

Consolidated Financial Statements of

**ALGONQUIN AND LAKESHORE  
CATHOLIC DISTRICT SCHOOL  
BOARD**

Year ended August 31, 2013

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2013

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Management's 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

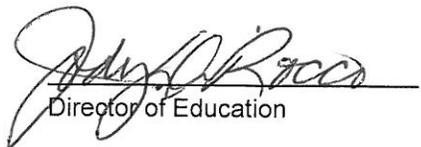
The accompanying consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and 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

  
Superintendent of Finance and  
Business Services

November 26, 2013



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Algonquin and Lakeshore Catholic District School Board

We have audited the accompanying consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2013, the consolidated statements of operations and accumulated surplus (deficit), 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 Algonquin and Lakeshore Catholic District School Board as at August 31, 2013, 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 Accountants, Licensed Public Accountants

November 26, 2013

Kingston, Canada

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

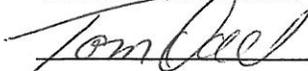
Consolidated Statement of Financial Position

August 31, 2013, with comparative figures for 2012

	2013	2012
Financial assets:		
Cash	\$ 2,359,375	\$ 4,390,508
Temporary investments	8,108,358	10,004,126
Accounts receivable:		
Municipalities	2,563,187	2,518,496
Province of Ontario - approved capital	31,239,303	25,282,475
Other	3,847,522	2,485,067
<b>Total financial assets</b>	<b>48,117,745</b>	<b>44,680,672</b>
Financial liabilities:		
Accounts payable and accrued liabilities	6,701,263	6,869,419
Net long-term liabilities (note 6)	22,905,941	23,313,992
Deferred revenue (note 3)	10,730,966	8,093,413
Employee benefits payable (note 5)	12,624,280	14,436,222
Deferred capital contributions (note 4)	97,208,038	91,363,047
<b>Total financial liabilities</b>	<b>150,170,488</b>	<b>144,076,093</b>
<b>Net debt</b>	<b>(102,052,743)</b>	<b>(99,395,421)</b>
Non-financial assets:		
Tangible capital assets (note 16)	103,593,987	97,977,929
Commitments (notes 10 and 11)		
Contingent liabilities (notes 12 and 13)		
<b>Accumulated surplus (deficit) (note 8)</b>	<b>\$ 1,541,244</b>	<b>\$ (1,417,492)</b>

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

 Chair

 Director of Education

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus (Deficit)

Year ended August 31, 2013, with comparative figures for 2012

	2013 Budget	2013	2012
<b>Revenues:</b>			
Municipal grants	\$ 21,041,838	\$ 20,763,907	\$ 20,851,473
Provincial grants:			
Student focused funding	106,633,098	105,516,648	107,450,945
Other	5,237,503	5,701,403	2,324,219
Federal grants and fees	646,596	646,247	787,168
Other - school boards	-	1,704	217,345
Investment income	125,868	263,601	186,637
Other	402,800	1,130,869	1,297,300
School fundraising	4,376,807	4,438,924	4,562,273
Amortization of deferred capital contributions	4,519,886	4,350,463	4,190,645
	<u>142,984,396</u>	<u>142,813,766</u>	<u>141,868,005</u>
<b>Expenses (note 9):</b>			
Instruction	105,370,740	102,933,806	101,907,318
Administration	4,991,272	4,779,122	4,832,748
Transportation (note 15)	10,094,602	9,885,385	10,044,977
Pupil accommodation	18,077,439	17,843,716	18,212,955
Other	116,347	116,347	116,337
School funded activities	4,554,055	4,296,654	4,729,006
	<u>143,204,455</u>	<u>139,855,030</u>	<u>139,843,341</u>
Annual surplus (deficit)	(220,059)	2,958,736	2,024,664
Accumulated deficit, beginning of year	-	(1,417,492)	(3,442,156)
Accumulated surplus (deficit), end of year (note 8)	\$ -	\$ 1,541,244	\$ (1,417,492)

The accompanying notes are an integral part of these consolidated financial statements.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2013, with comparative figures for 2012

	2013	2012
Annual surplus	\$ 2,958,736	\$ 2,024,664
Acquisition of tangible capital assets	(10,062,090)	(4,647,135)
Amortization of tangible capital assets	4,446,032	4,208,980
	(5,616,058)	(438,155)
Change in net debt	(2,657,322)	1,586,509
Net debt, beginning of year	(99,395,421)	(100,981,930)
Net debt, end of year	\$ (102,052,743)	\$ (99,395,421)

