



Grant Thornton

Financial Statements

Superior North Catholic District School Board

August 31, 2010

Management Report


Management's Responsibility for the Financial Statements

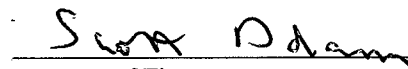
The accompanying financial statements of the Superior North Catholic District School Board have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board [PSAB] of the Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of 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 financial statements. These systems are monitored and evaluated by management.

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 2010 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the presentation of the information included in the Board's financial statements.


Director of Education


Manager of Finance

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Auditors' Report

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

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We have audited the consolidated statement of financial position of Superior North Catholic District School Board as at August 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In 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, net revenue, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Superior North Catholic District School Board as at August 31, 2010 and the results of its operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Thunder Bay, Canada
December 7, 2010

Chartered Accountants
Licensed Public Accountants

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

Statement 1

As at August 31	2010	2009
	\$	\$ <i>[restated – note 2]</i>
FINANCIAL ASSETS		
Cash and cash equivalents	5,229,447	5,587,327
Accounts receivable	1,263,063	919,450
Accounts receivable – Government of Ontario <i>[note 4]</i>	8,449,796	—
TOTAL FINANCIAL ASSETS	14,942,306	6,506,777
LIABILITIES		
Accounts payable and accrued liabilities	1,360,524	1,423,289
Accounts payable - other	167,220	153,624
Net long-term debt <i>[note 5]</i>	8,162,785	7,804,319
Obligations under capital leases <i>[note 7]</i>	41,437	60,536
Deferred revenue <i>[note 8]</i>	1,085,669	1,035,216
Employee future benefits liability <i>[note 9]</i>	1,207,237	1,137,979
TOTAL LIABILITIES	12,024,872	11,614,963
NET FINANCIAL ASSETS (DEBT)	2,917,434	(5,108,186)
NON-FINANCIAL ASSETS		
Tangible capital assets – net <i>[note 12]</i>	20,750,075	20,118,392
Prepaid expenses	45,614	56,518
TOTAL NON-FINANCIAL ASSETS	20,795,689	20,174,910
ACCUMULATED SURPLUS <i>[note 10]</i>	23,713,123	15,066,724

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Valerie Pichette
Chief Executive Officer

Allesworth
Chair of the Board

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

Statement 2

Year ended August 31	2010	2010	2009
	Budget	Actual	Actual
	\$	\$	\$
	[note 16]		[restated - note 2]
REVENUE			
Local taxation	1,436,010	1,118,737	1,299,585
Provincial legislative grants	12,372,623	21,347,026	12,233,265
Provincial grants - other	910,045	917,191	598,565
Federal grants and fees	627,346	684,511	696,396
Other revenues - School Boards	—	103,552	102,375
Other fees and revenues	15,000	132,546	19,646
Investment income	53,857	23,702	78,005
School fundraising and other	290,000	260,217	285,734
TOTAL REVENUE	15,704,881	24,587,482	15,313,571
EXPENSES			
Instruction	10,538,696	11,095,285	10,630,834
Administration	1,291,152	1,137,343	1,179,107
Transportation	535,250	478,365	481,992
Pupil accommodation	3,185,143	2,947,198	3,250,598
Other	17,600	23,514	39,369
School funded activities	290,000	259,378	310,449
TOTAL EXPENSES [NOTE 13]	15,857,841	15,941,083	15,892,349
Annual surplus (deficit)	(152,960)	8,646,399	(578,778)
Accumulated surplus, beginning of year	15,295,647	15,066,724	15,645,502
Accumulated surplus, end of year	15,142,687	23,713,123	15,066,724

See accompanying notes to the consolidated financial statements.

**Superior North Catholic
District School Board
Consolidated Statement of Change in Net Financial
Assets (Debt)**

Statement 3

Year ended August 31	2010	2009
	\$	\$ <i>[restated – note 2]</i>
Annual surplus (deficit)	8,646,399	(578,778)
Acquisition of tangible capital assets	(1,518,784)	(885,876)
Amortization of tangible capital assets	887,101	817,687
Acquisition of prepaid expenses	(45,614)	(56,518)
Use of prepaid expenses	56,518	45,422
Increase (decrease) in net financial assets	8,025,620	(658,063)
Net financial assets (debt), beginning of year	(5,108,186)	(4,450,123)
Net financial assets (debt), end of year	2,917,434	(5,108,186)

