | 18,558,985 | 12,808,820 |
| | 2,484,328 | 8,081,614 | 10,662,791 |
| Change in Reserve Funds Balance | 2,484,328 | 9,159,845 | 11,470,954 |
| Opening Balance - Reserve Funds (Note 14, Page 18) | 13,837,812 | 33,474,649 | 22,003,695 |
| Closing Balance - Reserve Funds (Note 5, Page 14) | \$ 16,322,140 | \$ 42,634,494 | \$ 33,474,649 |

Simcoe Muskoka Catholic District School Board
Schedule 4 - School Activities Fund
For the Year Ended August 31, 2005

| | Budget August 31 2005 | Actual August 31 2005 | Actual August 31 2004 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| School fund raising and other revenue | \$ - | \$ 6,696,957 | \$ 5,085,467 |
| Expenditures | | | |
| School-funded activities | - | 6,516,833 | 4,988,114 |
| Net Revenue (Expenditures) | - | 180,124 | 97,353 |
| Opening Balance - School Activities Fund | - | 994,929 | 897,576 |
| Additional School Activities Funds (Note 13, Page 18) | - | 328,896 | - |
| Closing Balance - School Activities Fund | \$ - | \$ 1,503,949 | \$ 994,929 |