



Consolidated Financial Statements

Superior North Catholic District School Board

August 31, 2011

## Management Report

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


The accompanying consolidated financial statements of the Superior North Catholic District School Board are the responsibility of Board management and have been prepared in compliance with legislation, and based on the financial reporting provisions 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 control 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 and by the Board's internal auditors.

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

The 2011 consolidated financial statements for the Superior North Catholic District School Board have been audited by Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the presentation of the information included in the Board's consolidated financial statements.

  
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Director of Education

  
\_\_\_\_\_  
Manager of Finance

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# Independent Auditor's Report

**Grant Thornton LLP**

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To the Board of Trustees of  
Superior North Catholic District School Board

We have audited the accompanying consolidated financial statements of Superior North Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions described in note 1 to the consolidated financial statements.

**Management's responsibility for the consolidated financial statements**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair

presentation 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 qualified audit opinion.

**Basis for qualified opinion**

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus (deficit), net debt and accumulated surplus.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Superior North Catholic District School Board as at August 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

**Basis of accounting and restriction on use**

In addition to the modification of our opinion, we draw attention to note 1 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Superior North Catholic District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees of Superior North Catholic District School Board and the Ontario Ministry of Education and should not be used by parties other than the Board of Trustees of Superior North Catholic District School Board and the Ontario Ministry of Education.

*Grant Thornton LLP*

Thunder Bay, Canada  
January 23, 2012

Chartered Accountants  
Licensed Public Accountants

**Superior North Catholic  
District School Board  
Consolidated Statement of Financial Position**

**Statement 1**

As at August 31	2011	2010
	\$	\$ [restated – note 3]
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	5,289,903	5,229,447
Accounts receivable	1,095,304	1,218,468
Accounts receivable - Government of Ontario [note 5]	8,184,972	8,449,796
<b>TOTAL FINANCIAL ASSETS</b>	<b>14,570,179</b>	<b>14,897,711</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	952,671	1,360,525
Accounts payable - other	186,823	167,220
Net long-term debt [note 6]	8,184,972	8,162,787
Obligations under capital leases [note 8]	20,766	41,437
Deferred revenue [note 9]	1,054,702	1,041,072
Employee future benefits liability [note 10]	1,265,195	1,207,237
Deferred capital contributions [note 21]	19,884,801	20,000,632
<b>TOTAL LIABILITIES</b>	<b>31,549,930</b>	<b>31,980,910</b>
<b>NET DEBT</b>	<b>(16,979,751)</b>	<b>(17,083,199)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets – net [note 13]	20,608,388	20,750,075
Prepaid expenses	52,604	45,614
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>20,660,992</b>	<b>20,795,689</b>
<b>ACCUMULATED SURPLUS [note 11]</b>	<b>3,681,241</b>	<b>3,712,490</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

*Valerie Pichette*  
Chief Executive Officer

*William A. ...*  
Chair of the Board

**Superior North Catholic  
District School Board  
Consolidated Statement of Operations and Accumulated  
Surplus**

**Statement 2**

Year ended August 31	2011	2011	2010
	Budget \$ <i>[restated and unaudited - note 17]</i>	Actual \$	Actual \$ <i>[restated - note 3]</i>
<b>REVENUE</b>			
Local taxation	1,160,396	1,061,844	1,118,737
Provincial legislative grants	12,545,897	12,868,398	12,382,183
Provincial grants - other	526,800	762,686	917,191
Federal grants and fees	666,134	712,550	684,511
Other revenues - School Boards	—	24,563	103,552
Other fees and revenues	5,400	73,448	132,546
Investment income	19,987	55,753	23,702
School fundraising and other	300,000	270,359	260,217
Amortization of deferred capital contributions	909,266	899,329	861,415
<b>TOTAL REVENUE</b>	<b>16,133,880</b>	<b>16,728,930</b>	<b>16,484,054</b>
<b>EXPENSES</b>			
Instruction	11,173,838	11,822,100	11,095,285
Administration	1,082,008	1,004,733	1,137,343
Transportation	505,105	485,499	478,365
Pupil accommodation	3,318,494	3,145,533	2,947,198
Other	3,000	20,116	23,514
School funded activities	300,000	282,198	259,378
<b>TOTAL EXPENSES [note 14]</b>	<b>16,382,445</b>	<b>16,760,179</b>	<b>15,941,083</b>
<b>Annual surplus (deficit)</b>	<b>(248,565)</b>	<b>(31,249)</b>	<b>542,971</b>
Accumulated surplus, beginning of year as previously reported	2,712,048	3,712,490	15,066,724
Adjustment to opening surplus (deficit) [note 3]	—	—	(11,897,205)
<b>Accumulated surplus, end of year [note 11]</b>	<b>2,463,483</b>	<b>3,681,241</b>	<b>3,712,490</b>

