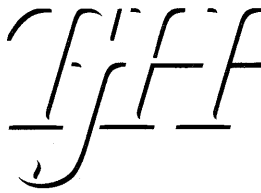


**Simcoe Muskoka Catholic  
District School Board  
Financial Statements  
For the Year Ended August 31, 2008**

**Index to Financial Statements**

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## Auditors' Report

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**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, 2008 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 School Board as at August 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licensed Public Accountants

Orillia, Ontario  
October 31, 2008

**Simcoe Muskoka Catholic District School Board**  
**Statement of Financial Position**  
**As At August 31, 2008**

|  | August 31<br>2008      | August 31<br>2007      |
|--|------------------------|------------------------|
| <b>Financial Assets</b>  |                        |                        |
| Cash (Note 15, Page 19)  | \$ 14,965,756          | \$ 11,477,501          |
| Investments (Note 2, Page 9)   | 87,000                 | 11,807,014             |
| Accounts receivable  | 7,215,587              | 7,838,068              |
| <b>Total Financial Assets</b>  | <b>22,268,343</b>      | <b>31,122,583</b>      |
| <b>Financial Liabilities</b>   |                        |                        |
| Accounts payable and accrued liabilities (Note 15, Page 19)                        | 13,298,020             | 13,570,270             |
| Deferred revenue - externally restricted (Note 4, Page 11<br>and Note 15, Page 19) | 1,522,391              | 1,812,345              |
| Deferred revenue - other   | 538,560                | 261,531                |
| Retirement and other employee future<br>benefits liabilities (Note 5, Page 12)     | 18,494,420             | 17,530,410             |
| Net long-term liabilities (Note 6, Page 15)  | 140,324,882            | 145,115,870            |
| <b>Total Financial Liabilities</b>   | <b>174,178,273</b>     | <b>178,290,426</b>     |
| <b>Net Financial Assets (Liabilities)</b>  | <b>(151,909,930)</b>   | <b>(147,167,843)</b>   |
| <b>Non-Financial Assets</b>  |                        |                        |
| Prepaid expenses   | 466,842                | 1,026,069              |
| <b>Net Assets (Liabilities)</b>  | <b>\$(151,443,088)</b> | <b>\$(146,141,774)</b> |
| <b>Financial Position</b>  |                        |                        |
| Operating fund (Schedule 1, Page 20)   | \$ -                   | \$ 714,258             |
| Capital fund (Schedule 2, Page 21 and Note 15, Page 19)                            | (11,729,689)           | (4,924,827)            |
| Reserve funds (Schedule 3, Page 22, Note 7, Page 17<br>and Note 15, Page 19)       | 21,884,990             | 23,658,740             |
|  | 10,155,301             | 19,448,171             |
| School activities fund (Schedule 4, Page 23 )                                      | 1,888,823              | 1,612,478              |
| <b>Total Fund Balances</b>   | <b>12,044,124</b>      | <b>21,060,649</b>      |
| <b>Amounts to be Recovered in Future Years</b> (Note 8, Page 17)                   | <b>(163,487,212)</b>   | <b>(167,202,423)</b>   |
| <b>Net Financial Position</b>  | <b>\$(151,443,088)</b> | <b>\$(146,141,774)</b> |

**Simcoe Muskoka Catholic District School Board**  
**Statement of Financial Activities**  
**For the Year Ended August 31, 2008**

