York Catholic District School Board Consolidated Financial Statements Years ended August 31, 2012 and August 31, 2011

OUR SHARED VISION
We are a Catholic Learning Community of collaborative partners, called to serve one another by being committed to and accountable for quality learning by all, with Jesus as our inspiration

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the York Catholic District School Board are the responsibility of the Board management and 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, 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 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 Board's consolidated financial statements.

Susan LaRose

Director of Education

Chief Financial Officer

November 13, 2012

Grant Thornton

Independent Auditor's Report

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To the Board of Trustees of the York Catholic District School Board

We have audited the accompanying consolidated financial statements of York Catholic District School Board, which comprise the consolidated statements of financial position as at August 31, 2012 and August 31, 2011, the consolidated statements of operations, changes in net debt and cash flows for the years then ended and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of York Catholic District School Board as at and for the years ended August 31, 2012 and August 31, 2011 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.

Grant Thornton LLP

Markham, Canada	Chartered Accountants
November 13, 2012	Licensed Public Accountants

York Catholic District School Board
Consolidated Statements of Financial Position

As at August 31,		2012		2011
Financial assets				
Cash and cash equivalents	$	**6,454,562**	$	6,379,157
Accounts receivable		**24,081,686**		22,827,300
Accounts receivable - Government of Ontario - Approved Capital (Note 2)		**445,755,023**		424,646,034
Assets held for sale (Note 3)		**-**		2,163,428
Other		**1,092,961**		1,795,137
Total financial assets		**477,384,232**		457,811,056
Liabilities				
Temporary borrowing (Note 8)		**19,100,278**		6,674,651
Accounts payable and accrued liabilities		**48,401,900**		44,232,788
Deferred revenue (Note 4)		**10,352,085**		11,366,455
Other		**2,415,215**		1,581,514
Deferred capital contributions (Note 5)		**683,334,406**		656,536,273
Retirement and other employee future benefits (Note 6)		**25,715,999**		94,794,464
Net long-term debt and capital lease (Note 7)		**403,777,210**		399,990,619
Total liabilities		**1,193,097,093**		1,215,176,764
Net debt		**(715,712,861)**		(757,365,708)
Non-financial assets				
Tangible capital assets (Note 11)		**897,859,556**		862,606,736
Accumulated surplus (Note 12)	$	**182,146,695**	$	105,241,028

Contractual Obligations and Contingent Liabilities (Note 14)

Signed on behalf of the Board:

Susan LaRosa
Chief Executive Officer

Elizabeth Crowe
Chair of the School Board

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statements of Operations

For the years ended August 31	2012 Budget (Unaudited)	2012	2011
Revenues			
Provincial grants	$ 374,923,126	**$ 367,834,575**	$ 349,252,201
Deferred capital contribution revenue	25,036,395	**25,795,349**	25,193,069
Provincial grants – Grants for Student Needs	399,959,521	**393,629,924**	374,445,270
Provincial grants – other	12,490,447	**13,935,503**	13,293,211
Local taxation	174,897,985	**181,863,940**	180,442,288
School generated funds	22,300,000	**22,568,812**	22,889,280
Investment income	1,216,332	**2,242,158**	3,571,273
Other fees and revenues	9,599,055	**16,377,541**	11,626,099
Total revenues	**620,463,340**	**630,617,878**	**606,267,421**
Expenses (Note 10)			
Instruction	461,647,264	**406,405,663**	447,290,171
Administration	15,933,679	**14,012,152**	16,157,249
Transportation	15,966,802	**14,976,067**	15,724,004
Pupil accommodation	102,225,843	**95,215,874**	106,987,371
School generated funds	21,800,000	**22,493,407**	22,259,750
Other	224,087	**609,048**	499,406
Total expenses	**617,797,675**	**553,712,211**	**608,917,951**
Annual surplus/(deficit)	2,665,665	**76,905,667**	(2,650,530)
Accumulated Surplus at beginning of year	**102,612,762**	**105,241,028**	**107,891,558**
Accumulated Surplus at end of year	**$ 105,278,427**	**$ 182,146,695**	**$ 105,241,028**