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	2010	2009
	\$	\$
		<i>[restated – note 2]</i>
OPERATIONS		
Annual surplus (deficit)	8,646,399	(578,778)
Non-cash changes		
Amortization of tangible capital assets	887,101	817,687
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	(343,613)	113,278
Increase in accounts receivable - Government of Ontario	(8,449,796)	—
Increase (decrease) in accounts payable and accrued liabilities	(9,952)	621,953
Increase (decrease) in accounts payable - other	13,596	(18,309)
Decrease in deferred revenue - reserves	(2,360)	(28,018)
Increase (decrease) in employee future benefits liability	69,258	(85,354)
(Increase) decrease in prepaid expenses	10,904	(11,096)
Net increase in cash from operations	821,537	831,363
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(1,518,784)	(885,876)
Net decrease in cash from capital transactions	(1,518,784)	(885,876)
FINANCING		
Repayment of obligations under capital leases	(19,099)	(17,730)
Long-term debt issued	613,836	—
Debt repayments and sinking fund contributions	(255,370)	(240,553)
Net increase (decrease) in cash from financing	339,367	(258,283)
Net change in cash and cash equivalents	(357,880)	(312,796)
Opening cash and cash equivalents	5,587,327	5,900,123
Closing cash and cash equivalents	5,229,447	5,587,327

See accompanying notes to the consolidated financial statements.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Superior North Catholic District School Board are prepared by the Board in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The more significant accounting policies are as follows:

[a] Basis of consolidation

Consolidated financial statements

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 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, 2009 or for the period ending August 31, 2010. The directors and officers of the corporation are all officers of the Superior North Catholic District School Board.

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.

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

[b] Basis of accounting

Accrual accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of education. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the Change in Net Financial Assets (Debt) for the year.

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 realized 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.

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

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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

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.

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.

Restricted surpluses

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

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.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation and special education forms part of the respective deferred revenue balances.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

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 generally accepted accounting principles for local governments established by the PSAB, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements. The budget figures are unaudited.

2. CHANGE IN ACCOUNTING POLICIES

The Board has implemented Public Sector Accounting Board ("PSAB") Section 1200, "Financial Statement Presentation" and Section 3150, "Tangible Capital Assets". Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires government to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisitions, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical costs records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings were determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded as historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	\$
Accumulated surplus at August 31, 2009	
Operating fund balance	50,779
Capital fund balance	(613,836)
Reserve balance	4,599,975
School activities fund	67,872
Accumulated surplus, as previously reported	4,104,790
Net book value of tangible capital assets recorded	20,118,392
Obligations under capital leases recorded	(60,536)
Amounts to be recovered	(9,095,922)
Accumulated surplus, as restated	15,066,724
Annual surplus for the year ended August 31, 2009	
Change in net liabilities, as previously reported	(664,697)
Add: Capital expenditure capitalized, previously expensed	885,876
Less: Amortization expense not previously recorded	(817,687)
Add: Repayment of obligations under capital leases, previously expensed	17,730
Annual surplus, as restated	(578,778)

3. TEMPORARY LOANS

The Board has available a line of credit of \$1,500,000 [2009 - \$1,500,000] of which \$nil [2009 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime.

4. 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, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments.

The Board has a receivable from the Province at \$8,449,796 as at August 31, 2010 with respect to this one-time grant.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

5. NET LONG-TERM DEBT

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

	2010 \$	2009 \$
Ontario Municipal Improvement Corporation		
Term debenture with interest only payments, interest charged at 10.01% per annum, payable at \$13,964 semi-annually. Principal due April, 2011.	279,000	279,000
Net of sinking fund assets	(269,622)	(252,165)
	9,378	26,835
Canadian Imperial Bank of Commerce		
Mortgage repayable in monthly instalments of \$3,099 including interest of 6.5% per annum, due September, 2012.	71,350	102,780
Manufacturers Life Insurance Company		
Debenture repayable in semi-annual instalments of \$126,054 including interest at 6.482% per annum, maturing March, 2028.	2,655,679	2,731,919
Debenture repayable in semi-annual instalments of \$126,078 including interest at 5.961% per annum, maturing January, 2029.	2,803,121	2,884,526
Debenture repayable in semi-annual instalments of \$27,353 including interest at 5.437% per annum, maturing September, 2032.	705,230	720,948
Ontario Financing Authority		
Debenture repayable in semi-annual instalments of \$26,648 including interest at 4.56% per annum, maturing November, 2031.	725,445	744,991
Debenture repayable in semi-annual instalments of \$21,217 including interest at 4.9% per annum, maturing March, 2033.	578,746	592,320
Debenture repayable in semi-annual instalments of \$22,187 including interest at 5.232%, maturing April, 2035.	613,836	—
	8,162,785	7,804,319

