



Grant Thornton

Consolidated Financial Statements

Simcoe Muskoka Catholic District School Board

August 31, 2012

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MANAGEMENT REPORT

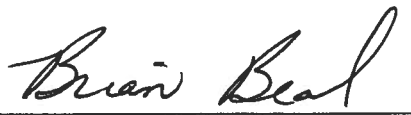
The accompanying consolidated financial statements of the Simcoe Muskoka Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

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

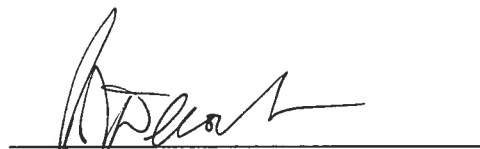
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

The Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



Director of Education



Associate Director of Education
(Business & Finance)

November 28, 2012



Independent Auditor's 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, 2012, 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 in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Management's responsibility for the 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 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Simcoe Muskoka Catholic District School Board as at and for the year ended August 31, 2012 are prepared, in all material respects, 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 used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Note 1 further describes how these are the first set of financial statements for the Simcoe Muskoka Catholic District School Board prepared in accordance with Ontario Regulation 395/11. This resulted in a new reporting framework which was applied retrospectively to the comparative information in these consolidated financial statements including the consolidated statement of financial position as at August 31, 2011 and the consolidated statements of operations and cash flows as at August 31, 2011, and related disclosures. We were not engaged to report on the comparative information under the new framework, and as such, it is unaudited.

Other Matters

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly we do not express an opinion on the budget figures.

Grant Thornton LLP

Orillia, Ontario
November 28, 2012

Chartered Accountants
Licensed Public Accountant

Simcoe Muskoka Catholic District School Board Consolidated Statements of Operations

Years ended August 31	Budgeted (unaudited)	2012	2011 (unaudited)
Revenue			
Provincial grants			
Grants for student needs (Note 2)	\$ 176,674,079	\$ 177,651,652	\$ 174,702,504
- Other	2,982,310	4,329,824	3,428,276
Local taxation	43,671,823	41,805,700	42,728,881
School generated funds	8,032,377	7,226,900	7,819,305
Federal grants and fees	490,993	510,704	281,357
Investment income	-	193,807	406,001
Other revenue – school boards	-	-	194,326
Other fees and revenue	279,144	1,350,776	1,760,888
Deferred capital contribution revenue	<u>8,910,399</u>	<u>10,850,986</u>	<u>10,113,609</u>
Total revenue	<u>241,041,125</u>	<u>243,920,349</u>	<u>241,435,147</u>
Expenses			
Instruction	181,026,362	167,323,773	171,842,850
Administration	6,987,615	6,175,007	6,902,604
Transportation	12,240,754	12,409,509	12,722,894
Pupil accommodation	36,382,256	37,934,665	36,453,981
School generated funds	8,013,112	7,277,161	7,756,246
Other	<u>699,492</u>	<u>403,127</u>	<u>407,400</u>
Total expenses	<u>245,349,591</u>	<u>231,523,242</u>	<u>236,085,975</u>
Annual surplus (deficit)	<u>(4,308,466)</u>	<u>12,397,107</u>	<u>5,349,172</u>
Accumulated surplus, beginning of year	(8,282,937)	13,364,046	8,007,717
Adjustments to school generated funds (Note 15)	<u>-</u>	<u>-</u>	<u>7,157</u>
Accumulated surplus, end of year (Note 9)	<u>\$ (12,591,403)</u>	<u>\$ 25,761,153</u>	<u>\$ 13,364,046</u>

See accompanying notes to the consolidated financial statements.