|   | Budget<br>August 31<br>2008 | Actual<br>August 31<br>2008 | Actual<br>August 31<br>2007 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue</b>  |                             |                             |                             |
| Local taxation  | \$ 37,935,168               | \$ <b>39,618,362</b>        | \$ 39,143,918               |
| Provincial grants - student focused funding                           | 158,789,153                 | <b>160,817,180</b>          | 152,374,455                 |
| Provincial grants - other   | 489,200                     | <b>3,129,374</b>            | 2,604,247                   |
| Federal grants and fees   | 169,507                     | <b>147,732</b>              | 152,824                     |
| Other revenues - school boards  | -                           | <b>226,508</b>              | 349,644                     |
| Other fees and revenue  | 848,756                     | <b>2,149,890</b>            | 3,894,859                   |
| Investment income   | 125,000                     | <b>3,064,347</b>            | 2,509,681                   |
| School fund raising and other revenues                                | 7,355,977                   | <b>7,676,868</b>            | 7,337,712                   |
|   | <u>205,712,761</u>          | <u><b>216,830,261</b></u>   | <u>208,367,340</u>          |
| <b>Expenditures</b>   |                             |                             |                             |
| Instruction   | 147,746,371                 | <b>149,746,684</b>          | 143,385,675                 |
| Administration  | 6,599,107                   | <b>6,821,070</b>            | 7,062,147                   |
| Transportation  | 11,184,666                  | <b>12,119,270</b>           | 11,426,119                  |
| School operations and maintenance                                     | 16,899,839                  | <b>17,146,658</b>           | 16,360,417                  |
| Pupil accommodation   | 13,686,166                  | <b>27,264,510</b>           | 28,071,183                  |
| Other   | 609,812                     | <b>1,048,133</b>            | 1,114,064                   |
| School funded activities  | 7,297,832                   | <b>7,534,347</b>            | 7,362,383                   |
|   | <u>204,023,793</u>          | <u><b>221,680,672</b></u>   | <u>214,781,988</u>          |
| <b>Net Revenue (Expenditures)</b>                                     | 1,688,968                   | <b>(4,850,411)</b>          | (6,414,648)                 |
| <b>Increase (Decrease) in Non-Financial Assets - Prepaid Expenses</b> | 756,578                     | <b>(559,227)</b>            | 46,196                      |
|   | <u>2,445,546</u>            | <u><b>(5,409,638)</b></u>   | <u>(6,368,452)</u>          |
| <b>Change in Net Assets (Liabilities)</b>                             |                             |                             |                             |
|   |                             |                             |                             |
| <b>Financing Transactions</b>   |                             |                             |                             |
| Long-term financing issued  | -                           | <b>1,899,346</b>            | 4,500,000                   |
| Debt repayments and sinking fund contributions                        | (4,939,559)                 | <b>(6,690,334)</b>          | (5,872,616)                 |
| Increase in unfunded liabilities                                      | 1,920,752                   | <b>1,075,777</b>            | 1,623,930                   |
|   | <u>(3,018,807)</u>          | <u><b>(3,715,211)</b></u>   | <u>251,314</u>              |
| <b>Change in Amounts to be Recovered in Future Years</b>              |                             |                             |                             |
|   | <u>(573,261)</u>            | <u><b>(9,124,849)</b></u>   | <u>(6,117,138)</u>          |
| <b>Opening Fund Balances, as previously stated</b>                    | 33,724,996                  | <b>20,874,973</b>           | 27,120,459                  |
| <b>Correction of Prior Period Error (Note 15, Page 19)</b>            | -                           | <b>185,676</b>              | -                           |
|   | <u>33,724,996</u>           | <u><b>21,060,649</b></u>    | <u>27,120,459</u>           |
| <b>Opening Fund Balances, as restated</b>                             |                             |                             |                             |
|   |                             |                             |                             |
| <b>Adjustments to School Activities Funds (Note 14, Page 19)</b>      | -                           | <b>108,324</b>              | 57,328                      |
|   | <u>\$ 33,151,735</u>        | <u><b>\$ 12,044,124</b></u> | <u>\$ 21,060,649</u>        |
| <b>Closing Fund Balances</b>  |                             |                             |                             |

The accompanying notes are an integral part of these financial statements

**Simcoe Muskoka Catholic District School Board**  
**Statement of Changes in Financial Position**  
**For the Year Ended August 31, 2008**

|   | August 31<br>2008    | August 31<br>2007    |
|---|----------------------|----------------------|
| <b>Operating Activities</b>   |                      |                      |
| Net revenue (expenditures)  | \$ (4,850,411)       | \$ (6,414,648)       |
| Sources and (uses)  |                      |                      |
| Decrease (increase) in accounts receivable  | 622,481              | (1,585,304)          |
| Decrease (increase) in investments  | 11,720,014           | 16,429,128           |
| Increase (decrease) in accounts payable and accrued liabilities                     | (272,249)            | (1,848,585)          |
| Increase (decrease) in short-term borrowing   | -                    | (6,015,489)          |
| Increase (decrease) in deferred revenue - externally restricted                     | (289,954)            | 208,683              |
| Increase (decrease) in deferred revenues - other                                    | 277,029              | (91,656)             |
| Increase (decrease) in retirement and other employee<br>future benefits liabilities | 964,010              | 1,606,482            |
|   | <u>8,170,920</u>     | <u>2,288,611</u>     |
| <b>Financing Activities</b>   |                      |                      |
| Long-term financing issued  | 1,899,346            | 4,500,000            |
| Debt repaid and sinking fund contributions  | (6,690,335)          | (5,872,615)          |
|   | <u>(4,790,989)</u>   | <u>(1,372,615)</u>   |
| <b>Increase in Cash and Cash Equivalents During the Year</b>                        | <b>3,379,931</b>     | <b>915,996</b>       |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                 | <b>11,477,501</b>    | <b>10,504,177</b>    |
| <b>Adjustments to School Activities Funds (Note 14, Page 19)</b>                    | <b>108,324</b>       | <b>57,328</b>        |
| <b>Cash and Cash Equivalents, End of Year</b>                                       | <b>\$ 14,965,756</b> | <b>\$ 11,477,501</b> |

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# **Simcoe Muskoka Catholic District School Board**

## **Notes to Financial Statements**

### **For the Year Ended August 31, 2008**

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#### **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.

