

Consolidated Financial Statements of

**CATHOLIC DISTRICT SCHOOL  
BOARD OF EASTERN  
ONTARIO**

Year ended August 31, 2015

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Financial Statements

Year ended August 31, 2015

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Management Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Financial Statements

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## MANAGEMENT REPORT

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

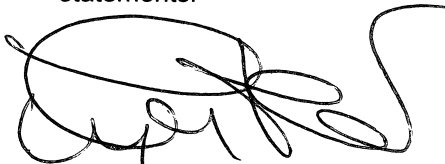
The accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director of Education

November 3, 2015



Superintendent of Business



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the Catholic District School Board of Eastern Ontario

We have audited the accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario, which comprise the consolidated statement of financial position as at August 31, 2015, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements of the Catholic District School Board of Eastern Ontario as at August 31, 2015 and for the year then ended, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

November 3, 2015

Ottawa, Canada

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

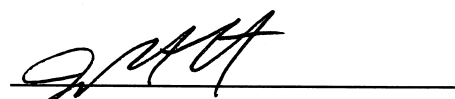

## Consolidated Statement of Financial Position

August 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 4,859,133	\$ 3,059,963
Temporary investments	28,848	28,848
<b>Amounts receivable:</b>		
Municipalities	2,555,743	2,573,588
Other	2,516,448	3,334,996
Approved capital funding - Government of Ontario (note 3)	69,185,226	74,147,909
<b>Total financial assets</b>	<b>79,145,398</b>	<b>83,145,304</b>
<b>Liabilities:</b>		
Temporary borrowing (note 4)	800,000	-
Accounts payable and accrued liabilities	9,445,094	10,098,363
Net long-term liabilities (note 4)	65,335,893	68,413,030
Deferred revenue (note 5)	3,487,553	3,819,806
Employee future benefits liability (note 6)	6,896,075	6,888,770
Deferred capital contributions (note 7)	144,258,704	142,551,629
<b>Total financial liabilities</b>	<b>230,223,319</b>	<b>231,771,598</b>
<b>Net debt</b>	<b>(151,077,921)</b>	<b>(148,626,294)</b>
<b>Non-financial assets:</b>		
Prepaid expenses	4,325,404	4,299,556
Tangible capital assets (note 8)	147,983,932	146,366,197
<b>Total non-financial assets</b>	<b>152,309,336</b>	<b>150,665,753</b>
<b>Commitments and contingent liabilities (note 12)</b>		
<b>Accumulated surplus</b>	<b>\$ 1,231,415</b>	<b>\$ 2,039,459</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Chair of the Board  
  
 \_\_\_\_\_ Director of Education

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2015, with comparative information for 2014

	2014-2015 Budget	2014-2015 Actual	2013-2014 Actual
Revenues:			
Government of Ontario grants:			
Grants for Student Needs	\$ 136,577,034	\$ 137,176,474	\$ 129,101,092
Provincial legislative grant	19,034,727	20,346,824	20,160,189
Other	1,951,808	2,101,984	7,669,003
Ontario Youth Apprenticeship Program	126,602	122,594	126,602
Amortization of deferred capital contributions (note 7)	7,626,719	7,749,960	7,440,017
Investment income	68,408	140,598	180,561
Federal grants and fees		3,070	254
Other - school boards	–	13,825	15,258
Other fees and revenue	86,000	1,031,732	905,419
School generated funds	4,784,500	5,031,873	4,922,798
<b>Total revenue</b>	<b>170,255,798</b>	<b>173,718,934</b>	<b>170,521,193</b>
Expenses (note 10):			
Instruction	122,845,400	126,355,767	122,767,984
Administration	4,373,294	4,579,317	4,476,147
Transportation	13,440,353	13,431,286	13,423,867
Pupil accommodation	23,794,983	24,656,032	24,396,833
Other	382,827	389,512	382,830
School generated funds	4,841,789	5,115,064	4,871,713
<b>Total expenses</b>	<b>169,678,646</b>	<b>174,526,978</b>	<b>170,319,374</b>
Annual surplus (deficit)	577,152	(808,044)	201,819
Accumulated surplus, beginning of year	1,731,774	2,039,459	1,837,640
Accumulated surplus, end of year (note 13)	\$ 2,308,926	\$ 1,231,415	\$ 2,039,459

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

## Consolidated Statement of Change in Net Debt

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus (deficit)	\$ (808,044)	\$ 201,819
Tangible capital assets:		
Acquisition of tangible capital assets	(9,457,035)	(8,732,735)
Amortization of tangible capital assets	7,839,300	7,601,672
	(1,617,735)	(1,131,063)
Prepaid expenses:		
Acquisition of prepaid expenses	(4,583,440)	(4,456,337)
Use of prepaid expenses	4,557,592	7,419,448
	(25,848)	2,963,111
Increase (decrease) in net debt	(2,451,627)	2,033,867
Net debt, beginning of year	(148,626,294)	(150,660,161)
Net debt, end of year	\$ (151,077,921)	\$ (148,626,294)

See accompanying notes to consolidated financial statements.



# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

## Consolidated Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Operating transaction		
Annual surplus (deficit)	\$ (808,044)	\$ 201,819
Items not involving cash:		
Amortization of tangible capital assets	7,839,300	7,601,672
Amortization of deferred capital contributions	(7,749,960)	(7,440,017)
Change in non-cash assets and liabilities:		
Increase in temporary investments	-	(135)
Decrease in amounts receivable - municipalities and other	836,393	179,358
Increase (decrease) in accounts payable and accrued liabilities	(653,269)	147,779
Decrease in deferred revenue	(332,253)	(1,167,480)
Increase in employee future benefits liability	7,305	264,371
Decrease (increase) in prepaid expenses	(25,848)	2,963,111
Cash provided by (applied to) operating transactions	(886,376)	2,750,478
Capital transactions:		
Cash used to acquire tangible capital assets	(9,457,035)	(8,732,735)
Financing transactions:		
Increase in temporary borrowing	800,000	-
Debt principal repayments and sinking fund contributions	(3,077,137)	(8,636,775)
Decrease in amounts receivable - approved capital funding	4,962,683	6,425,542
Additions to deferred capital contributions	9,457,035	8,682,735
Cash provided by financing transactions	12,142,581	6,471,502
Change in cash	1,799,170	489,245
Opening cash	3,059,963	2,570,718
Closing cash	\$ 4,859,133	\$ 3,059,963

See accompanying notes to consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2015

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## 1. Significant accounting policies:

The consolidated financial statements of the Catholic District School Board of Eastern Ontario (the "Board") are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

### (a) Basis of accounting:

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

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

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

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

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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

### (b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario (STEO): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the financial statements. The Board is a member of STEO with the Upper Canada District School Board. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.
- (ii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions and balances are eliminated in these financial statements.

### (c) Investment income:

Investment income is reported as revenue in the period earned.

Investment income earned on externally appropriated funds such as pupil accommodation, special education, energy efficient schools capital and proceeds of disposition, when required by the funding government or related Act, is added to the fund balance and forms part of the respective deferred revenue balances.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Temporary investments:

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition. Investments are recorded at cost which approximates market value. Temporary investments have interest rates that range from 0.25% to .75%.

### (e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical cost records were not available, other methods were used to estimate the cost and accumulated amortization.

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

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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting policies (continued):

### (e) Non-financial assets (continued):

#### Tangible capital assets (continued):

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

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

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

### (f) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

### (g) Government transfers:

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

Government transfers for the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(h).

### (h) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting principles (continued):

### (i) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. 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. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

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.

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 1. Significant accounting principles (continued):

- (j) Accumulated surplus - available for compliance, internally appropriated:

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

- (k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2014-2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 18, 2014.

- (l) Long-term debt:

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

- (m) Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

- (n) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 2. Changes in accounting policy:

The Board has implemented Public Sector Accounting Board ("PSAB") Section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Board's financial statements.

## 3. Accounts receivable - approved capital funding - Government of Ontario:

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$69,185,226 (2014 - \$74,147,909) as at August 31, 2015 with respect to capital grants.

## 4. Long-term debt:

### (a) Net long-term liabilities:

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

	2015	2014
Debentures	\$ 33,655,644	\$ 35,359,503
Sinking fund debenture	1,318,430	1,318,431
Loans	31,954,355	33,219,812
	66,928,429	69,897,746
Less sinking fund assets	(1,592,536)	(1,484,716)
	\$ 65,335,893	\$ 68,413,030



# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 4. Long-term debt (continued):

### (a) Net long-term liabilities (continued):

The respective interest rates on the loan and debentures range from 4.5% to 7.2% and the respective maturity dates on the loans and debentures range from October 11, 2017 to March 9, 2038.

Sinking fund assets consist of investments in cash, short-term and Canadian bonds. Sinking fund assets are invested in accordance with Ontario Resolution 41/10.