See accompanying notes to the consolidated financial statements.

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**Superior North Catholic  
District School Board**

**Statement 3**

**Consolidated Statement of Change in Net Debt**

Year ended August 31	2011	2010
	\$	\$
		<i>[restated – note 3]</i>
<b>Annual surplus (deficit)</b>	<b>(31,249)</b>	542,971
Acquisition of tangible capital assets	<b>(783,498)</b>	(1,518,784)
Amortization of tangible capital assets	<b>925,185</b>	887,101
Acquisition of prepaid expenses	<b>(52,604)</b>	(45,614)
Use of prepaid expenses	<b>45,614</b>	56,518
Increase (decrease) in net financial assets	<b>103,448</b>	(77,808)
Net debt, beginning of year	<b>(17,083,199)</b>	(17,005,391)
<b>Net debt, end of year</b>	<b>(16,979,751)</b>	(17,083,199)

See accompanying notes to the consolidated financial statements.

**Superior North Catholic  
District School Board  
Consolidated Statement of Cash Flows**

**Statement 4**

Year ended August 31

	2011	2010
	\$	\$
		<i>[restated – note 3]</i>
<b>OPERATIONS</b>		
Annual surplus (deficit)	(31,249)	542,971
<b>Non-cash changes</b>		
Amortization of tangible capital assets	925,185	887,101
Amortization of deferred capital contributions	(899,329)	(861,415)
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in accounts receivable	123,164	(299,017)
Increase (decrease) in accounts receivable - Government of Ontario	264,824	(8,449,796)
Decrease in accounts payable and accrued liabilities	(407,854)	(62,764)
Increase in accounts payable - other	19,603	13,596
Increase in deferred revenue	13,630	5,856
Increase in employee future benefits liability	57,958	69,258
(Increase) decrease in prepaid expenses	(6,990)	10,904
<b>Net increase (decrease) in cash from operations</b>	<b>58,942</b>	<b>(8,143,306)</b>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(783,498)	(1,518,784)
<b>Net decrease in cash from capital transactions</b>	<b>(783,498)</b>	<b>(1,518,784)</b>
<b>FINANCING</b>		
Repayment of obligations under capital leases	(20,671)	(19,099)
Long-term debt issued	296,387	613,836
Grant received – deferred capital contributions	783,498	8,964,843
Debt repayments and sinking fund contributions	(274,202)	(255,370)
<b>Net increase in cash from financing</b>	<b>785,012</b>	<b>9,304,210</b>
<b>Net change in cash and cash equivalents</b>	<b>60,456</b>	<b>(357,880)</b>
Opening cash and cash equivalents	5,229,447	5,587,327
<b>Closing cash and cash equivalents</b>	<b>5,289,903</b>	<b>5,229,447</b>

See accompanying notes to the consolidated financial statements.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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### 1. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, directive was provided by Ontario Ministry of Education within memorandum 2004-B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

In March, 2011, PSAB released a revised Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this revised standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in note 3 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in note 3. Under Public Sector Accounting Standards, property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### [a] Reporting entity

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

School Generated Funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

School Services for Northern Superior was incorporated under the laws of Ontario in January, 1993 to provide services to children directly or indirectly in co-operation with school boards or other organizations. The corporation has never been active and has no assets or liabilities. It had no revenue or expenses for the year ended December 31, 2010 or for the period ending August 31, 2011. The directors and officers of the corporation are all officers of the Superior North Catholic District School Board.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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The Board has a charitable organization controlled by the same directors and officers of the Board. The charitable organization is under the same name as the Board, namely the Superior North Catholic District School Board. The charitable organization has the same year-end as the Board and reports the same assets, liabilities, revenue and expenses and accumulated surpluses as the Board. The charitable organization is set up to further all objectives of the Board, including providing education to elementary students in a Catholic school setting.