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# Simcoe Muskoka Catholic District School Board

## Notes to Financial Statements

### For the Year Ended August 31, 2008

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#### 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, and workers' compensation. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

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

- (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.

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# **Simcoe Muskoka Catholic District School Board**

## **Notes to Financial Statements**

### **For the Year Ended August 31, 2008**

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#### **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 Board Trustees. The budget approved by the Board 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.



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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**2. Investments**

|                    | <u>2008</u>      | <u>2007</u>          |
|--------------------|------------------|----------------------|
| OSBFC Savings Fund | \$ -             | \$ 11,720,014        |
| Term Deposit       | <b>87,000</b>    | 87,000               |
|                    | <b>\$ 87,000</b> | <b>\$ 11,807,014</b> |

The OSBFC Savings Fund was comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures. This fund was closed in November 2007 and the balances were transferred into bank accounts. The term deposit has an interest rate of 3.8% and matures in December 2008.

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**3. Tangible Capital Assets**

For fiscal years beginning on or after January 1, 2009 the Board will be required to report the historical cost and the accumulated amortization of tangible capital assets in its financial statements in accordance with the Public Sector Accounting Handbook section PS3150 - Tangible Capital Assets. As required by the Ministry of Education, the Board will fully implement this standard beginning with the August 31, 2009 fiscal year.

For 2008, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The Board currently does not have detailed information available related to furniture, equipment, computer hardware, computer software and vehicles to disclose.

Tangible capital assets will be recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Costs include overheads directly attributable to construction and development. Estimated historical costs were used to record existing tangible capital assets if the actual costs were unknown when the Board first started to prepare to implement tangible capital asset accounting.

Amortization is reflected on a straight-line basis over the estimated useful life of the assets at the following amortization rates:

|                                     |            |
|-------------------------------------|------------|
| Land improvements with finite lives | - 15 years |
| Buildings                           | - 40 years |
| Portable structures                 | - 20 years |
| Other buildings                     | - 20 years |

**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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

|                          | Balance<br>August 31,<br>2007 | Cost<br>Additions | Disposals         | Balance<br>August 31,<br>2008 | Balance<br>August 31,<br>2007 | Accumulated<br>Amortization | Disposals        | Balance<br>August 31,<br>2007 | Net Book<br>Value<br>August 31,<br>2008 | Net Book<br>Value<br>August 31,<br>2007 |
|--------------------------|-------------------------------|-------------------|-------------------|-------------------------------|-------------------------------|-----------------------------|------------------|-------------------------------|---|---|
| Land                     | 20,237,965                    | <b>1,957,659</b>  | -                 | <b>22,195,624</b>             | -                             | -                           | -                | -                             | <b>22,195,624</b>                       | 20,237,965                              |
| Land improvements        | 330,368                       | <b>354,049</b>    | -                 | <b>684,417</b>                | 26,180                        | <b>29,843</b>               | -                | <b>56,023</b>                 | <b>628,394</b>                          | 304,188                                 |
| Buildings                | 251,834,478                   | <b>13,951,856</b> | -                 | <b>265,786,334</b>            | 62,254,765                    | <b>6,953,825</b>            | -                | <b>69,208,590</b>             | <b>196,577,744</b>                      | 189,579,713                             |
| Portable structures      | 13,680,400                    | -                 | <b>1,706,100</b>  | <b>11,974,300</b>             | 9,623,693                     | <b>623,561</b>              | <b>1,706,100</b> | <b>8,541,154</b>              | <b>3,433,146</b>                        | 4,056,707                               |
| Construction in progress | 7,571,033                     | <b>7,294,741</b>  | <b>10,654,899</b> | <b>4,210,875</b>              | -                             | -                           | -                | -                             | <b>4,210,875</b>                        | 7,571,033                               |
|                          | <b>293,654,244</b>            | <b>23,558,305</b> | <b>12,360,999</b> | <b>304,851,550</b>            | 71,904,638                    | <b>7,607,229</b>            | <b>1,706,100</b> | <b>77,805,767</b>             | <b>227,045,783</b>                      | 221,749,606                             |

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**4. Deferred Revenue - Externally Restricted**