Simcoe Muskoka Catholic District School Board Consolidated Statements of Financial Position

August 31 2012 2011
(unaudited)

Financial assets

Cash	\$ 3,903,449	\$ 8,065,100
Receivables (Note 2)	<u>146,266,983</u>	<u>148,481,353</u>
	<u>150,170,432</u>	<u>156,546,453</u>

Liabilities

Bank indebtedness (Note 7)	6,290,187	-
Payables and accruals	10,885,335	15,218,232
Deferred revenue (Note 4)	6,014,542	4,100,610
Retirement and other employee future benefits liabilities (Note 6)	11,037,132	23,159,080
Net long-term liabilities (Note 8)	128,916,830	135,521,323
Deferred capital contributions (Note 5)	<u>222,087,016</u>	<u>221,435,801</u>
	<u>385,231,042</u>	<u>399,435,046</u>

Net debt	<u>(235,060,610)</u>	<u>(242,888,593)</u>
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Non-financial assets

Prepaid expenses	228,965	1,077,122
Tangible capital assets (Note 3)	<u>260,592,798</u>	<u>255,175,517</u>
Total non-financial assets	<u>260,821,763</u>	<u>256,252,639</u>

Accumulated surplus (Note 9)	<u>\$ 25,761,153</u>	<u>\$ 13,364,046</u>
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Approved by the Director

 Director

See accompanying notes to the consolidated financial statements.

Simcoe Muskoka Catholic District School Board Consolidated Statements of Cash Flows

August 31	2012	2011 (unaudited)
Increase (decrease) in cash		
Operating activities		
Annual surplus	\$ 12,397,107	\$ 5,349,172
Sources and (uses)		
Non-cash items including amortization, write downs and gain/loss on disposal	11,627,744	10,501,570
Decrease (increase) in accounts receivable	2,214,370	(4,113,775)
Decrease (increase) in investments	-	97,738
Decrease in payables and accruals	(4,332,897)	(733,764)
Increase (decrease) in deferred revenue	1,913,932	(2,875,873)
Increase in deferred capital contributions	651,214	9,913,494
(Decrease) increase in retirement and other employee future benefits liabilities	(12,121,948)	1,451,078
Decrease (increase) in non-financial assets – prepaid expenses	<u>848,157</u>	<u>(679,152)</u>
	<u>13,197,679</u>	<u>18,910,488</u>
Financing activities		
Increase in temporary borrowing	6,290,187	-
Long term financing issued	-	54,649,497
Debt repaid and sinking fund contributions	<u>(6,604,493)</u>	<u>(55,891,628)</u>
	<u>(314,306)</u>	<u>(1,242,131)</u>
Capital activities		
Cash used to acquire tangible capital assets	<u>(17,045,024)</u>	<u>(21,723,898)</u>
Decrease in cash and cash equivalents during the year	(4,161,651)	(4,055,541)
Cash and cash equivalents, beginning of year	8,065,100	12,113,484
Adjustments to school activities funds (Note 15)	<u>-</u>	<u>7,157</u>
Cash, end of year	<u>\$ 3,903,449</u>	<u>\$ 8,065,100</u>

See accompanying notes to the consolidated financial statements.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies

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

Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies (continued)

Basis of Accounting (continued)

Regulation 395/11, "Accounting Policies and Practices Public Entities" was released in the fall of 2011 requiring that the school board comply with the related accounting policy requirements described above. Prior to the release of this Regulation the consolidated financial statements as at and for the year ended August 31, 2011 were originally prepared under a special purpose framework as directed by the Ministry of Education. As a result, these are the first financial statements of the School Board prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("new financial reporting framework"). The School Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements. There are no changes to accumulated surplus on the statement of financial position as at August 31, 2011 or the annual surplus on the statement of operations for the year ended August 31, 2011 as a result of the transition to this new financial reporting framework.

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 (Note 17)
- School Generated Funds

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

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.

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.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies (continued)

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.

Deferred Capital Contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

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. On September 11th, 2012, the Government of Ontario passed Bill 115, Putting Students First Act which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rate, long-term inflation rates and discount rates.

In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies (continued)

Retirement and Other Employee Future Benefits (continued)

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

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

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:

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies (continued)

Tangible Capital Assets (continued)

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Equipment	5 to 15 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 and held for resale 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.