The accompanying notes are an integral part of these consolidated financial statements.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2013, with comparative figures 2012

	2013	2012
Operating transactions:		
Annual surplus	\$ 2,958,736	\$ 2,024,664
Non-cash items including amortization, write-downs and gain/loss on disposal	4,446,032	4,208,982
Cash provided by (used in):		
Decrease in temporary investments	1,895,768	(4,126)
Decrease (increase) in accounts receivable	(7,363,974)	377,443
Decrease in accounts payable and accrued liabilities	(168,156)	(4,132,804)
Increase in deferred revenue	2,637,553	1,486,811
Decrease in employee benefits payable	(1,811,942)	(4,509,215)
Increase in deferred capital contributions	5,844,991	261,625
	5,480,272	(2,311,284)
Cash applied to operating transactions	8,439,008	(286,620)
Capital transactions:		
Cash used to acquire tangible capital assets	(10,062,090)	(4,647,135)
Financing transactions:		
Long-term liabilities issued	327,004	6,827,335
Debt repayment	(735,055)	(534,239)
Cash provided by financing transactions	(408,051)	6,293,096
Increase (decrease) in cash	(2,031,133)	1,359,341
Cash, beginning of year	4,390,508	3,031,167
Cash, end of year	\$ 2,359,375	\$ 4,390,508

The accompanying notes are an integral part of these consolidated financial statements.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2013

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## 1. Significant accounting policies:

The consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board (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 consolidated statement of operations and accumulated surplus (deficit) over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than 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
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 1. Significant accounting policies (continued):

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

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus (deficit) 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) Tri-Board Student Transportation Services: Tri-Board Student Transportation Services is accounted for using the proportionate consolidation method of accounting and reporting.
- (ii) School generated funds: The assets, liabilities, revenues, expenses and fund balances of various organizations that exist at school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

### (c) Trust funds:

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

### (d) 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 1.59 to 1.90%.

### (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.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2013 and 2012

## 1. Significant accounting policies (continued):

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

Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction.

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

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.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 1. Significant accounting policies (continued):

### (g) 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 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.

### (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 gratuity, service awards, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

In 2013, changes were made to the Board's short-term leave and disability plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. 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.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits (continued):

(i) (continued):

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 (OMERS), 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) 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.

(j) 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(g).

(k) 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.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 1. Significant accounting policies (continued):

### (l) Budget figures:

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

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

The Board approves its budget annually. The approved operating budget for 2012-2013 is reflected on the Consolidated Statement of Operations and Accumulated Surplus (Deficit), the budget was approved on June 12, 2012.

Budgets established for capital purposes are based on a project-oriented basis, the costs of which may be carried out over one or more years. Capitalization of assets, amortization and disposals were not contemplated in the development of the budget.

### (m) 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.

## 2. Adoption of new accounting standard:

On September 1, 2012, the Board adopted Public Sector Accounting Standard *PS 3510 – Tax Revenue*. The standard was adopted retrospectively. The new standard provides guidance on the entities who are able to record tax revenue on their financial statements.

Under *PS 3510*, only the entity that levies the tax will record tax revenue in their financial statements. All other entities who receive revenue from taxes as transfers from the original taxing authority (the Province of Ontario) will record these amounts as grants in their financial statements.

As a result of adopting *PS 3510*, the Board now records the tax revenue received from Municipalities as Municipal grants.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

### 3. 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.

Deferred revenue is comprised of:

	2013	2012
Education development charge	\$ 576,542	\$ 486,694
Energy efficient schools	–	254,520
Green school pilot project	52,474	88,165
Gain on disposal of assets	215,983	213,591
Improved access for special education	41,267	40,810
School condition improvement	1,756,907	1,057,298
School renewal	622,150	–
Retrofitting school space for childcare	302,300	–
Restricted grant revenue	7,163,343	5,952,335
<b>Total deferred revenue</b>	<b>\$ 10,730,966</b>	<b>\$ 8,093,413</b>

(a) Education development charge:

Education development charges (EDC's) are used to fund the acquisition of school sites, and site related costs to accommodate growth-related pupil places. EDC's are collected by the City of Kingston on behalf of the Board.

(b) Energy efficient schools and green school pilot project:

Energy efficient schools and green school pilot project deferred revenue pertains to any amounts deferred for future projects to reduce energy consumption in schools.