The use of certain reserve funds is 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>2008</u>         | <u>2007</u>         |
|---|---------------------|---------------------|
| <b>Learning Improvements</b>                          |                     |                     |
| Balance, beginning of year                            | \$ 1,297,867        | \$ 423,191          |
| Increase (decrease) in deferred revenue               | (298,424)           | 874,676             |
|   | <u>999,443</u>      | <u>1,297,867</u>    |
| <b>Education Development Charges</b>                  |                     |                     |
| Balance, beginning of year (Note 15, Page 19)         | 218,150             | 818,820             |
| Decrease in deferred revenue                          | (32,854)            | (650,310)           |
| Interest earned                                       | 41,324              | 49,640              |
|   | <u>226,620</u>      | <u>218,150</u>      |
| <b>Proceeds of Disposal</b>                           |                     |                     |
| Balance, beginning of year                            | 296,328             | 295,269             |
| Increase in deferred revenue                          | -                   | 1,059               |
|   | <u>296,328</u>      | <u>296,328</u>      |
| <b>Distant School and Student Success</b>             |                     |                     |
| Balance, beginning of year                            | -                   | 66,382              |
| Decrease in deferred revenue                          | -                   | (66,382)            |
|   | <u>-</u>            | <u>-</u>            |
| <b>Total Deferred Revenue - Externally Restricted</b> | <b>\$ 1,522,391</b> | <b>\$ 1,812,345</b> |

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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

|  | <u>2008</u>          | <u>2007</u>   |
|--|----------------------|---------------|
| <b>Retirement and Other Employee Future Benefits Liabilities</b> |                      |               |
| Liability, beginning of year                                     | <b>\$ 17,530,410</b> | \$ 15,923,928 |
| Employee future benefits expense                                 |                      |               |
| Current year benefit cost  | <b>1,398,984</b>     | 1,399,269     |
| Interest on accrued benefits obligation                          | <b>1,089,344</b>     | 1,061,964     |
| Recognized actuarial gains (losses)                              | <b>331,988</b>       | 402,260       |
|  | <b>2,820,316</b>     | 2,863,493     |
| Benefits paid during the year                                    | <b>(1,856,306)</b>   | (1,257,011)   |
|  | <b>964,010</b>       | 1,606,482     |
| Liability, end of year   | <b>\$ 18,494,420</b> | \$ 17,530,410 |
| <b>Accrued Employee Future Benefits Obligations</b>              |                      |               |
| Accrued employee future benefits obligations                     | <b>\$ 23,397,375</b> | \$ 22,032,762 |
| Unamortized actuarial gains (losses)                             | <b>(4,902,955)</b>   | (4,502,352)   |
| Employee future benefits liability                               | <b>\$ 18,494,420</b> | \$ 17,530,410 |

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

**Retirement Benefits**

(i) Ontario Teachers' Pension Plan

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

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# **Simcoe Muskoka Catholic District School Board**

## **Notes to Financial Statements**

### **For the Year Ended August 31, 2008**

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#### **5. Retirement and Other Employee Future Benefits (continued)**

##### **(ii) Ontario Municipal Employees Retirement System**

Non-teaching employees of the Board may be eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Effective January 1, 2006 employee contribution rates were up to 9.6% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2008, the Board contributed \$1,542,869 (2007 - \$1,387,192) 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.

##### **(iii) Retirement Gratuities**

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

#### **Other Employee Future Benefits**

##### **(i) Workplace Safety and Insurance Board Obligations**

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's net insurance premiums for the year ended August 31, 2008 were \$989,763 (2007 - \$1,413,636) and are included in the Board's financial statements. No liabilities for claims by its injured workers under the Workplace Safety and Insurance Act are included in the Board's financial statements.

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

The Board provides its share of life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of its share of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

##### **(iii) Non-Vesting Sick Leave Accumulation Benefits**

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

#### **Actuarial Report**

The accrued benefit obligations for employee future benefit plans as at August 31, 2008 are based on actuarial valuations for accounting purposes as at August 31, 2008 as indicated in an actuarial report dated October 2008 except for long-term disability life insurance and health care benefits. These benefit obligations are estimated based on the actuarial valuations for accounting purposes as at August 31, 2008 as indicated in an actuarial report dated November 2003.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**5. 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 for 2008 are a discount rate of 4.75% and salary increases of 3.00% for 2008 and 3.40% thereafter.