### **[b] Trust funds**

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

### **[c] Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, demand deposit and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

### **[d] Deferred revenue**

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

### **[e] 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, sick days, worker's safety insurance and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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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, life insurance and health and dental 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 (OMERS) 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.

### **[f] Tangible capital assets**

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Land improvements	15 years
Buildings	40 years
Other buildings	20 years
Computer hardware	5 years
Computer software	5 years
First-time equipping	10 years
Leased equipment	4 - 5 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 lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written-down to its residual value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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### **[g] Internally appropriated surpluses**

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

### **[h] 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, and eligibility criteria have been met and reasonable estimates of the amount can be made.

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

### **[i] Use of estimates**

The preparation of financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

### **[j] Budget figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited and have been restated.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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### 3. CHANGE IN ACCOUNTING POLICIES

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook Section 3410, Government Transfers as described in note 1. This change has been applied retroactively and prior periods have been restated. Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

At the direction of the Ministry, the Board has calculated the opening DCC balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of the Board's outstanding debt that is not supported by Ministry funding. This calculation provides a cost-effective solution to determine the opening balance, allowing for the standard to be implemented retroactively. Retroactive implementation results in a set of financial statements that is relevant, understandable to the user and comparable over periods and amongst school boards in Ontario.

This change in accounting policy has changed amounts reported in the prior period as follows:

	\$
<hr/>	
<b>Accumulated surplus at August 31, 2010</b>	
Accumulated surplus, as previously reported	23,713,122
Transfer to deferred capital contributions	(20,000,632)
<b>Accumulated surplus, as restated</b>	<b>3,712,490</b>
<hr/>	
<b>Annual surplus for the year ended August 31, 2010</b>	
Annual surplus, as previously reported	8,646,399
Add: Amounts recognized in revenue	861,415
Less: In-year provincial capital contributions	(8,964,843)
<b>Annual surplus, as restated</b>	<b>542,971</b>
<hr/>	
<b>Annual surplus for the year ended August 31, 2011</b>	
Annual deficit, as per prior year policy	(147,080)
Add: Amounts recognized in revenue	899,329
Less: In-year provincial capital contributions	(783,498)
<b>Annual deficit, as currently reported</b>	<b>(31,249)</b>

### 4. TEMPORARY LOANS

The Board has available a line of credit of \$1,500,000 [2010 - \$1,500,000] of which \$nil [2010 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [year-end - 3%].

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

### 5. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Government of Ontario ("Province") has replaced variable capital funding with a one-time debt support grant. The Board received a one-time grant that recognizes capital and unfunded debt as of August 31, 2011 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 accounts receivable.

The Board has a receivable from the Province of \$8,184,972 as at August 31, 2011 [2010 - \$8,449,796] with respect to capital grants.

### 6. NET LONG-TERM DEBT

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2011 \$	2010 \$
<b>Ontario Municipal Improvement Corporation</b>		
Fully repaid April, 2011.	—	279,000
Net of sinking fund assets	—	(269,622)
	—	9,378
<b>Canadian Imperial Bank of Commerce</b>		
Mortgage repayable in monthly instalments of \$3,099 including interest of 6.5% per annum, due September, 2012.	37,815	71,350
<b>Manufacturers Life Insurance Company</b>		
Debenture repayable in semi-annual instalments of \$126,054 including interest at 6.482% per annum, maturing March, 2028.	2,574,417	2,655,679
Debenture repayable in semi-annual instalments of \$126,078 including interest at 5.961% per annum, maturing January, 2029.	2,716,793	2,803,121
Debenture repayable in semi-annual instalments of \$27,353 including interest at 5.437% per annum, maturing September, 2032.	688,645	705,230
<b>Ontario Financing Authority</b>		
Debenture repayable in semi-annual instalments of \$26,648 including interest at 4.56% per annum, maturing November, 2031.	704,998	725,445
<b>Carried forward</b>	<b>6,722,668</b>	<b>6,970,203</b>