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

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

Regarding the net long-term debt outstanding principal amounting to \$8,162,785 plus interest amounting to \$5,589,140 are payable over the next five years and thereafter as follows:

	Principal \$	Interest \$	Total \$
2011	274,202	485,217	759,419
2012	280,868	455,197	736,065
2013	261,750	439,368	701,118
2014	275,229	423,844	699,073
2015	291,679	407,394	699,073
Thereafter	6,779,057	3,378,120	10,157,177
	8,162,785	5,589,140	13,751,925

6. CHARGES FOR LONG-TERM DEBT

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

	2010 \$	2009 \$
Principal payments on long-term debt and sinking funds	255,370	240,553
Interest payments on long-term debt	490,660	492,182
	746,030	732,735

7. 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:

	\$
2011	23,218
2012	18,262
2013	3,495
Total lease payments	44,975
Less imputed interest	3,538
	41,437

Superior North Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2010

8. 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 Statement of Financial Position.

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

	2010 \$	2009 \$
Classroom expenditure	202,071	335,473
Special education	157,655	228,406
Energy efficient schools	278,071	161,090
Other Ministry of Education grants - current year allocations	204,701	165,148
-subsequent year allocations	195,183	84,100
Other	47,988	60,999
	1,085,669	1,035,216

9. 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

	2010		2009	
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Accrued employee future benefit obligations	592,527	789,900	1,382,427	1,333,804
Unamortized actuarial losses	(105,489)	(69,701)	(175,190)	(195,825)
Employee future benefits liability	487,038	720,199	1,207,237	1,137,979

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

Retirement and Other Employee Future Benefits Expenses

	2010			2009
	Retirement Gratuity Benefits \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	Total Employee Future Benefits \$
Current year benefit cost	45,089	63,921	109,010	108,452
Interest on accrued benefit obligation	25,825	33,945	59,770	60,976
Recognition of unamortized actuarial losses on plan amendments	15,810	4,825	20,635	20,635
Employee future benefits expenses *	86,724	102,691	189,415	190,063

* 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.

[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, 2010, the Board contributed \$133,906 [2009 - \$124,667] 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 \$555,807 [2009 - \$523,257] have been accumulated in the Retirement Gratuity Reserve Fund.

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

[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, 2010 were \$84,071 [2009 - \$66,456] 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.

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on an actuarial valuation for accounting purposes as at August 31, 2010. 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:

	2010	2009
	%	%
Inflation	2.0	2.0
Wage and salary escalation	3.0	3.0
Interest	4.5	4.5
Insurance and health care cost escalation	10.5	10.5
Dental cost escalation	6.5	7.0
Discount on accrued benefit obligations	4.5	4.5

Superior North Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2010

10. ACCUMULATED SURPLUSES

Accumulated surplus consists of the following:

	2010 \$	2009 \$
Operating surplus available for compliance	465,452	223,238
Invested in tangible capital assets	20,750,075	20,118,392
Amounts restricted for future use by Board motion <i>[note 11]</i>	3,854,154	4,427,515
Unfunded amounts to be recovered	(1,425,269)	(9,156,457)
School Generated Funds	68,711	67,872
Not permanently financed capital	—	(613,836)
	23,713,123	15,066,724

11. RESTRICTED SURPLUSES

Restricted amounts are made up of the following:

	2010 \$	2009 \$
		<i>[restated – note 2]</i>
Retirement gratuity	555,807	523,257
Secondary credits and classroom expenditures	465,029	585,231
School budgets	80,474	113,771
Doubtful accounts	22,569	22,491
Labour costs	189,288	195,175
Administrative contingencies	23,073	22,994
Pupil accommodation – school renewal	1,231,880	491,280
Capital projects	1,043,001	1,816,956
Capital financing debt	—	444,050
Technology	243,033	212,310
	3,854,154	4,427,515