The actuarial valuation for 2007 was based on the following assumptions: discount rate of 4.75% and salary increases of 3.75% for 2007 and 3.40% thereafter.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

**6. Net Long-Term Liabilities**

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

|  | <u>2008</u>          | <u>2007</u>          |
|--|----------------------|----------------------|
| Debenture 1992 - Bylaw 2402-92, semi-annual payments of principal and interest at 9.5% to 9.75%, non-callable, maturing in July 2012       | \$ 470,000           | \$ 560,000           |
| Debenture 1994 - Bylaw 2603-94, semi-annual payments of principal and interest at 10% to 10.125%, maturing in July 2014                    | 2,240,000            | 2,460,000            |
| Debenture 1995 - Bylaw 2701-95, semi-annual payments of principal and interest at 9.875%, maturing in April 2015                           | 2,240,000            | 2,460,000            |
| Debenture 1996 (1) - Bylaw 2801-96, semi-annual payments of principal and interest at 8.5% to 9.1%, maturing in May 2016                   | 4,700,000            | 5,100,000            |
| Debenture 1996 (2) - Bylaw 2803-96, semi-annual payments of principal and interest at 6.75% to 7.5%, maturing in December 2016             | 2,375,000            | 2,550,000            |
| Debenture 1997 - Bylaw 2903-97, semi-annual payments of principal and interest at 6.25% to 6.8%, maturing in December 2017                 | 2,799,000            | 2,995,000            |
| Debenture 2000 (OSBFC #1) - Bylaw 3201-00, semi-annual payments of principal and interest at 7.2%, maturing in December 2025               | 12,579,326           | 12,948,275           |
| Debenture 2002 (OSBFC #4) - Bylaw 3402-02, semi-annual payments of principal and interest at 5.9%, maturing in October 2027                | 21,192,717           | 21,760,724           |
| Debenture 2004 (OSBFC #5) - Bylaw 3601-04, semi-annual payments of principal and interest at 5.483%, maturing in November 2026             | 25,036,631           | 25,636,013           |
| Debenture 2006 (OFA - GPTL 1) - Bylaw 3801-06, semi-annual payments of principal and interest at 4.56%, maturing in November 2031          | 4,349,127            | 4,450,839            |
| Debenture 2008 (OFA - GPTL 2) - Bylaw 4001-08, semi-annual payments of principal and interest at 4.9%, maturing in March 2033              | 1,899,346            | -                    |
| Sinking Fund Debenture (OMIC #1 1991) - Bylaw 2301-91, semi-annual payments of principal and interest at 9.81%, maturing in May 2011       | 450,373              | 836,568              |
| Sinking Fund Debenture (OMIC #2 1991) - Bylaw 2303-91, semi-annual payments of principal and interest at 9.86%, maturing in June 2011      | 415,843              | 743,077              |
| Sinking Fund Debenture (OMIC #1 1992) - Bylaw 2401-92, semi-annual payments of principal and interest at 9.17%, maturing in July 2012      | 1,513,642            | 2,079,165            |
| Sinking Fund Debenture (OSBFC #2 2000) - Bylaw 3202-00, semi-annual payments of principal and interest at 6.3%, maturing in September 2010 | 55,588,219           | 57,975,114           |
| Sinking Fund Debenture (OSBFC #3 2003) - Bylaw 3401-02, semi-annual payments of principal and interest at 5.7%, maturing in October 2017   | 2,475,658            | 2,561,095            |
|  | <b>\$140,324,882</b> | <b>\$145,115,870</b> |

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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

Principal payments relating to net long-term liabilities of \$140,324,882 outstanding as at August 31, 2008 are due as follows:

|            | Principal and<br>Sinking Fund<br>Contributions | Interest             | Total                 |
|------------|--|----------------------|-----------------------|
| 2008-09    | \$ 5,047,143                                   | \$ 11,048,171        | \$ 16,095,314         |
| 2009-10    | 5,267,297                                      | 10,760,604           | 16,027,901            |
| 2010-11    | 5,490,017                                      | 8,361,379            | 13,851,396            |
| 2011-12    | 4,331,694                                      | 5,547,702            | 9,879,396             |
| 2012-13    | 4,264,972                                      | 4,841,709            | 9,106,681             |
| Thereafter | 61,891,261                                     | 30,239,711           | 92,130,972            |
|            | <u>\$ 86,292,384</u>                           | <u>\$ 70,799,276</u> | <u>\$ 157,091,660</u> |

Included in net long-term liabilities are outstanding debentures of \$60,443,735 (2007 - \$64,195,019) secured by sinking fund assets with a carrying and market value of \$26,243,967. 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 \$397,244 of the net long-term liabilities. This amount is included as part of the Amounts to be Recovered in Future Periods. Principal amounting to \$198,366 plus interest amounting to \$561,341 is recoverable over the next five years from this school board.