Government Transfers

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

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

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.

Long-term Liabilities

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

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

1. Significant accounting policies (continued)

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported revenues and expenditures during the year. Accounts subject to significant estimates include retirement and other employee future benefits and estimated useful lives of tangible capital assets. 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.

Financial Instruments

The Board's financial instruments consist of cash, receivables, bank indebtedness, payables and accruals and net long-term liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

2. Accounts Receivable - Government of Ontario Approved Capital

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. 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 annually capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$137,638,009 (2011 - \$137,388,699) with respect to capital grants.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

3. Tangible Capital Assets (2012)

	Opening Balance	Costs		Closing Balance	Opening Balance	Accumulated amortization		Closing Balance	Net Book Value 2012
		Additions	Disposals			Amortization	Disposals		
Land	\$ 26,257,204	\$ 2,890,392	\$ -	\$ 29,147,596	\$ -	\$ -	\$ -	\$ -	\$ 29,147,596
Land improvements	2,135,548	27,583	69,468	2,093,663	497,883	197,877	69,470	626,290	1,467,373
Building	299,904,728	19,718,377	901,060	318,722,045	93,623,156	9,788,663	901,060	102,510,759	216,211,286
Portable structures	7,487,117	-	608,000	6,879,117	5,153,308	290,907	608,000	4,836,215	2,042,902
Construction in progress	14,656,481	8,106,674	16,833,195	5,929,960	-	-	-	-	5,929,960
Equipment – 5 years	75,652	-	25,934	49,716	58,143	12,535	25,934	44,744	4,972
Equipment – 10 years	818,677	2,551,420	45,705	3,324,392	313,429	207,153	45,705	474,877	2,849,515
Equipment – 15 years	304,513	-	-	304,513	10,150	20,301	-	30,451	274,062
Furniture	56,180	-	7,426	48,756	39,406	5,247	7,426	37,227	11,529
First time equipping	4,833,149	394,151	1,446,081	3,781,219	3,170,796	429,804	1,446,082	2,154,518	1,626,701
Computer hardware	2,832,656	130,395	133,085	2,829,966	1,504,085	566,262	133,085	1,937,262	892,704
Computer software	422,201	8,045	160,079	270,167	327,557	69,237	160,079	236,715	33,452
Vehicles	<u>326,569</u>	<u>51,180</u>	<u>-</u>	<u>377,749</u>	<u>237,245</u>	<u>39,758</u>	<u>-</u>	<u>277,003</u>	<u>100,746</u>
	<u>\$ 360,110,675</u>	<u>\$ 33,878,217</u>	<u>\$ 20,230,033</u>	<u>\$ 373,758,859</u>	<u>\$ 104,935,158</u>	<u>\$ 11,627,744</u>	<u>\$ 3,396,841</u>	<u>\$ 113,166,061</u>	<u>\$ 260,592,798</u>

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

3. Tangible Capital Assets (2011 – unaudited)

	Opening Balance (unaudited)	Costs		Closing Balance	Opening Balance	Accumulated amortization		Closing Balance	Net Book Value 2011 (unaudited)
		Additions	Disposals			Amortization	Disposals		
Land	\$ 24,632,881	\$ 1,624,323	-	\$ 26,257,204	-	-	-	-	26,257,204
Land improvements	2,050,875	84,673	-	2,135,548	352,505	145,378	-	497,883	1,637,665
Building	283,120,218	16,784,510	-	299,904,728	85,013,999	8,609,157	-	93,623,156	206,281,572
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
Construction in progress	12,008,151	15,174,579	12,526,249	14,656,481	-	-	-	-	14,656,481
Equipment – 5 years	75,652	-	-	75,652	43,013	15,130	-	58,143	17,509
Equipment – 10 years	769,171	106,558	57,052	818,677	291,089	79,392	57,052	313,429	505,248
Equipment – 15 years	283,970	20,543	-	304,513	-	10,150	-	10,150	294,363
Furniture	68,091	-	11,911	56,180	45,103	6,214	11,911	39,406	16,774
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
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
Computer software	1,104,969	-	682,768	422,201	857,608	152,717	682,768	327,557	94,644
Vehicles	273,768	52,801	-	326,569	200,936	36,309	-	237,245	89,324
	\$ 343,627,270	\$ 34,250,147	\$ 17,766,742	\$360,110,675	\$ 99,674,082	\$ 10,501,569	\$ 5,240,493	\$ 104,935,158	\$ 255,175,517