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

	2011 \$	2010 \$
<b>Brought forward</b>	<b>6,722,668</b>	6,970,203
<b>Ontario Financing Authority</b>		
Debenture repayable in semi-annual instalments of \$21,217 including interest at 4.9% per annum, maturing March, 2033.	<b>564,500</b>	578,746
Debenture repayable in semi-annual instalments of \$22,187 including interest at 5.232% per annum, maturing April, 2035.	<b>601,417</b>	613,838
Debenture repayable in semi-annual instalments of \$10,315 including interest at 4.833% per annum, maturing March, 2036	<b>296,387</b>	—
	<b>8,184,972</b>	8,162,787

Net long-term debt includes debentures, sinking fund debentures and capital loans.

Regarding the net long-term debt outstanding principal amounting to \$8,184,972 plus interest amounting to \$5,319,556 are payable over the next five years and thereafter as follows:

	Principal \$	Interest \$	Total \$
2012	287,249	469,446	756,695
2013	268,444	453,304	721,748
2014	282,250	437,453	719,703
2015	299,043	420,660	719,703
2016	316,847	402,856	719,703
Thereafter	6,731,139	3,135,837	9,866,976
	<b>8,184,972</b>	<b>5,319,556</b>	<b>13,504,528</b>

### 7. CHARGES FOR LONG-TERM DEBT

Total payments for the year for long-term debt are as follows:

	2011 \$	2010 \$
Principal payments on long-term debt and sinking funds	<b>274,202</b>	255,370
Interest payments on long-term debt	<b>501,914</b>	490,660
	<b>776,116</b>	746,030

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

### 8. CAPITAL LEASES

The future minimum annual lease payments of capital leases, with interest from 6.0% to 8.25%, together with the balance of the obligations, are as follows:

	\$
2012	18,262
2013	3,495
Total lease payments	21,757
Less imputed interest	991
	<b>20,766</b>

### 9. DEFERRED REVENUE

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at year-end is comprised of:

	2011 \$	2010 \$
Classroom expenditure	—	202,071
Special education	—	157,655
School Renewal	139,223	—
Energy efficient schools	400,422	278,071
Other Ministry of Education grants - current year allocations	204,906	184,030
- subsequent year allocations	261,695	171,257
Other	48,456	47,988
	<b>1,054,702</b>	<b>1,041,072</b>

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

### 10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

All actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of the relevant employees.

#### Retirement and Other Employee Future Benefits Liability

	2011			2010
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefit obligations	683,921	923,493	1,607,414	1,382,427
Unamortized actuarial losses	(154,700)	(187,519)	(342,219)	(175,190)
<b>Employee future benefits liability</b>	<b>529,221</b>	<b>735,974</b>	<b>1,265,195</b>	<b>1,207,237</b>

#### Retirement and Other Employee Future Benefits Expenses

	2011			2010
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	47,635	69,639	117,274	109,010
Interest on accrued benefit obligation	26,657	35,368	62,025	59,770
Recognition of unamortized actuarial losses on plan amendments	15,810	(11,651)	4,159	20,635
<b>Employee future benefits expenses *</b>	<b>90,102</b>	<b>93,356</b>	<b>183,458</b>	<b>189,415</b>

\* Excluding pension contributions to the OMERS, a multi-employer pension plan, described below.

#### 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.

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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[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, 2011, the Board contributed \$153,058 [2010 - \$133,906] to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

[iii] Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Provisions and interest credits totalling \$644,826 [2010 - \$555,807] have been accumulated in the Retirement Gratuity Internally Appropriated Surplus.

[iv] Retirement 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 members reach 65 years of age. 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.

### Other Employee Future Benefits

[i] Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2011 were \$85,138 [2010 - \$84,071] and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements.

[ii] Long-Term Disability Benefits

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums during the period an employee is unable to work or until their normal retirement date. The Board provides health care benefits during the two years an employee is unable to work. 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.