(c) Gain on disposal of assets:

The gains on disposal deferred revenue is composed of gains generated from the sale of schools.

(d) Improved access for special education:

The province has provided specific funds to be used for improved access for special education. Any amount not spent by year end must be deferred for use in future years.

(e) School conditions improvement - capital:

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

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

### 3. Deferred revenue (continued):

(f) School renewal:

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

(g) Retrofitting school space for childcare:

Amounts received for future capital investments to repurpose existing childcare spaces or space not required for instructional purposes in schools to serve children aged 0 to 3.8 years.

(h) Restricted grant revenue:

Other deferred revenue includes many specific program amounts, both capital and operating, from the Ministry of Education.

### 4. Deferred capital contributions:

Government transfers for capital are referred to as deferred capital contributions (DCC) as required by Ontario Regulation 395/11 as disclosed in note 1. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2013	2012
Balance, beginning of year	\$ 91,363,047	\$ 92,177,091
Additions to deferred capital contributions	10,062,090	3,332,999
Revenue recognized in the period	(4,350,463)	(4,190,645)
Unsupported capital spending	133,364	43,602
Balance, end of year	\$ 97,208,038	\$ 91,363,047

### 5. 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) Plan changes:

During the year, further changes were made to the short term leave and disability plan. Under the new short term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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

### (a) Plan changes (continued):

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

### (b) 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, 2013, the Board contributed \$1,896,366 (2012 - \$1,692,979) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

#### (iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time increase to the Board's obligation of \$1,001,652 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated surplus (deficit) as at August 31, 2012.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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

### (c) 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 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

#### (ii) Accumulated sick leave:

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations was eliminated, resulting in a one-time reduction to the obligation of \$7,341,889 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus (deficit) as at August 31, 2012.

As a result of plan changes made during 2013 to the short-term leave and disability plan, 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 \$39,289 (2012 - \$Nil).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2013. This actuarial valuation is based on assumptions about future events.

#### (iii) Continuing benefits while on long-term disability:

Some employee groups are eligible for continued Board subsidization of specific benefits until the age of 65, while they are receiving long-term benefits. 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.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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

### (c) 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. The changes to the Board's retirement health, life and dental plans resulted in a one-time reduction to the Board's obligation of \$258,371 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

#### (v) Vacation pay:

The amount of unused vacation days accrued as of August 31, 2013 is \$1,171,499 (2012 - \$1,177,361). Vacation pay is included in accounts payable and accrued liabilities.

The accrued benefit obligations for employee future benefit plans as at August 31, 2013 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2013. 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:

	2013	2012
	%	%
Health care cost escalation	8.75	9.0
Dental cost escalation	4.75	5.0
Discount on accrued benefit obligations	3.4	3.0
Inflation rate	2.0	2.0

<sup>1</sup> Health care escalation of 8.75% for 2013-14, and decreasing by ¼% per annum to 4.0%.

<sup>2</sup> Dental care escalation of 4.75% for 2013-14, decreasing by ¼% per annum to 3.0%.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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

(c) Other employee future benefits (continued):

					2013	2012
	Retirement gratuity benefits	Other post- retirement benefit expenses	Carry-over sick leave benefits	Continuing benefits on long-term disability	Total retirement and post- retirement benefits	Total retirement and post- retirement benefits
Accrued benefit liability						
September 1	\$ 12,324,570	\$ 989,132	\$ –	\$ 207,771	\$ 13,521,473	\$ 18,089,460
Current year benefit cost	–	8,905	–	168,423	177,328	1,226,020
Change due to plan curtailment	(324,000)	–	86,826	–	(237,174)	743,281
Change due to plan termination	–	–	–	–	–	(7,341,889)
Net amortization of actuarial losses (gains)	–	(75,328)	–	–	(75,328)	2,439,679
Interest on accrued benefit obligation	338,914	26,744	–	8,392	374,050	761,430
Benefit payments	(1,730,837)	(204,252)	(47,537)	(24,491)	(2,007,117)	(2,396,508)
Accrued benefit liability August 31	10,608,647	745,201	39,289	360,095	11,753,232	13,521,473
Net employee future benefit expenses	\$ (1,715,923)	\$ (243,931)	\$ 39,289	\$ 152,324	\$ (1,768,241)	\$ (4,567,987)

Retirement and other employee future benefit obligations are comprised of:

	2013	2012
Retirement gratuity benefits	\$ 10,608,647	\$ 12,324,570
Post-retirement benefits	745,201	989,132
Carry-over sick leave benefit	39,289	–
Continuing benefits while on long-term disability	360,095	207,771
	11,753,232	13,521,473
Workplace safety and insurance	871,048	914,749
	\$ 12,624,280	\$ 14,436,222

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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

(c) Other employee future benefits (continued):

	2013	2012
Accrued employee future benefit obligations at August 31	\$ 12,364,440	\$ 14,436,222
Unamortized actuarial losses at August 31	259,840	-
<b>Employee future benefits liability at August 31</b>	<b>\$ 12,624,280</b>	<b>\$ 14,436,222</b>

## 6. Net long-term liabilities:

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

	2013	2012
Debentures	\$ 22,905,941	\$ 23,313,992

Principal payments relating to net long-term liabilities of \$22,905,941 (2012 - \$23,313,992) outstanding as at August 31, 2013 are due as follows:

	Principal	Interest	Total
2013-2014	\$ 772,519	\$ 999,886	\$ 1,772,405
2014-2015	811,746	966,137	1,777,883
2015-2016	848,512	929,372	1,777,884
2016-2017	886,966	890,917	1,777,883
2017-2018	927,189	850,695	1,777,884
Thereafter	18,659,009	6,870,592	25,529,601
	<b>\$ 22,905,941</b>	<b>\$ 11,507,599</b>	<b>\$ 34,413,540</b>

The respective interest rates on the debentures range from 3.5% to 5.2% and the respective maturity dates on the debentures range from 2030 to 2038.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

## 7. Debt charges and capital loans interest:

The expenditure for debt charges and capital loans interest, includes principal and interest payments as follows:

	2013	2012
Principal payments on long-term liabilities	\$ 735,055	\$ 534,240
Interest payments on long-term liabilities	1,019,151	851,216
	<u>\$ 1,754,206</u>	<u>\$ 1,385,456</u>

## 8. Accumulated surplus (deficit):

Accumulated surplus (deficit) consists of the following:

	2013	2012
Available for compliance - unappropriated:		
Operating accumulated surplus	\$ -	\$ -
Available for compliance - internally appropriated:		
School renewal	1,285,860	1,285,860
Other purposes - operating:		
School expenses	1,399,024	1,484,185
Technology	498,000	498,000
Workplace Safety Insurance Board	800,000	800,000
Declining enrolment	1,014,995	1,132,532
Other purposes - capital:		
Capital - general	-	-
Committed - capital projects	2,295,398	2,390,967
	<u>7,293,277</u>	<u>7,591,544</u>
Unavailable for compliance:		
Employee future benefits	(11,177,966)	(14,031,669)
Interest to be accrued	(183,330)	(186,733)
Vacation accrued	-	(257,630)
School generated funds	1,518,715	1,376,448
Revenue recognized for land	4,090,548	4,090,548
	<u>(5,752,033)</u>	<u>(9,009,036)</u>
	<u>\$ 1,541,244</u>	<u>\$ (1,417,492)</u>

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

## 9. Expenses by object:

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

	2013 Actual	2012 Actual
Expenses:		
Salary and wages	\$ 94,735,647	\$ 95,533,926
Employee benefits	12,628,716	16,846,593
Staff development	755,069	771,716
Supplies and services	9,016,783	9,187,349
Interest on long-term debt	1,019,151	919,132
Rental expenses	365,573	381,843
Fees and contract services	12,327,429	13,650,989
Amortization, write-downs and loss on disposal	4,446,032	4,208,982
Other	263,976	212,413
	135,558,376	141,712,943
Employee benefits plan curtailment	–	(6,598,608)
	\$ 135,558,376	\$ 135,114,335
School activities	\$ 4,296,654	\$ 4,729,006
Total expenses	\$ 139,855,030	\$ 139,843,341

## 10. Lease commitments:

The Board is committed under certain operating lease agreements to minimum lease payments as follows:

2013-2014	\$ 378,403
2014-2016	304,504
2015-2016	202,804
2016-2017	115,545
2017-2018	106,345
	\$ 1,107,601

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 11. Commitments:

- (a) On June 1, 2003, the Board received \$10,286,245 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. The 55 School Board Trust was created to refinance the outstanding 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. An amount of \$116,347 (2012 - \$116,347) funded by the province is reflected on the Consolidated Statement of Operations and Accumulated Deficit.

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 as of August 31, 2003.