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

3. Tangible Capital Assets (continued)

Assets under construction

Assets under construction having a value of \$5,929,959 (2011 - \$14,656,481) have not been amortized. Amortization of these assets will commence when the assets are put in to service.

4. Deferred Revenue

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

These amounts in deferred revenue are composed of:

	<u>2012</u>	<u>2011</u> (unaudited)
Learning Improvements		
Balance, beginning of year	\$ 2,394,494	\$ 1,897,709
Externally restricted revenue	30,473,553	27,653,042
Revenue recognized in the period	<u>(29,611,761)</u>	<u>(27,156,257)</u>
Balance, end of year	<u>3,256,286</u>	<u>2,394,494</u>
Education Development Charges		
Balance, beginning of year	233,176	230,697
Externally restricted revenue	895,283	1,077,026
Revenue recognized in the period	<u>(903,624)</u>	<u>(1,088,088)</u>
Interest earned	<u>10,919</u>	<u>13,541</u>
Balance, end of year	<u>235,754</u>	<u>233,176</u>
Pupil Accommodation – School Renewal and School Condition Improvement		
Balance, beginning of year	401,114	-
Externally restricted revenue	3,944,000	2,258,076
Revenue recognized in the period	<u>(602,287)</u>	<u>(767,703)</u>
Transfers (to) deferred capital contributions	<u>(2,100,210)</u>	<u>(1,089,259)</u>
Balance, end of year	<u>1,642,617</u>	<u>401,114</u>
Proceeds of Disposal		
Balance, beginning and end of year	\$ <u>296,328</u>	\$ <u>296,328</u>

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

4. Deferred Revenue (continued)

	<u>2012</u>	<u>2011</u> (unaudited)
Green Schools Pilot		
Balance, beginning of year	\$ 4,344	\$ 24,887
Revenue recognized in the period	<u>-</u>	<u>(20,543)</u>
Balance, end of year	<u>4,344</u>	<u>4,344</u>
Energy Efficient Schools		
Balance, beginning of year	223,452	4,105,094
Externally restricted revenue	826,711	6,637,937
Transfers (to) deferred capital contributions	<u>(1,050,163)</u>	<u>(10,519,579)</u>
Balance, end of year	<u>-</u>	<u>223,452</u>
Renewable Energy		
Balance, beginning of year	3,019	-
Externally restricted revenue	-	1,246,935
Transfers (to) deferred capital contributions	<u>(3,019)</u>	<u>(1,243,916)</u>
Balance, end of year	<u>-</u>	<u>3,019</u>
Total deferred revenue – externally restricted	5,435,329	3,555,927
Other deferred revenue	<u>579,225</u>	<u>544,683</u>
Total deferred revenue	\$ <u>6,014,554</u>	\$ <u>4,100,610</u>

5. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	<u>2012</u>	<u>2011</u> (unaudited)
Balance, beginning of year	\$ 221,435,801	\$ 211,522,307
Additions to deferred capital contributions	11,502,199	20,027,103
Revenue recognized in the period	<u>(10,850,984)</u>	<u>(10,113,609)</u>
Balance, end of year	\$ <u>222,087,016</u>	\$ <u>221,435,801</u>

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

6. Retirement and other employee future benefits

Retirement and other employee future benefits as of August 31, 2012 were as follows:

a) Employee future benefits liabilities:

	Retirement Benefits	Other Employee Future Benefits	<u>2012</u> Total Employee Future Benefits	<u>2011</u> Total Employee Future Benefits (unaudited)
Accrued employee future benefits obligation	\$ 10,386,463	\$ 650,669	\$ 11,037,132	\$ 29,131,060
Unamortized actuarial gains (losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,971,980)</u>
Employee future benefits liability	<u>\$ 10,386,463</u>	<u>\$ 650,669</u>	<u>\$ 11,037,132</u>	<u>\$ 23,159,080</u>

b) Employee future benefits expenses:

Current year benefit cost	\$ 1,011,100	\$ 741,341	\$ 1,752,441	\$ 1,320,454
Curtailment gain	(6,602,307)	(13,190,059)	(19,792,366)	-
Interest on accrued benefits obligation	621,249	526,997	1,148,246	1,265,501
Recognized actuarial loss	750,814	19,449	770,263	412,594
Recognition of unamortized loss on plan curtailment	<u>2,521,322</u>	<u>3,450,683</u>	<u>5,972,005</u>	<u>-</u>
Employee future benefit (recovery) expenses	<u>\$ (1,697,822)</u>	<u>\$ (8,451,589)</u>	<u>\$ (10,149,411)</u>	<u>\$ 2,998,549</u>

During the year, benefit payments of \$1,972,536 (2011 - \$1,547,471) were made.

Retirement and other employee future benefits as of August 31, 2011 were as follows:

a) Employee future benefits liabilities:

	Retirement Benefits	Other Employee Future Benefits	<u>2011</u> Total Employee Future Benefits (unaudited)	<u>2010</u> Total Employee Future Benefits (unaudited)
Accrued employee future benefits obligation	\$ 15,501,914	\$ 13,629,146	\$ 29,131,060	\$ 26,054,904
Unamortized actuarial gains (losses)	<u>(2,521,323)</u>	<u>(3,450,657)</u>	<u>(5,971,980)</u>	<u>(4,346,902)</u>
Employee future benefits liability	<u>\$ 12,980,591</u>	<u>\$ 10,178,489</u>	<u>\$ 23,159,080</u>	<u>\$ 21,708,002</u>

b) Employee future benefits expenses:

Current year benefit cost	\$ 925,821	\$ 394,633	\$ 1,320,454	\$ 1,199,697
Interest on accrued benefits obligation	659,583	605,918	1,265,501	1,161,774
Recognized actuarial loss	<u>157,859</u>	<u>254,735</u>	<u>412,594</u>	<u>333,562</u>
Employee future benefit (recovery) expenses	<u>\$ 1,743,263</u>	<u>\$ 1,255,286</u>	<u>\$ 2,998,549</u>	<u>\$ 2,695,033</u>

During the year, benefit payments of \$1,547,471 (2010 - \$1,417,377) were made.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

6. Retirement and other employee future benefits (continued)

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

Plan Changes

On September 11th, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days are eliminated as of September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provisions for accumulation of unused days.

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who will retire in 2012-13. Effective September 1, 2013, any new retiree accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Actuarial Report

The accrued benefit obligations for employee future benefit plans as at August 31, 2012 are based on the most recent actuarial valuations for accounting purposes as at August 31, 2012. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2012</u>	<u>2011</u> (unaudited)
Inflation		
Retirement Gratuities	2%	3%
Non-vesting sick leave	0%	3%
Long-term disability and health care benefits	2%	3%
Wage and salary escalation		
Retirement Gratuities	0%	3%
Non-vesting sick leave	0%	3%
Health care cost trend		
Long-term disability and health care benefits	9%	8.55%
Dental care cost trend		
Long-term disability and health care benefits	5%	5.625%
Discount on accrued benefit obligations		
Retirement Gratuities	3%	4%
Non-vesting sick leave	0%	4%
Long-term disability and health care benefits	3%	4%

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

6. Retirement and other employee future benefits (continued)

Retirement Benefits (continued)

(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 consolidated 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. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2012, the Board contributed \$2,388,915 (2011 - \$1,978,240) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. In the prior year, the amount of the gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board's obligation of \$3,330,169 and a corresponding curtailment gain was reported in the consolidated statement of operations and in the accumulated surplus note as at August 31, 2012.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

6. Retirement and other employee future benefits (continued)

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, 2012 were \$1,222,203 (2011 - \$1,115,553) 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 consolidated financial statements. The Putting Students First Act, 2012 now requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of \$341,050 as at August 31, 2012.