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**7. Reserve Funds**

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

|  | <u>2008</u>          | <u>2007</u>          |
|--|----------------------|----------------------|
| <b>Learning Improvements Reserve - Student Success</b> |                      |                      |
| Balance, beginning of year                             | \$ 16,224            | \$ -                 |
| Transfer from (to) the operating fund                  | (824)                | 16,224               |
| Balance, end of year                                   | <u>15,400</u>        | <u>16,224</u>        |
| <b>Non-Capital Reserve (Clarica)</b>                   |                      |                      |
| Balance, beginning of year                             | 166,435              | 659,261              |
| Interest earned  | 2,603                | 13,172               |
| Transfer from (to) the operating fund                  | (169,038)            | (505,998)            |
| Balance, end of year                                   | <u>-</u>             | <u>166,435</u>       |
| <b>Pupil Accommodation Reserve</b>                     |                      |                      |
| Balance, beginning of year (Note 15, Page 19)          | 23,226,081           | 31,837,107           |
| Interest earned  | 1,010,332            | 1,391,960            |
| Transfer from (to) operating fund                      | (11,227,819)         | (11,252,720)         |
| Transfer from (to) capital fund (Note 15, Page 19)     | 7,775,738            | 1,249,734            |
| Balance, end of year                                   | <u>20,784,332</u>    | <u>23,226,081</u>    |
| <b>Working Funds Reserve</b>                           |                      |                      |
| Balance, beginning of year                             | 250,000              | 200,000              |
| Transfer from (to) operating fund                      | 835,258              | 50,000               |
|  | <u>1,085,258</u>     | <u>250,000</u>       |
|  | <u>\$ 21,884,990</u> | <u>\$ 23,658,740</u> |

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**8. Amounts to be Recovered in Future Years**

|   | <u>2008</u>          | <u>2007</u>          |
|---|----------------------|----------------------|
| <b>Capital Outlay to be Recovered in Future Years</b>                     |                      |                      |
| Net long term liabilities (Note 6, Page 15)                               | \$140,324,882        | \$145,115,870        |
| <b>Amounts to be Financed in Future Years</b>                             |                      |                      |
| Retirement and other employee future benefits liability (Note 5, Page 12) | 18,494,420           | 17,530,410           |
| Vacation accrual  | 867,137              | 706,521              |
| Interest accrual  | 3,800,773            | 3,849,622            |
|   | <u>\$163,487,212</u> | <u>\$167,202,423</u> |

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**9. Debt Charges and Interest**

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

|  | <u>2008</u>          |
|--|----------------------|
| Principal payments on long-term liabilities including contributions to sinking funds | \$ 6,690,335         |
| Interest payments on long-term liabilities   | <u>11,084,692</u>    |
|  | <u>\$ 17,775,027</u> |

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**10. Ontario School Board Insurance Exchange (OSBIE)**

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

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**11. Contractual Obligations and Contingent Liabilities**

The Board has outstanding contractual obligations of approximately \$7,741,610 and outstanding letters of credit of \$277,542 for uncompleted capital projects at August 31, 2008.

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

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**12. Commitments**

The Board has operating leases for its premises at 80 Bell Farm Road in Barrie at \$11,066 per month until May 2009 and for its premises at 566 Bryne Drive in Barrie at \$2,175 per month until July 2011.

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:

|      |                     |
|------|---------------------|
| 2009 | \$ 694,532          |
| 2010 | 594,937             |
| 2011 | 592,762             |
| 2012 | 568,836             |
| 2013 | <u>568,836</u>      |
|      | <u>\$ 3,019,903</u> |

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**Simcoe Muskoka Catholic District School Board**  
**Notes to Financial Statements**  
**For the Year Ended August 31, 2008**

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**13. Tuition Fees**

During the year the Board billed the Beausoleil and Mnjikaning First Nations, on behalf of First Nations Pupils, \$147,732 in tuition fees.

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**14. Adjustments to School Activities Funds**

During 2008 it was discovered that there were a number of schools that had provided incorrect or incomplete information in fiscal 2007. The net effect of these instances is reported as an adjustment to the opening fund balance for 2008 of \$108,324.

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**15. Correction of Prior Period Reporting Error**

During the 2008 audit, it was discovered that the Board had not included the bank accounts for the deferred salary program in its assets or the related liability in its liabilities.

As a result the financial statements at August 31, 2007 have been restated as follows:

- (i) Cash increased by \$731,641
- (ii) Accounts payable and accrued liabilities increased by \$731,641

These corrections had no effect on the Boards' Net Financial Position.

It was also discovered that some site capital expenditures in the period from September 1, 2001 to August 31, 2007 had been miscoded as building capital expenditures. As a result, expenditures that were eligible to be funded from the County of Simcoe Economic Development Charges (EDCs) were mistakenly funded from the pupil accommodation reserve.

As a result the financial statements at August 31, 2007 have been restated as follows:

- (i) Deferred revenue - externally restricted: decreased by \$185,676
- (ii) Pupil Accommodation Reserve, Balance beginning of year: increased by \$725,993
- (iii) Pupil Accommodation Reserve, Transfer from capital fund: increased by \$116,863
- (iv) Opening Balance - Capital Fund: decreased by \$540,317

These corrections resulted in an increase in the Boards' Net Financial Position of \$185,676. This is composed of an increase in the reserve fund balance of \$842,856 and a decrease in the capital fund balance of \$657,180.