Principal payments relating to the net long-term liabilities outstanding as at August 31, 2015 are due as follows:

	Principal	Interest	Total
2015-2016	\$ 3,172,508	\$ 3,571,123	\$ 6,743,631
2016-2017	3,345,700	3,398,529	6,744,229
2017-2018	3,528,694	3,215,997	6,744,691
2018-2019	3,722,062	3,023,089	6,745,151
2019-2020	3,926,410	2,819,666	6,746,076
Thereafter	47,640,519	16,047,758	63,688,277
	<b>\$ 65,335,893</b>	<b>\$ 32,076,162</b>	<b>\$ 97,412,055</b>

### (b) Temporary borrowing:

The Board has credit facilities available to a maximum of \$10,000,000 to address operating requirements and to bridge capital expenditures.

Interest on the operations facilities is charged at the bank's prime lending rate minus 0.7% or the banker's acceptance rate plus 0.2%. All loans are unsecured, due on demand.

As at August 31, 2015, the amount drawn on the credit facility was \$800,000 (2014 - \$Nil).

## 5. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 5. Deferred revenue (continued):

Deferred revenue is comprised of:

	2015	2014
By legislation, regulation or agreement:		
School Renewal	\$ 575,829	\$ 594,045
School Condition Improvement - Capital	530,181	256,875
Child Care Capital Retrofit	616,457	608,239
Specialized Equipment Per Pupil Amount (SEA)	811,339	1,272,148
Full Day Kindergarten - Special Education	-	95,959
Proceeds on disposition - School Buildings	295,331	295,331
	<u>2,829,137</u>	<u>3,122,597</u>
Amounts restricted by external funder	658,416	697,209
	<u>\$ 3,487,553</u>	<u>\$ 3,819,806</u>

### (a) School Renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

### (b) School Condition Improvement - Capital:

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

### (c) Child Care Capital Retrofit:

The Province provides specific capital funding to repurpose existing child care spaces or space not required for instruction purposes in schools, to serve children aged 0 to 3.8 years under the Schools-First Child Care Capital Retrofit Policy.

### (d) Specialized Equipment Per Pupil Amount (SEA):

Specific funding is provided by the Province to support computers, software, computer-related devices and required supporting furniture identified for use by students with special education needs as well as all training and technician costs for all SEA equipment.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 5. Deferred revenue (continued):

### (e) Full-Day Kindergarten - Special Education:

Specific funding is provided by the Province to support the provision of special education supports to junior and senior kindergarten students in schools offering the ministry-approved full-day kindergarten programs.

### (f) Proceeds on disposition - School Buildings:

The gains on disposition of deferred revenue are composed of gains generated from the sale of schools. The Board intends to use this amount to fund future capital costs related to Board facilities.

## 6. Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits.

### (a) Retirement benefits:

#### (i) Ontario Teacher's Pension Plan:

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

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

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2015, the Board contributed \$1,984,693 (2014 - \$1,924,556) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 6. Retirement and other employee future benefits:

### (a) Retirement benefits (continued):

#### (iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specific dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

### (b) Other employee future benefits:

#### (i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require the Board to provide a salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

#### (ii) Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$111,056 (2014 - \$114,708).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2015. This actuarial valuation is based on assumptions about future events.

#### (iii) Long-term disability life insurance:

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

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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

(b) Other employee future benefits (continued):

(iv) Post-employment life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the age of 65. The premiums are based on the Board's experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

(v) Service Awards:

The Board provides a one-time service award to teachers, principals and vice-principals upon achievement of the service requirements. Effective September 1, 2012 only teachers, principals and vice-principals that have met the required three consecutive years of service as of August 31, 2013 are eligible for the one-time service award benefit.

The accrued benefit obligations for employee future benefit plans as at August 31, 2015 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2015. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2015	2014
Discount rate	2.45%	2.85%
Salary growth	0%	0%
Dental benefits escalation	4.25% for 2015/16 reducing by ¼% in each year to an ultimate rate of 3.0%	4.5% for 2014/15, reducing by ¼% in each year to an ultimate rate of 3.0%
Health benefits escalation	8.25% for 2015/16, reducing by ¼% in each year to an ultimate rate of 4.0%	8.5% for 2014/15, reducing by ¼% in each year to an ultimate rate of 4.0%

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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

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

	2015	2014
Accrued benefit liability, beginning of year	\$ 6,888,770	\$ 6,624,399
Expense recognized for the year:		
Current service cost	895,063	922,986
Amortization of actuarial gains and losses	40,576	54,018
Interest cost	196,040	213,750
	1,131,679	1,190,754
Benefits paid for the year	(1,124,374)	(1,099,612)
Changes due to plan amendment (note 6(a))	-	173,229
Accrued benefit liability, end of year	\$ 6,896,075	\$ 6,888,770

Accrued benefit obligation:

	2015	2014
Retirement gratuity	\$ 3,276,884	\$ 3,465,383
Sick leave top-up benefits	111,056	114,708
Post-employment benefits	737,492	898,716
Long-term disability benefit	1,343,538	986,648
WSIB	1,588,107	1,517,656
Accrued benefit obligation, end of year	7,057,077	6,983,111
Net unamortized actuarial loss	(161,002)	(94,341)
Accrued benefit liability, end of year	\$ 6,896,075	\$ 6,888,770

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 7. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2015	2014
Opening balance, September 1	\$ 142,551,629	\$ 141,308,911
Additions to deferred capital contributions	9,457,035	8,682,735
Revenue/adjustments recognized in the period	(7,749,960)	(7,440,017)
Ending balance, August 31	\$ 144,258,704	\$ 142,551,629

## 8. Tangible capital assets:

Cost	Balance at August 31, 2014	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2015
Land	\$ 3,626,932	\$ –	\$ –	\$ 3,626,932
Land improvements	2,341,633	435,380	–	2,777,013
Buildings	194,191,106	3,718,695	3,546,460	201,456,261
Construction-in-progress	5,109,332	4,716,883	(3,546,460)	6,279,755
Portable structures	8,872,630	295,123	–	9,167,753
First-time equipping of schools	1,803,701	189,673	–	1,993,374
Furniture	378,095	–	(31,016)	347,079
Equipment	1,187,282	17,025	(25,710)	1,178,597
Computer hardware	3,415,969	27,498	(1,003,440)	2,440,027
Computer software	8,534	5,052	(8,534)	5,052
Vehicles	149,547	51,706	–	201,253
Total	\$ 221,084,761	\$ 9,457,035	\$ (1,068,700)	\$ 229,473,096

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 8. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2014	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	668,798	207,114	-	875,912
Buildings	66,017,028	6,215,233	-	72,232,261
Construction-in-progress	-	-	-	-
Portable structures	4,025,284	459,893	-	4,485,177
First-time equipping of schools	1,043,477	189,852	-	1,233,329
Furniture	204,617	36,261	(31,016)	209,862
Equipment	492,533	133,715	(25,710)	600,538
Computer hardware	2,132,562	585,599	(1,003,440)	1,714,721
Computer software	7,681	1,359	(8,534)	506
Vehicles	126,584	10,274	-	136,858
<b>Total</b>	<b>\$ 74,718,564</b>	<b>\$ 7,839,300</b>	<b>\$ (1,068,700)</b>	<b>\$ 81,489,164</b>

	Net book value August 31, 2015	Net book value August 31, 2014
Land	\$ 3,626,932	\$ 3,626,932
Land improvements	1,901,101	1,672,835
Buildings	129,224,000	128,174,078
Construction-in-progress	6,279,755	5,109,332
Portable structures	4,682,576	4,847,346
First-time equipping of schools	760,045	760,224
Furniture	137,217	173,478
Equipment	578,059	694,749
Computer hardware	725,306	1,283,407
Computer software	4,546	853
Vehicles	64,395	22,963
<b>Total</b>	<b>\$ 147,983,932</b>	<b>\$ 146,366,197</b>

Included in the disposals, write-offs and adjustments column are adjustments of \$1,068,700 (2014 - \$2,150,456) for the deemed disposal of assets.



# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 9. Debt charges and capital loans interest:

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

	2015	2014
Debt principal repayments and sinking fund contributions	\$ 3,077,134	\$ 2,022,323
Interest payments on long-term liabilities	3,734,463	4,074,260
	<b>\$ 6,811,597</b>	<b>\$ 6,096,583</b>

## 10. Expenses by object:

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

	2014-2015 Budget	2014-2015 Actual	2013-2014 Actual
Expenses by object:			
Salary and wages	\$ 113,248,274	\$ 113,817,685	\$ 111,686,524
Employee benefits	14,560,196	16,347,145	15,494,380
Staff development	514,352	996,268	1,124,794
Supplies and services	13,601,324	15,017,898	13,617,300
Interest	3,731,768	3,758,647	3,935,188
Rental expenses	32,201	76,401	79,468
Fees and contract services	15,810,338	15,986,125	16,078,483
Other	464,144	687,509	701,565
Amortization of tangible capital assets	7,716,049	7,839,300	7,601,672
	<b>\$ 169,678,646</b>	<b>\$ 174,526,978</b>	<b>\$ 170,319,374</b>

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## **11. Ontario School Board Insurance Exchange (OSBIE):**

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

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2016.