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

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment 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) Sick Leave Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated, resulted in a one-time reduction to the obligation of \$9,745,449 and a corresponding curtailment gain was reported in the consolidated statement of operations and in the accumulated surplus note as at August 31, 2012.

(iv) Life insurance, health care and dental benefits

The Board provides a separate life insurance benefits plan for certain retirees. The Board also sponsors a separate plan for retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements. The changes to the Board's retiree life insurance, health care and dental plans resulted in a one-time increase of the Board's obligation of \$25,518 and a corresponding curtailment loss was reported in the consolidated statement of operations and in the accumulated surplus note as at August 31, 2012.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

7. Bank indebtedness

The Board has lines of credit available to the maximum of \$15 million to address operating requirements. As at August 31, 2012, no amounts had been drawn. (2011 – nil)

The Board also has non-revolving demand bridge loan credit available to a maximum of \$30,038,334 to bridge capital expenditures for four elementary schools. As at August 31, 2012, the amount drawn under this facility was \$6,290,187 (2011- nil) at an interest rate of 2.50%.

Interest on the operating facilities is the bank's prime lending rate less 0.5%, while banker's acceptances for terms not exceeding 6 months with interest repayable monthly or with each matured bankers' acceptance facility is the banker's acceptance rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

8. Net long-term liabilities

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

	<u>2012</u>	<u>2011</u> (unaudited)
Debentures		
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
Debenture 1994 - Bylaw 2603-94, semi-annual payments of principal and interest at 10% to 10.125%, maturing in July 2014	1,140,000	1,450,000
Debenture 1995 - Bylaw 2701-95, semi-annual payments of principal and interest at 9.875%, maturing in April 2015	1,140,000	1,450,000
Debenture 1996 (1) - Bylaw 2801-96, semi-annual payments of principal and interest at 8.5% to 9.1%, maturing in May 2016	2,700,000	3,250,000
Debenture 1996 (2) - Bylaw 2803-96, semi-annual payments of principal and interest at 6.75% to 7.5%, maturing in December 2016	1,500,000	1,750,000
Debenture 1997 - Bylaw 2903-97, semi-annual payments of principal and interest at 6.25% to 6.8%, maturing in December 2017	1,882,000	2,132,000
Debenture 2000 (OSBFC #1) - Bylaw 3201-00, semi-annual payments of principal and interest at 7.2%, maturing in December 2025	10,812,548	11,302,151
Debenture 2002 (OSBFC #4) - Bylaw 3402-02, semi-annual payments of principal and interest at 5.9%, maturing in October 2027	18,559,650	19,276,393

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

8. Net long-term liabilities (continued)

	<u>2012</u>	<u>2011</u> (unaudited)
Debentures (continued)		
Debenture 2004 (OSBFC #5) - Bylaw 3601-04, semi-annual payments of principal and interest at 5.483%, maturing in November 2026	22,286,924	23,031,090
Loan 2006 (OFA - GPL 1) - Bylaw 3801-06, semi-annual payments of principal and interest at 4.56%, maturing in November 2031	3,893,159	4,014,972
Loan 2008 (OFA - GPL 2) - Bylaw 4001-08, semi-annual payments of principal and interest at 4.9%, maturing in March 2033	1,724,526	1,771,454
Loan 2010 (OFA - GPL, PCS, PTR) - Bylaw 4201-10, semi-annual payments of principal and interest at 5.232%, maturing in April 2035	10,793,235	11,033,137
Loan 2010 (OFA - NPP) - Bylaw 4202-10, semi-annual payments of principal and interest at 3.942%, maturing in September 2025	<u>50,453,214</u>	<u>53,277,947</u>
	\$ <u>126,885,256</u>	\$ <u>133,879,144</u>
Sinking Fund Debentures		
Sinking Fund Debenture (OMIC #11992) - Bylaw 2401-92, semi-annual payments of principal and interest at 9.17%, maturing in July 2012	-	7,434,000
Sinking Fund Debenture (OSBFC #3 2003) - Bylaw 340 1-02, semi-annual payments of principal and interest at 5.7%, maturing in October 2017	<u>2,823,700</u>	<u>2,823,700</u>
	<u>2,823,700</u>	<u>10,257,700</u>
	129,708,956	144,136,844
Less market value of sinking fund assets	<u>(792,126)</u>	<u>(8,615,521)</u>
	\$ <u>128,916,830</u>	\$ <u>135,521,323</u>