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**Simcoe Muskoka Catholic District School Board**  
**Schedule 1 - Operating Fund**  
**For the Year Ended August 31, 2008**

|   | Budget<br>August 31<br>2008 | Actual<br>August 31<br>2008 | Actual<br>August 31<br>2007 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue</b>  |                             |                             |                             |
| Local taxation  | \$ 37,935,168               | \$ 39,618,362               | \$ 39,143,918               |
| Provincial legislative grants   | 158,789,153                 | 160,817,180                 | 152,374,455                 |
| Provincial grants - other   | 489,200                     | 3,129,374                   | 2,604,247                   |
| Federal grants and fees   | 169,507                     | 147,732                     | 152,824                     |
| Other revenues - school boards  | -                           | 226,508                     | 349,644                     |
| Other fees and revenues   | 848,756                     | 780,012                     | 1,941,820                   |
| Investment income   | 125,000                     | 2,051,411                   | 1,104,549                   |
|   | <u>198,356,784</u>          | <u>206,770,579</u>          | <u>197,671,457</u>          |
| <b>Expenditures</b>   |                             |                             |                             |
| Instruction   | 146,288,314                 | 149,737,368                 | 142,236,120                 |
| Administration  | 6,563,307                   | 6,821,070                   | 7,019,664                   |
| Transportation  | 11,184,666                  | 12,119,270                  | 11,426,119                  |
| School operations and maintenance                                     | 16,692,339                  | 17,061,581                  | 16,229,597                  |
| Pupil accommodation   | 11,146,260                  | 11,084,692                  | 11,294,153                  |
| Other non-operating expenditure                                       | 609,812                     | 1,048,133                   | 1,114,064                   |
|   | <u>192,484,698</u>          | <u>197,872,114</u>          | <u>189,319,717</u>          |
| <b>Net Revenue (Expenditures)</b>                                     | 5,872,086                   | 8,898,465                   | 8,351,740                   |
| <b>Increase (Decrease) in Non-Financial Assets - Prepaid Expenses</b> | <b>756,578</b>              | <b>(559,227)</b>            | 46,196                      |
|   | <u>6,628,664</u>            | <u>8,339,238</u>            | <u>8,397,936</u>            |
| <b>Change in Net Assets (Liabilities)</b>                             |                             |                             |                             |
| <b>Financing Transactions</b>   |                             |                             |                             |
| Debt principal repayments and sinking fund contributions              | (4,939,559)                 | (6,690,334)                 | (5,872,616)                 |
| Increase in unfunded liabilities                                      | 1,920,752                   | 1,075,777                   | 1,623,930                   |
|   | <u>(3,018,807)</u>          | <u>(5,614,557)</u>          | <u>(4,248,686)</u>          |
| <b>Change in Amounts to be Recovered in Future Years</b>              |                             |                             |                             |
| <b>Net Transfers From (To) Other Funds</b>                            |                             |                             |                             |
| Transfer from (to) capital fund                                       | (4,241,263)                 | (13,975,863)                | (15,194,104)                |
| Transfer from (to) reserve funds                                      | 314,748                     | 10,562,424                  | 11,692,494                  |
| Transfer from (to) school activities fund                             | -                           | (25,500)                    | -                           |
|   | <u>(3,926,515)</u>          | <u>(3,438,939)</u>          | <u>(3,501,610)</u>          |
| <b>Change in Operating Fund Balance</b>                               | (316,658)                   | (714,258)                   | 647,640                     |
| <b>Opening Balance - Operating Fund</b>                               | 316,658                     | 714,258                     | 66,618                      |
| <b>Closing Balance - Operating Fund</b>                               | \$ -                        | \$ -                        | \$ 714,258                  |

**Simcoe Muskoka Catholic District School Board**  
**Schedule 2 - Capital Fund**  
**For the Year Ended August 31, 2008**