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statements of Cash Flow

For the years ended August 31,	2012	2011
Operating transactions		
Annual surplus/(deficit)	**$ 76,905,667**	$ (2,650,530)
Sources and uses		
Non-cash items including:		
Amortization, write downs and gain/(loss) on disposal	**26,478,829**	25,876,549
Deferred capital contributions amortization (Note 5)	**(25,795,349)**	(25,193,069)
(Increase) in accounts receivable	**(1,254,386)**	(9,135)
Decrease in other financial assets	**702,176**	461,537
Increase in accounts payable and accrued liabilities	**4,169,112**	1,163,707
Increase in deferred revenue – operating	**915,429**	1,055,812
(Decrease)/increase in other liability	**833,702**	(1,649,149)
(Decrease)/increase in retirement and other employee future benefits	**(69,078,465)**	8,188,166
Cash provided by operating transactions	**13,876,715**	7,243,888
Capital transactions		
Proceeds on sale of tangible capital assets	**-**	8,500,000
Proceeds on sale of assets held for sale	**4,009,697**	-
Cash used to acquire tangible capital assets	**(61,731,649)**	(40,555,662)
Cash (applied to) capital transactions	**(57,721,952)**	(32,055,662)
Financing		
(Increase) in accounts receivable – Government of Ontario Approved capital	**(21,108,989)**	(2,150,264)
Additions to deferred capital contributions (Note 5)	**52,593,482**	31,294,002
(Decrease)/increase in deferred revenue – capital	**(3,776,068)**	348,940
Long term liabilities issued	**26,852,209**	84,150,886
Increase in temporary borrowing	**12,425,627**	2,741,808
Debt repayment and sinking fund contribution (Note 9)	**(23,065,619)**	(90,944,068)
Cash provided by financing transactions	**43,920,642**	25,441,304
Change in cash and cash equivalents	**75,405**	629,530
Opening cash and cash equivalents	**6,379,157**	5,749,627
Closing cash and cash equivalents	**$ 6,454,562**	$ 6,379,157

See accompanying notes to the consolidated financial statements.

York Catholic District School Board
Consolidated Statements of Change in Net Debt

For the years ended August 31	2012	2011
Operating transactions		
Annual surplus/(deficit)	**$ 76,905,667**	$ (2,650,530)
Tangible capital asset activity		
Acquisition of tangible capital assets	**(61,731,649)**	(40,555,662)
Amortization of tangible capital assets	**26,478,829**	25,607,021
Proceeds on sale of tangible capital assets	**-**	8,500,000
Gain on sale of tangible capital assets	**-**	(5,815,538)
Transfer to asset held for sale	**-**	2,163,428
Write-down of tangible capital assets	**-**	269,527
Total tangible capital asset activity	**(35,252,820)**	(9,831,224)
Decrease/(increase) in net debt	**41,652,847**	(12,481,754)
Net debt at beginning of year	**(757,365,708)**	(744,883,954)
Net debt at end of year	**$ (715,712,861)**	$ (757,365,708)

See accompanying notes to the consolidated financial statements.

1. Significant accounting policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

a) Basis of Accounting

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

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations 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 depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include 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 requires 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 are 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.

As a result, revenue recognized in the statements of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Regulation 395/11, “Accounting Policies and Practices Public Entities” was released in the fall of 2011 requiring that the school board comply with the related accounting policy requirements described above. Prior to the release of this Regulation the consolidated financial statements as at and for the year ended August 31, 2011 were originally prepared under a special purpose framework as directed by the Ministry of Education. As a result, these are the first financial statements of the School Board 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 (“new financial reporting framework”). The School Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements.

1. Significant accounting policies (continued)

There are no changes to accumulated surplus on the statement of financial position as at August 31, 2011 or the annual surplus on the statement of operations for the year ended August 31, 2011 as a result of the transition to this new financial reporting framework.

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.

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.

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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

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) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits 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.

e) 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, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

f) Deferred Revenue

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

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 in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

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, health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. On September 11, 2012, the Government of Ontario passed, Putting Students First Act, 2012 which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- 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, health care and dental 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 described in Note 6, 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 are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group.

- For self insured retirement and other employee future benefits that vest or accumulates over the periods of service provided by employees, life insurance and health care and dental 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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

- 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 and dental 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.

1. Significant accounting policies (continued)

h) Retirement and Other Employee Future Benefits (continued)

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

i) 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:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable Structures	20
Other Buildings	20
First–time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs 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 estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. 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. 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.