Included in net long-term liabilities are outstanding sinking fund debentures of \$ 2,823,700 (2011 - \$10,257,700) secured by sinking fund assets with a carrying and market value of \$792,126 (2011 - \$8,615,521). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures.

Interest on long-term debt amounted to \$8,202,333 (2011 - \$8,591,450).

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

8. Net long-term liabilities (continued)

Principal payments, including the minimum contributions required to the sinking funds, relating to net long-term liabilities of \$128,916,930 outstanding as at August 31, 2012 (2011 - \$135,521,323) are due as follows:

	<u>Principal and Sinking Fund Contributions</u>	<u>Interest</u>	<u>Total</u>
2012 - 2013	\$ 7,292,321	\$ 6,681,654	\$ 13,973,975
2013 - 2014	7,731,613	6,253,760	13,985,373
2014 - 2015	8,184,635	5,796,410	13,981,045
2015 - 2016	7,734,133	5,331,866	13,065,999
2016 - 2017	7,339,895	4,906,097	12,245,992
Thereafter	<u>88,957,637</u>	<u>28,196,335</u>	<u>117,153,972</u>
	<u>\$ 127,240,234</u>	<u>\$ 57,166,122</u>	<u>\$ 184,406,356</u>

Le Conseil Scolaire de District Catholique Centre - Sud has assumed responsibility for the repayment of \$45,703 (2011 - \$49,953) of the net long-term liabilities. Principal amounting to \$87,076 (2011 - \$113,091) plus interest amounting to \$22,466 (2011 - \$131,446) are recoverable over the next five years from this school board.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

9. Accumulated Surplus (Deficit)

Accumulated surplus (deficit) consists of the following:

	<u>2012</u>	<u>2011</u> (unaudited)
Operating	\$ 1,291,748	\$ 2,959,874
Amounts restricted by board for future use		
St. Peter the Apostle working funds	-	20,638
St. Peter the Apostle music program	32,093	33,409
St. Peter the Apostle professional development	-	1,210
St. Peter the Apostle computers	41,460	41,460
Excess amortization funding	142,220	23,264
Transportation Consortium	261,839	-
Committed sinking fund interest earned	6,552,321	6,961,841
Sinking fund top up payments	-	774,677
Committed capital projects	4,677,078	4,840,621
School renewal (STH track)	-	221,000
OSBFC costs	-	16,681
Sinking fund surplus unallocated	1,723,659	220,300
Sinking fund surplus (St. Louis)	-	85,398
Employee future benefits	(11,037,132)	(23,159,080)
Interest accrued	(1,994,234)	(2,342,195)
Vacation accrued	(181,338)	(791,283)
School generated funds	1,758,997	1,809,258
Revenues recognized for land	<u>22,492,442</u>	<u>21,646,973</u>
	<u>\$ 25,761,153</u>	<u>\$ 13,364,046</u>

10. Debt charges and interest

	<u>2012</u>	<u>2011</u> (unaudited)
Principal payments on long-term liabilities including contributions to sinking funds	\$ 6,604,493	\$ 55,891,628
Interest payments on long-term liabilities	<u>7,561,447</u>	<u>8,591,450</u>
	<u>\$ 14,165,940</u>	<u>\$ 64,483,078</u>

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of \$6,604,493 (2011 - \$55,891,628) are principal payments on long-term debt of \$6,471,418 (2011 - \$49,998,429) and sinking fund interest revenue of \$133,075 (2011 - \$5,893,199).