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

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The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on an actuarial valuation for accounting purposes as at August 31, 2008. This actuarial valuation was based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2011 %	2010 %
Inflation	2.0	2.0
Wage and salary escalation	3.0	3.0
Interest	4.0	4.5
Insurance and health care cost escalation	10.0	10.5
Dental cost escalation	6.0	7.0
Discount on accrued benefit obligations	4.0	4.5

### 11. ACCUMULATED SURPLUSES

Accumulated surplus consists of the following:

	2011 \$	2010 \$ <i>[restated - note 3]</i>
Operating surplus available for compliance	410,451	465,452
Invested in tangible capital assets	700,958	698,627
Amounts restricted for future use by Board motion <i>[note 12]</i>	3,964,978	3,854,154
Unfunded amounts to be recovered	(1,452,018)	(1,374,454)
School Generated Funds	56,872	68,711
	<b>3,681,241</b>	<b>3,712,490</b>

### 12. INTERNALLY APPROPRIATED SURPLUSES

Internally appropriated amounts are made up of the following:

	2011 \$	2010 \$
Retirement gratuity	644,826	555,807
Secondary credits and classroom expenditures	485,610	465,029
School budgets	124,146	80,474
Doubtful accounts	22,793	22,569
Labour costs	111,856	189,288
Administrative contingencies	23,306	23,073
Pupil accommodation – school renewal	1,244,128	1,231,880
Capital projects	1,053,371	1,043,001
Technology	254,942	243,033
	<b>3,964,978</b>	<b>3,854,154</b>

**Superior North Catholic District School Board**  
**Notes to the Consolidated Financial Statements**  
 August 31, 2011

**13. TANGIBLE CAPITAL ASSETS - NET**

	Balance		Cost		Accumulated Amortization		Net Book Value	
	Sept. 1, 2010	Aug. 31, 2011	Additions	Disposals	Sept. 1, 2010	Aug. 31, 2011	Sept. 1, 2010	Aug. 31, 2011
	\$	\$	\$	\$	\$	\$	\$	\$
Land	552,935	552,935	—	—	—	—	—	552,935
Land improvements	328,696	341,029	12,333	—	66,113	21,628	—	253,288
Buildings	27,003,005	27,744,356	741,351	—	7,335,190	799,787	8,134,977	19,609,379
Other buildings	18,029	18,029	—	—	1,399	899	2,298	15,731
Computer hardware	458,425	221,091	29,814	267,148	321,268	67,951	267,148	16,630
Computer software	16,662	—	—	16,662	14,995	1,667	16,662	—
First-time equipping	140,830	140,830	—	—	68,503	14,083	—	58,244
Leased equipment	93,870	93,870	—	—	54,909	19,170	—	19,791
<b>Total</b>	<b>28,612,452</b>	<b>29,112,140</b>	<b>783,498</b>	<b>283,810</b>	<b>7,862,377</b>	<b>925,185</b>	<b>8,503,752</b>	<b>20,608,388</b>
								<b>20,750,075</b>

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

### 14. EXPENSES BY OBJECT

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

	2011 Budget \$	2011 Actual \$	2010 Actual \$
	<i>[restated – note 17]</i>		
<b>Expenses</b>			
Salaries and wages	10,099,685	10,399,297	9,936,598
Employee benefits	1,542,473	1,711,858	1,522,760
Staff development	312,106	360,587	441,766
Supplies and services	2,102,102	1,914,832	1,864,152
Interest	466,150	493,920	494,785
Rental	20,700	5,252	5,318
Fees and contractual services	386,177	365,148	296,479
Other	31,930	110,748	32,588
Transfer to other boards	486,000	473,352	459,536
Amortization	935,122	925,185	887,101
	<b>16,382,445</b>	<b>16,760,179</b>	<b>15,941,083</b>

### 15. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board's Insurance Exchange (OSBIE), a reciprocal insurance company licenced under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

The ultimate premiums over a five-year period are based on the reciprocals 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.