1. Significant accounting policies (continued)

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 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.

k) 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, education development charges and special education forms part of the respective deferred revenue balances.

l) Long-term Debt

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

m) 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 budget figures are unaudited.

n) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) 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 consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include employee benefits. Actual results could differ from these estimates.

2. Accounts receivable - Government of Ontario – Approved Capital

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

The Board has an account receivable from the Province of Ontario as at August 31, 2012 of $445,755,023 and (2011 - $424,646,034) with respect to capital grant.

3. Assets held for sale

During the year proceeds of $4,009,697 (net of operating costs of $38,303) were received on the sale of property, which had a carrying value of $2,163,428. According to Ontario regulation 193/10, the gain of $1,846,269 was deferred for future capital asset purchases.

In 2011, a property with a carrying value of $2,684,462 was sold for proceeds of $8,500,000 and resulted in a gain of $5,815,538. The proceeds of disposition in excess of the cost of the property were deferred.

4. Deferred revenue

Revenues received and 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 August 31, 2012 is comprised of:

	Balance as at August 31, 2011	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2012
Special education (inc. SEA)	$ -	$ 68,945,287	$ 68,945,287	$ -	$ -
Other Ministry of Education	1,023,455	1,934,364	1,017,666	-	1,940,153
Other Provincial Grants	45,341	-	1,269	-	44,072
Deferred revenue – operating	1,068,796	70,879,651	69,964,222	-	1,984,225
Legislative Grants – capital	-	50,081,296	42,399,957	6,016,479	1,664,860
Energy efficient/renewable – capital	459,563	-	-	459,563	-
Proceeds of disposition	9,838,096	1,846,269	2,200,268	2,781,097	6,703,000
Education development charges	-	10,050,318	10,050,318	-	-
Deferred revenue – capital	10,297,659	61,977,883	54,650,543	9,257,139	8,367,860
Total deferred revenue	**$ 11,366,455**	**$ 132,857,534**	**$124,614,765**	**$ 9,257,139**	**$ 10,352,085**

4. Deferred revenue (continued)

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2011 is comprised of:

	Balance as at August 31, 2010	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2011
Special Education (Inc. SEA)	$ -	$ 63,120,641	$ 63,120,641	$ -	$ -
Energy Efficient – operating	12,984	-	12,984	-	-
Other Ministry Of Education	-	1,397,743	374,288	-	1,023,455
Other Provincial Grants	-	45,341	-	-	45,341
Deferred Revenue – operating	12,984	64,563,725	63,507,913	-	1,068,796
Legislative Grants – capital	22,697	53,574,398	42,717,941	10,879,154	-
Energy efficient/renewable – capital	-	5,215,015	-	4,755,452	459,563
Proceeds of disposition	4,110,484	5,727,612	-	-	9,838,096
Education Development Charges	-	8,489,998	8,489,998	-	-
Deferred revenue – capital	4,133,181	73,007,023	51,207,939	15,634,606	10,297,659
Total deferred Revenue	**$ 4,146,165**	**$ 137,570,748**	**$ 114,715,852**	**$ 15,634,606**	**$ 11,366,455**

5. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2012	2011
Opening balance as at September 1	**$ 656,536,273**	$ 650,435,340
Additions to deferred capital contributions	**52,593,482**	31,294,002
Revenue recognized in the period	**(25,795,349)**	(25,193,069)
Closing balance as at August 31	**$ 683,334,406**	$ 656,536,273

6. Retirement and other employee future benefits

Summary of retirement and other employee future benefits liabilities and expense /(recovery as of August 31, 2012 is comprised of:

	August 31, 2012		
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	**$ 20,659,884**	**$ 5,056,115**	**$ 25,715,999**

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	$ 6,030,789	$ 2,260,439	$ 8,291,228
Interest on accrued benefit obligation	3,256,375	1,218,209	4,474,584
Curtailment gain	(66,787,837)	(30,661,731)	(97,449,568)
Recognition of unamortized actuarial losses on plan amendment/curtailments	18,196,564	7,444,263	25,640,827
Employee future benefits expenses/(recovery)[1]	**$ (39,304,109)**	**$ (19,738,820)**	**$ (59,042,929)**

Summary of retirement and other employee future benefits liabilities and expense /(recovery as of August 31, 2011 is comprised of:

	August 31, 2011		
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	$ 81,239,094	$ 36,815,572	$ 118,054,666
Unamortized actuarial (losses)	(15,584,829)	(7,675,373)	(23,260,202)
Accrued employee future benefit obligations	**$ 65,654,265**	**$ 29,140,199**	**$ 94,794,464**

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	$ 4,753,939	$ 3,728,891	$ 8,482,830
Interest on accrued benefit obligation	3,480,436	1,456,344	4,936,780
Recognition of unamortized actuarial losses on plan amendment/curtailments	1,105,510	529,148	1,634,658
Employee future benefits expenses[1]	**$ 9,339,885**	**$ 5,714,383**	**$ 15,054,268**

[1] Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

6. Retirement and other employee future benefits (continued)

(a) Plan Changes

The 2012-13 premium renewal for retirement life insurance health care and dental benefits for active retirees and those who retire post September 1, 2012 (excluding a small number of employees with individual service contracts) are now provided at full premium paid by the retiree. The premiums for such benefits are included in a separate experience pool that is self funded.

On September 11, 2012 the Government of Ontario passed Putting Students First Act, 2012. This resulted in the following plan changes:

- Employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012.
- All accumulated non-vested sick days are eliminated as of September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provisions for accumulation of unused days.
- Retirement life insurance health care and dental benefits have been grandfathered for a small number of employees by the Board as defined by individual service contracts. Effective September 1, 2013 any of these employees retiring on or after this date, will no longer qualify for the boards subsidized premiums or contributions.
- For Long-term disability that is a self insured benefit obligation that arises from specific events that occur from time to time, the cost will be recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits will be recognized immediately in the period they arise.

(b) Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2012 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2012. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates;

	2012	2011
Inflation		
Workplace safety and insurance Boards Obligation ("WSIB")	**2.0%**	2.0%
General inflation for all benefits	**2.0**	2.0
Wage and salary escalation		
Sick leave benefits	**n/a**	3.0
Insurance and health care and dental benefit cost escalation		
WSIB health care costs	**6.5**	6.5
Health care cost escalation	**9.0**	9.0
Dental benefit care escalation	**5.0**	6.0
Discount on accrued benefit obligation		
Workplace safety and insurance Boards Obligation	**2.75**	3.0
Sick leave benefits, Life insurance, health care, dental and long term disability	**3.0**	4.0

These actuarial valuations were based on assumptions about future events. Included in accumulated surplus is the amount of $25,715,999 as at August 31, 2012 (2011 - $94,794,464) for these retirement and other employee future benefit obligations.

6. **Retirement and other employee future benefits** (continued)

(c) Retirement Benefits

(i) Ontario Teacher's Pension Plan ("OTPP")

Teachers and related employee groups are eligible to be members of OTPP. 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 ("OMERS")

All non-teaching employees of the Board are eligible to be members of the 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, 2012, the Board contributed $7,170,082 (2011 - $5,559,438) 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. 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 $4,942,075 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

(iv) Retirement life insurance and health care and dental benefits

The Board provides life insurance, dental and health care benefits to employee groups after retirement until the members reach 65 years of age under the following conditions:

- For a small number of employees the premiums are based on the Board's experience and retirees premiums and are subsidized by the Board as defined by individual service contracts. The benefit costs and liabilities related to this plan are provided through an unfunded defined benefit plan. Effective September 1, 2013 any of these employees retiring on or after this date, will no longer qualify for the boards subsidized premiums or contributions as currently defined by individual service contracts.
- For all other retirees, full premiums are required to be paid by the retirees to participate in the Board's group benefit plan. The premiums for such benefits are included in a separate experience pool that is self funded.

The effect of the above in combination with the impact of implementing Putting Students First Act, 2012 resulted in a one-time reduction to the Board's obligation of $53,533,348 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

6. Retirement and other employee future benefits (continued)

(d) Other Employee Future Benefits

(v) 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.

The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2012 are based on actuarial valuations for accounting purposes as at August 31, 2012. These actuarial valuations were based on assumptions about future events. The Putting Students First Act, 2012 requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of $527,392 as at August 31, 2012.

(vi) Long-Term Disability Life Insurance

The Board provides life waiver of life insurance premiums and continuation of medical and dental benefits coverage for employees on long-term disability leave. The Board is responsible for the payment of the insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan.