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

11. Expenses by object

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

	<u>Budget</u> <u>(unaudited)</u>	<u>2012</u>	<u>2011</u> <u>(unaudited)</u>
Salary and wages	\$ 164,999,994	\$ 164,348,168	\$ 157,491,645
Employee benefits	22,825,846	10,704,085	22,488,710
Staff development	716,393	709,226	735,930
Supplies and services	24,722,157	22,211,511	21,928,479
Interest charges on capital	8,173,049	7,430,703	8,591,450
Rental expenses	430,603	467,080	532,552
Fees and contract services	13,366,186	13,477,193	13,307,449
Other	817,002	547,532	508,191
Amortization of tangible capital assets	<u>9,298,361</u>	<u>11,627,744</u>	<u>10,501,569</u>
	<u>\$ 245,349,591</u>	<u>\$ 231,523,242</u>	<u>\$ 236,085,975</u>

11. Ontario School Board Insurance Exchange (OSBIE)

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

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current term expires January 1, 2013.

12. Contractual obligations and contingent liabilities

The Board has outstanding contractual obligations of approximately \$14,269,044 (2011 - \$3,871,725) and outstanding letters of credit of \$1,580,017 (2011 - \$860,229) for uncompleted capital projects at August 31, 2012.

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 the Consolidated Financial Statements

August 31, 2012

13. 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 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:

2013	\$	716,719
2014		686,538
2015		568,836
2016		568,836
2017		<u>47,382</u>
	\$	<u>2,588,311</u>

14. 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, \$510,704 (2011 - \$281,357) in tuition fees.

15. 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.

16. 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.

Simcoe Muskoka Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2012

17. 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.

For the fiscal year ending August 31, 2011, the Transportation Consortium was a separate legal entity, however, a number of the Transportation Consortium's administrative and managerial practices were still segregated by the partner Boards. The Transportation Consortium's actual operating structure was more like that of a joint transportation services department than that of a separate legal entity. The Transportation Consortium had no separate bank account and all transactions were 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. The Board's pro-rata share is 50% except where the assets, liabilities, revenues and expenses can be directly tied to the Board's ridership, whereupon the allocation is based on the Board's ridership. Inter-organizational transactions and balances have been eliminated.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2012

17. Partnership in Simcoe County Student Transportation Consortium (continued)

The following provides condensed financial information for the Transportation Consortium.

	2012		2011 (unaudited)	
	<u>Total</u>	<u>Board Portion</u>	<u>Total</u>	<u>Board Portion</u>
Financial position				
Financial assets	\$ 753,607	\$ 454,881	\$ 32,042	\$ 8,000
Liabilities	<u>428,549</u>	<u>193,041</u>	<u>32,042</u>	<u>26,042</u>
Accumulated surplus (deficit)	\$ <u>325,058</u>	\$ <u>261,840</u>	\$ -	\$ (18,042)
Operations				
Revenues	\$ 31,302,057	\$ 12,426,387	\$ 31,365,767	\$ 12,228,585
Expenses	<u>30,976,999</u>	<u>12,164,547</u>	<u>31,365,767</u>	<u>12,228,585</u>
Annual surplus	\$ <u>325,058</u>	\$ <u>261,840</u>	\$ -	\$ -

18. Subsequent event

On September 11th, 2012, the Government of Ontario passed Bill 115, the Putting Students First Act that was introduced August 27th, 2012. The requirements of this new legislation were used by the actuaries in the calculations of the Board's estimates for Retirement and Other Employee Future Benefits obligations. The impact of the changes to the various plans have been disclosed in Note 6.