- (b) Contractual obligations:

The Board has entered into contract commitments related to the Quinte West project. This project consists of construction of a replacement elementary school for St. Peter Catholic School at an estimated cost of \$6,558,754, an addition at St. Paul Secondary School at an estimated cost of \$4,244,760, and costs related to accommodating additional students at St. Mary Catholic School at an estimated cost of \$900,000. Total expenses of \$7,683,309 have been incurred as of August 31, 2013 (2012 - \$958,614).

## 12. Ontario School Board Insurance Exchange (OSBIE):

The Board participates in the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability and certain other risks. Annual premiums paid by the Board will be determined by an Advisory Committee on the advice of the Actuary and there is provision under the Agreement for Assessments to the Board if these premiums are not sufficient to cover losses. The Board's participation is renewable annually.

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

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## 13. 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) Letters of credit:

The Board has provided security in the form of letters of credit, on behalf of various parties. As of the year end date, the total balances outstanding were \$698,138 (2012 - \$871,248).

## 14. Trust funds:

Trust funds administered by the Board amounting to \$1,090,000 (2012 - \$994,241) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus (Deficit).

## 15. Related entities:

### Tri-Board Student Transportation Services:

The Board has a one-third economic interest in Tri-Board Student Transportation Services. The Entity's principal activity is to provide student transportation for three school boards including, Algonquin and Lakeshore Catholic District School Board. Related party transactions with Tri-Board Student Transportation Services during the year, not separately disclosed in the financial statements, include the following:

- (i) The Board purchased student transportation services totalling \$9,042,532 (2012 - \$9,103,814) and administration costs of \$558,423 (2012 - \$564,264).

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

## 16. Tangible capital assets:

Amortization is calculated on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Cost	Balance at August 31, 2012	Additions	Disposals, write-downs and adjustments	Balance at August 31, 2013
Land	\$ 4,090,548	\$ –	\$ –	\$ 4,090,548
Land improvements	1,365,962	–	–	1,365,962
Buildings	123,763,777	2,179,971	–	125,943,748
Portable structures	4,879,646	205,342	485,300	4,599,688
First-time equipping of schools	421,004	72,195	–	493,199
Furniture	40,285	38,853	–	79,138
Equipment	1,035,783	21,961	72,379	985,365
Computer hardware	2,266,457	764,889	434,957	2,596,389
Computer software	154,856	7,802	9,144	153,514
Vehicles	133,778	46,381	–	180,159
Construction-in-progress	544,611	6,724,696	–	7,269,307
Pre acquisition costs	414,002	–	–	414,002
<b>Total</b>	<b>\$ 139,110,709</b>	<b>\$ 10,062,090</b>	<b>\$ 1,001,780</b>	<b>\$ 148,171,019</b>

Accumulated amortization	Balance at August 31, 2012	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2013
Land improvements	\$ 294,638	\$ 84,106	\$ –	\$ 378,744
Buildings	36,789,125	3,343,420	–	40,132,545
Portable structures	2,502,633	341,764	485,300	2,359,097
First-time equipping of schools	167,035	45,710	–	212,745
Furniture	14,986	5,971	–	20,957
Equipment	287,193	87,919	72,379	302,733
Computer hardware	913,342	486,284	434,957	964,669
Computer software	90,309	35,161	9,144	116,326
Vehicles	73,519	15,697	–	89,216
<b>Total</b>	<b>\$ 41,132,780</b>	<b>\$ 4,446,032</b>	<b>\$ 1,001,780</b>	<b>\$ 44,577,032</b>

# ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2013

## 16. Tangible capital assets (continued):

	Net book value August 31, 2012	Net book value August 31, 2013
Land	\$ 4,090,548	\$ 4,090,548
Land improvements	1,071,324	987,218
Buildings	86,974,652	85,811,203
Portable structures	2,377,013	2,240,591
First-time equipping of schools	253,969	280,454
Furniture	25,299	58,181
Equipment	748,590	682,632
Computer hardware	1,353,115	1,631,720
Computer software	64,547	37,188
Vehicles	60,259	90,943
Construction-in-progress	544,611	7,269,307
Pre acquisition costs	414,002	414,002
<b>Total</b>	<b>\$ 97,977,929</b>	<b>\$103,593,987</b>

Included in the disposals, write-offs and adjustments column are adjustments of \$Nil for the period for building assets permanently removed from service in the year and adjustments of \$Nil that pertain to building assets permanently removed from service that were demolished during the year.

## 17. Comparative figures:

Certain 2012 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2013.