Superior North Catholic District School Board
Notes to the Consolidated Financial Statements
 August 31, 2010

12. TANGIBLE CAPITAL ASSETS - NET

	Cost			Accumulated Amortization			Net Book Value	
	Balance Sept. 1, 2009 \$	Additions \$	Disposals \$	Balance Sept. 1, 2009 \$	Amortization \$	Disposals \$	Aug. 31, 2010 \$	Aug. 31, 2009 \$
Land	526,702	26,233	—	—	—	—	552,935	526,702
Land improvements	309,133	19,563	—	45,621	20,492	—	262,583	263,512
Buildings	25,582,943	1,420,062	—	6,594,936	740,254	—	19,667,815	18,988,007
Other buildings	18,029	—	—	500	899	—	16,630	17,529
Computer hardware	430,283	52,926	24,784	257,181	88,871	24,784	137,157	173,102
Computer software	16,662	—	—	11,663	3,332	—	1,667	4,999
First-time equipping	140,830	—	—	54,420	14,083	—	72,327	86,410
Leased equipment	93,870	—	—	35,739	19,170	—	38,961	58,131
Total	27,118,452	1,518,784	24,784	7,000,060	887,101	24,784	20,750,075	20,118,392

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13. EXPENSES BY OBJECT

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

	2010 Budget \$	2010 Actual \$	2009 Actual \$
			<i>[restated – note 2]</i>
Expenses			
Salaries and wages	9,628,860	9,936,598	9,189,655
Employee benefits	1,600,377	1,522,760	1,496,145
Staff development	238,090	441,766	339,346
Supplies and services	2,154,748	1,864,152	2,707,078
Interest	478,229	494,785	497,671
Rental	23,600	5,318	4,900
Fees and contractual services	299,706	296,479	319,480
Other	32,130	32,588	57,246
Transfer to other boards	515,000	459,536	463,141
Amortization	887,101	887,101	817,687
	15,857,841	15,941,083	15,892,349

14. 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.

15. COMMITMENTS

- [i] In 2010, the Board entered into an agreement for mechanical and electrical upgrades at Holy Saviour School at a cost of \$61,300. No costs have been incurred to date. Conseil Scolaire de district catholique des Aurores boréales will cover 47% of the costs.
- [ii] In 2010, the Board entered into an agreement for mechanical and electrical upgrades at Our Lady of Fatima School at a cost of approximately \$624,300. As of August 31, 2010, approximately \$544,600 has been incurred. Conseil Scolaire de district catholique des Aurores boréales will be reimbursing 43% of the costs.
- [iii] In 2010, the Board entered into an agreement for mechanical upgrades at St. Joseph School at a cost of approximately \$171,000. As of August 31, 2010, approximately \$98,900 has been incurred. Conseil Scolaire de district catholique des Aurores boréales will be reimbursing 48% of the costs.

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[iv] In 2010, the Board entered into an agreement for mechanical and electrical upgrades at Our Lady of Lourdes School at a cost of approximately \$37,900. As of August 31, 2010, approximately \$800 has been incurred.

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

	\$
2011	5,305
2012	4,711
2013	872

16. BUDGET DATA

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 29, 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations and Accumulated Surplus. Where amounts were not budgeted for, the actual amounts for 2010 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 the Consolidated Statement of Change in Net Financial Assets (Debt) is a new statement in 2009 - 2010 financial statements, the budget figures in that statement have not been provided.

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

	2009 - 2010 Budget \$	Change \$	Restated 2009 - 2010 Budget \$
Total revenue	15,704,881	—	15,704,881
EXPENSES			
Total expenses as in 2009 - 2010 budget	17,220,665	—	17,220,665
Less: Capital asset expenditure	—	(2,249,925)	(2,249,925)
Add: Amortization of tangible capital assets	—	887,101	887,101
Total expenses	17,220,665	(1,362,824)	15,857,841
Annual surplus (deficit)	(1,515,784)	1,362,824	(152,960)
Accumulated surplus, beginning of year	—	—	15,295,647
Accumulated surplus, end of year	—	—	15,142,687

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17. 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 counter-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.

18. 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.

19. FUTURE ACCOUNTING FOR CONTRIBUTIONS USED FOR CAPITAL

In the Ministry of Finance addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province of Ontario, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option by the Public Sector Accounting Standards Board (PSAB) and could not be implemented within these financial statements.