The accrued benefit obligations for long-term disability life insurance as at August 31, 2012 are based on actuarial valuations for accounting purposes as at August 31, 2012.

(vii) Sick Leave Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated, resulting in a one-time reduction to the obligation of $23,717,468 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

7. Net long-term debt and capital lease

Debenture debt, capital loans and obligation under capital leases reported on the Consolidated Statements of Financial Position comprises of the following:

Debenture/Loan	Interest	Maturity	**2012**	2011
#181	5.900%	19-Oct-11	**$ -**	$ 10,756,763
#153	10.500	30-Apr-12	**-**	9,000,000
#156	9.170	10-Jul-12	**-**	6,131,000
#157	9.170	10-Jul-12	**-**	7,782,000
#185	5.300	07-Nov-13	**18,952,130**	18,952,130
#179	7.200	09-Jun-25	**36,185,860**	37,824,392
#182	6.550	19-Oct-26	**25,221,372**	26,239,635
#186	5.800	07-Nov-28	**19,638,167**	20,333,864
#188	4.789	08-Aug-30	**44,014,915**	45,528,682
#189	4.560	15-Nov-31	**9,018,122**	9,300,291
#190	5.376	25-Jun-32	**55,104,462**	56,611,455
#191	4.900	03-Mar-33	**17,257,094**	17,726,694
#192	5.347	15-Nov-33	**5,963,770**	6,109,026
#193	5.062	13-Mar-34	**3,617,879**	3,707,107
#196	5.047	15-Nov-34	**36,080,241**	36,927,967
#197	5.232	13-Apr-35	**1,174,119**	1,200,216
#198	3.942	19-Sep-25	**76,313,142**	80,585,697
#199	4.833	11-Mar-36	**1,458,552**	1,490,648
#200	2.425	15-Nov-21	**8,241,540**	-
#201	3.564	09-Mar-37	**18,226,990**	-
			376,468,355	396,207,567
Less: Sinking Fund Assets			**(3,992,443)**	(28,079,186)
			372,475,912	368,128,381
Capital lease	10.000	01-May-22	**31,301,298**	31,862,238
Balance as at August 31			**$ 403,777,210**	$ 399,990,619

Principal and interest payments relating to net debenture debt, capital loans and leases of $403,777,210 outstanding as at August 31, 2012 are due as follows:

Year	**Principal**	**Sinking Fund Contributions**	**Capital Interest Payments**	**Lease Payments**	**Total**
2013	$ 14,436,046	$ 397,094	$ 18,865,108	$ 4,028,052	$ 37,726,300
2014	34,108,747	148,387	17,642,306	4,277,228	56,176,668
2015	15,915,576	-	16,381,115	4,541,814	36,838,505
2016	16,715,089	-	15,581,602	4,822,762	37,119,453
2017	17,557,452	-	14,739,239	5,121,096	37,417,787
Thereafter	277,735,445	-	102,681,052	36,189,742	416,606,239
Total	**$ 376,468,355**	**$ 545,481**	**$ 185,890,422**	**$ 58,980,694**	**$ 621,884,952**

Included in net debenture debt are outstanding sinking fund debentures of $18,952,130 (2011 - $52,621,893) secured by sinking fund assets with a carrying value of $3,992,443 (2011 - $28,079,186). Sinking fund assets are comprised of short-term notes, deposits, government and government-guaranteed bonds, debentures and corporate bonds. Interest on long-term debt amounted to $24,686,636 (2011 - $29,432,360).

8. Temporary borrowing

The Board has lines of credits available to the maximum of $100 million revolving facility to address operating requirements to bridge capital expenditures.

Interest on the operating facilities range from the bank's prime lending rate minus 0.75%, while banker's acceptance facility range from the banker's acceptance rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts. As at August 31, 2012, the Board had a prime based loan of $18,530,000 at 2.25% (2011 - $6,620,000 at 2.25%).