## **12. Commitments and contingent liabilities:**

### **(a) Litigation:**

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

### **(b) Guarantees:**

The Board has guaranteed work relating to their capital projects with the respective municipalities in the amount of \$25,000.

### **(c) Contractual obligations:**

The Board has a total of \$1,087,487 of contractual obligations at year end relating to the construction or renovation of buildings.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 13. Accumulated surplus:

Accumulated surplus consists of the following:

	2015	2014
<b>Available for compliance - unappropriated</b>		
Total operating accumulated surplus	\$ 84,011	\$ 763,872
<b>Available for compliance - internally appropriated</b>		
Workers' Safety Insurance Board (WSIB)	296,467	296,467
School renewal	233,810	233,810
School budget carryover	239,308	323,498
Student success	31,360	39,020
ICT WAN	35,000	45,000
Religion	47,000	47,000
Assistive technology	27,513	27,512
ICT Repair Fund	29,277	-
Assessment	54,263	54,271
Educational support professional development	64,446	94,400
Sinking Fund Interest - not committed	1,192,542	1,113,772
Sinking Fund Interest - committed	63,296	65,828
Great West Life ASO plan	806,323	1,343,926
<b>Total accumulated surplus available for compliance</b>	<b>3,204,616</b>	<b>4,448,376</b>
<b>Unavailable for compliance</b>		
Employee future benefits	(5,804,841)	(6,273,968)
Interest to be accrued	(1,072,742)	(1,122,522)
School generated funds (note 14)	1,277,450	1,360,641
Revenue recognized for land	3,626,932	3,626,932
<b>Total accumulated surplus unavailable for compliance</b>	<b>(1,973,201)</b>	<b>(2,408,917)</b>
<b>Total accumulated surplus</b>	<b>\$ 1,231,415</b>	<b>\$ 2,039,459</b>

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

## 14. School Generated Funds:

	2014-2015 Budget	2014-2015 Actual	2013-2014 Actual
Revenues:			
School fundraising and other	\$ 4,784,500	\$ 5,031,873	\$ 4,922,798
Expenses:			
School funded activities	4,841,789	5,115,064	4,871,713
Annual surplus (deficit)	(57,289)	(83,191)	51,085
Opening accumulated surplus - school generated funds	1,360,641	1,360,641	1,309,556
Closing accumulated surplus - school generated funds	\$ 1,303,352	\$ 1,277,450	\$ 1,360,641

## 15. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario ("STEO") consortium with the Upper Canada District School Board, effective February 1, 2012. The consortium will provide joint governance and administration of student transportation services provided to students registered with the two member boards. Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$13,431,286 (2014 - \$13,423,867) for student transportation services in the year.
- (ii) The Board has a receivable from STEO of \$32,463 (2014 - \$33,778) for student transportation services.

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2015 are as follows:

	2015	2014
Financial assets	\$ 2,443,387	\$ 2,808,240
Financial liabilities	2,720,121	3,148,262
Net debt	(276,734)	(340,022)
Non-financial assets	276,734	340,022
Accumulated surplus	\$ -	\$ -

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## 15. Transportation consortium (continued):

	2015	2014
Revenue	\$ 36,325,292	\$ 36,899,057
Expenses	36,325,292	36,899,674
Annual deficit	\$ –	\$ (617)

The Board records \$Nil (2014 - \$204) of STEO's deficit in the statement of operations and accumulated surplus. The remaining \$Nil is recorded by the Upper Canada District School Board.

## 16. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$5,138,566 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

## 17. Subsequent event:

Subsequent to August 31, 2015, the Ontario English Catholic Teachers' Association ratified agreements at the central level which include a voluntary retirement gratuity early payout provision. This provision may have a future impact on the Board's employee future benefit liability. There is no impact to the 2014-15 fiscal year. To be effective, the collective agreements must be ratified at both the central and local level. At the reporting date of these consolidated financial statements, local ratification has not occurred for the Ontario English Catholic Teachers' Association.

# CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2015

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## **17. Subsequent event (continued):**

The voluntary retirement gratuity early payout provision provides the Ontario English Catholic Teachers' Association members the option of receiving a discounted frozen retirement gratuity benefit payment on August 31, 2016. The voluntary retirement gratuity early payout provision may result in payouts occurring earlier than anticipated and generally at a discount to August 31, 2015 financial statement carrying values. As a result, the reduction in the liability for those members who take the voluntary retirement gratuity early payout option will be accompanied by actuarial gains or losses in the Board's 2015-16 year consolidated financial statements. At this time, the change in the liability cannot be estimated since members of the Ontario English Catholic Teachers' Association have until May 31, 2016 to declare their participation in the voluntary retirement gratuity early payout option.