### 16. COMMITMENTS

- [i] In 2011, the Board entered into an agreement for engineering services for a solar energy project at Our Lady of Lourdes School at a cost of \$30,114. As of August 31, 2011, approximately \$16,400 has been incurred.
- [ii] In 2011, the Board entered into an agreement for a roof retro-fit project at Our Lady of Lourdes School at a cost of \$91,134. As of August 31, 2011, approximately \$72,900 has been incurred.
- [iii] In 2011, the Board entered into an agreement for mechanical controls at Holy Saviour School at a cost of \$85,678. As of August 31, 2011, approximately \$61,900 has been incurred. Conseil scolaire de district catholique des Aurores boréales will be reimbursing 47% of the costs.

# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

[iv] In 2011, the Board entered into an agreement for supply and installation of a solar panel project at Our Lady of Lourdes School at a cost of \$109,497. As of August 31, 2011, approximately \$64,400 has been incurred.

The aggregate minimum annual commitments under operating leases for the next two years are as follows:

	\$
2012	4,711
2013	872

### 17. BUDGET DATA

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 29, 2010. The budget was prepared in June, 2010, prior to the release of the Government Transfers standard, which was released in March, 2011. As a result, there are some changes in how the DCC taken in to income is calculated for the financial statements, versus for the budget. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Financial Activities. Where amounts were not budgeted for, the actual amounts for 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As Boards only budget the statement of operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided.

#### Consolidated Statement of Operations and Accumulated Surplus For the year ended August 31

	2010 - 2011 Budget \$	Change \$	Restated 2010 - 2011 Budget \$
<b>REVENUES</b>			
Total revenues as in the 2010-11 budget	16,159,736	—	16,159,736
Add/deduct:			
Adjustment due to adoption of Government Transfers standard [note 2]	—	(25,856)	(25,856)
<b>Total revenues</b>	<b>16,159,736</b>	<b>(25,856)</b>	<b>16,133,880</b>
<b>EXPENSES</b>			
	16,382,445	—	16,382,445
<b>Annual deficit</b>	<b>(222,709)</b>	<b>(25,856)</b>	<b>(248,565)</b>
Accumulated surplus, beginning of year	2,712,048	—	2,712,048
<b>Accumulated surplus, end of year</b>	<b>2,489,339</b>	<b>(25,856)</b>	<b>2,463,483</b>

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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### 18. FINANCIAL INSTRUMENTS

[a] Financial instruments

Financial instruments consist mainly of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

The carrying value of long-term liabilities approximate their fair values because the interest rate approximates the market rates for these types of borrowings.

[b] Credit risk

Credit risk is the risk that a third party will fail to discharge its obligation to the Board reducing the expected cash inflow from the Board's assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. For these accounts, the Board determines on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

### 19. CONTINGENCIES

There are outstanding claims and grievances pending against the Board for which the likelihood and amount of settlement, if any, is not determinable. The Board's share of settlement, if any, will be charged to expenses in the year when judgement is rendered. No provisions have been made in these consolidated financial statements in respect of the claim.

### 20. PARTNERSHIP IN STUDENT TRANSPORTATION SERVICES

On June 16, 2008, the Board entered into an agreement with Conseil scolaire de district catholique des Aurores boréales, Conseil scolaire de district du Grand Nord de l'Ontario and Superior-Greenstone District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of East of Thunder Bay Transportation Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

The following provides condensed unaudited financial information.

	2011		2010	
	Total \$	Board Portion \$	Total \$	Board Portion \$
Revenues	2,404,215	455,977	2,449,845	457,508
Expenses	2,264,660	464,967	2,229,582	457,937
<b>Annual surplus (deficit)</b>	<b>139,555</b>	<b>(8,990)</b>	220,263	(429)

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# Superior North Catholic District School Board

## Notes to the Consolidated Financial Statements

August 31, 2011

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### 21. DEFERRED CAPITAL CONTRIBUTIONS

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in note 3.

	2011 \$	2010 \$
Opening balance	20,000,632	11,897,204
Additions to deferred capital contributions	783,498	8,964,843
Revenue recognized in the period	(899,329)	(861,415)
	<b>19,884,801</b>	<b>20,000,632</b>

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