|   | Budget<br>August 31<br>2008 | Actual<br>August 31<br>2008 | Actual<br>August 31<br>2007 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue</b>  |                             |                             |                             |
| Educational development charges   | \$ -                        | \$ 847,298                  | \$ 1,240,462                |
| Other revenues  | -                           | 522,580                     | 712,577                     |
|   | -                           | <b>1,369,878</b>            | 1,953,039                   |
| <b>Expenditures</b>   |                             |                             |                             |
| Instruction - furniture, equipment and computers                          | 1,458,057                   | 9,316                       | 1,149,555                   |
| Administration - furniture, equipment and computers                       | 35,800                      | -                           | 42,483                      |
| School operations and maintenance - maintenance<br>vehicles and equipment | 207,500                     | 85,077                      | 130,820                     |
| Pupil accommodation   | 2,539,906                   | 16,179,818                  | 16,777,030                  |
|   | 4,241,263                   | <b>16,274,211</b>           | 18,099,888                  |
| <b>Net Revenue (Expenditures)</b>   | (4,241,263)                 | <b>(14,904,333)</b>         | (16,146,849)                |
| <b>Long-Term Financing Issued</b>   | -                           | <b>1,899,346</b>            | 4,500,000                   |
| <b>Net Transfer From (To) Other Funds</b>                                 |                             |                             |                             |
| Transfers from (to) operating fund  | 4,241,263                   | 13,975,863                  | 15,194,104                  |
| Transfers from (to) reserve funds (Note 15, Page 19)                      | -                           | (7,775,738)                 | (1,249,734)                 |
|   | 4,241,263                   | <b>6,200,125</b>            | 13,944,370                  |
| <b>Change in Capital Fund Balance</b>                                     | -                           | <b>(6,804,862)</b>          | 2,297,521                   |
| <b>Opening Balance - Capital Fund, as previously stated</b>               | -                           | <b>(4,267,647)</b>          | (7,222,348)                 |
| <b>Correction of Prior Period Error (Note 15, Page 19)</b>                | -                           | <b>(657,180)</b>            | -                           |
| <b>Opening Balance - Capital Fund, as restated</b>                        | -                           | <b>(4,924,827)</b>          | (7,222,348)                 |
| <b>Closing Balance - Capital Fund</b>                                     | \$ -                        | <b>\$ (11,729,689)</b>      | \$ (4,924,827)              |

**Simcoe Muskoka Catholic District School Board**  
**Schedule 3 - Reserve Funds**  
**For the Year Ended August 31, 2008**

|  | Budget<br>August 31<br>2008 | Actual<br>August 31<br>2008 | Actual<br>August 31<br>2007 |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue</b>   |                             |                             |                             |
| Interest earned  | \$ -                        | \$ 1,012,936                | \$ 1,405,132                |
| <b>Net Transfers From (To) Other Funds</b>                   |                             |                             |                             |
| Transfers from (to) operating fund                           | (314,748)                   | (10,562,424)                | (11,692,494)                |
| Transfers from (to) capital fund (Note 15, Page 19)          | -                           | 7,775,738                   | 1,249,734                   |
|  | (314,748)                   | (2,786,686)                 | (10,442,760)                |
| <b>Change in Reserve Funds Balance</b>                       | (314,748)                   | (1,773,750)                 | (9,037,628)                 |
| <b>Opening Balance - Reserve Funds, as previously stated</b> | 31,770,372                  | 22,815,884                  | 32,696,368                  |
| <b>Correction of Prior Period Error (Note 15, Page 19)</b>   | -                           | 842,856                     | -                           |
| <b>Opening Balance - Reserve Funds, as restated</b>          | 31,770,372                  | 23,658,740                  | 32,696,368                  |
| <b>Closing Balance - Reserve Funds (Note 7, Page 17)</b>     | \$ 31,455,624               | \$ 21,884,990               | \$ 23,658,740               |

**Simcoe Muskoka Catholic District School Board**  
**Schedule 4 - School Activities Fund**  
**For the Year Ended August 31, 2008**

|  | Budget<br>August 31<br>2008 | Actual<br>August 31<br>2008 | Actual<br>August 31<br>2007 |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue</b>   |                             |                             |                             |
| School fund raising and other revenue                            | \$ 7,355,977                | \$ 7,676,868                | \$ 7,337,712                |
| <b>Expenditures</b>  |                             |                             |                             |
| School-funded activities   | 7,297,832                   | 7,534,347                   | 7,362,383                   |
| <b>Net Revenue (Expenditures)</b>                                | 58,145                      | 142,521                     | (24,671)                    |
| <b>Net Transfers From (To) Other Funds</b>                       |                             |                             |                             |
| Transfers from (to) operating fund                               | -                           | 25,500                      | -                           |
| <b>Change in Reserve Funds Balance</b>                           | 58,145                      | 168,021                     | (24,671)                    |
| <b>Opening Balance - School Activities Fund</b>                  | 1,637,966                   | 1,612,478                   | 1,579,821                   |
| <b>Adjustments to School Activities Funds (Note 14, Page 19)</b> | -                           | 108,324                     | 57,328                      |
| <b>Closing Balance - School Activities Fund</b>                  | \$ 1,696,111                | \$ 1,888,823                | \$ 1,612,478                |