9. Debt charges and capital loans and leases interest

	2012	2011
Principal payments on long-term liabilities including contributions to sinking fund	**$ 15,033,577**	$ 13,231,933
Sinking fund debenture maturities	**33,669,763**	123,142,000
Interest payments on long-term liabilities	**21,454,185**	26,175,433
Capital lease interest	**3,232,451**	3,256,927
Balance as at August 31	**$ 73,389,976**	$ 165,806,293

Included in debt repayment and sinking fund contributions on the Consolidated Statements of Cash Flow of $23,065,619 (2011 - $90,944,068) are principal payments on long-term debt of $15,033,577 (2011 - $13,231,933), sinking fund debenture maturities of $33,669,763 (2011 - $123,142,000), sinking fund interest revenues of $1,248,083 (2011 - $2,611,500), net of sinking fund retirements of $26,885,804 (2011 - $48,051,365).

10. Expenses by object

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

	2012 Budget (Unaudited)	2012	2011
Salary and wages	$ 422,090,254	**$ 426,456,107**	$ 405,482,525
Employee benefits	66,064,951	**65,031,199**	67,240,558
Staff development	1,582,782	**2,469,892**	2,397,091
Supplies and services	53,132,064	**50,382,211**	53,135,441
Interest charges on capital	22,224,368	**24,572,454**	27,389,695
Rental expenses	-	**446,332**	451,951
Fees and contract services	26,439,071	**29,077,710**	26,263,191
Amortization and write-downs of tangible	25,719,875	**26,478,829**	25,876,548
Other	544,310	**606,218**	680,951
Future employee benefit plan curtailment (Note 6)	-	**(97,449,568)**	-
Write-off of unamortized actuarial losses due to plan amendments (Note 6)	-	**25,640,827**	-
Total expenses	$ 617,797,675	**$ 553,712,211**	$ 608,917,951

Employee benefits includes $71,808,741 curtailment gain and recognition of unamortized actuarial losses due to plan amendments for retirement and other employee future benefits summarized in (Note 6).

11. Tangible capital assets

Cost	Balance at August 31, 2011	Additions and Transfers	Disposals, write-offs, Adjustments	Balance August 31, 2012
Land	$ 188,163,295	$ 9,138,167	$ -	$ 197,301,462
Land improvements	6,786,684	197,066	-	6,983,750
Buildings	833,463,982	42,947,249	-	876,411,231
Furniture and equipment	24,492,333	3,185,377	4,069,013	23,608,697
Construction in progress	2,825,765	6,263,790	-	9,089,555
Capital lease assets	21,069,493	-	-	21,069,493
Total cost	**$ 1,076,801,552**	**$ 61,731,649**	**$ 4,069,013**	**$ 1,134,464,188**

Accumulated Amortization	Balance at August 31, 2011	Additions and Transfers	Disposals, write-offs, Adjustments	Balance August 31, 2012
Land	$ -	$ -	$ -	$ -
Land improvements	1,817,012	477,426	-	2,294,438
Buildings	191,524,752	22,560,056	-	214,084,808
Furniture and equipment	11,108,412	2,914,610	4,069,013	9,954,009
Construction in progress	-	-	-	-
Capital lease assets	9,744,640	526,737	-	10,271,377
Total amortization	**$ 214,194,816**	**$ 26,478,829**	**$ 4,069,013**	**$ 236,604,632**

Net book value	2012	2011
Land	**$ 197,301,462**	$ 188,163,295
Land improvements	**4,689,312**	4,969,672
Buildings	**662,326,423**	641,939,230
Furniture and equipment	**13,654,688**	13,383,921
Construction in progress	**9,089,555**	2,825,765
Capital lease assets	**10,798,116**	11,324,853
Total net book value	**$ 897,859,556**	$ 862,606,736

a) Assets under construction

Assets under construction having a value of $9,089,555 (2011 - $2,825,765) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

For 2012 the write-down of tangible capital assets during the year was $Nil (2011 - $269,527).

12. Accumulated surplus

	2012	2011
Accumulated surplus:		
Invested in non-depreciable tangible capital assets	**$ 184,990,716**	$ 175,288,518
Employee future benefits to be covered in the future	**(25,715,999)**	(94,794,464)
Interest accrual	**(4,742,210)**	(5,380,312)
School Generated Funds	**6,454,562**	6,379,157
Vacation accrual	**-**	(3,290,000)
Committed sinking fund interest earned	**17,223,688**	17,907,169
Unrestricted	**3,935,938**	9,130,960
Total accumulated surplus	**$ 182,146,695**	$ 105,241,028

13. Ontario School Board Insurance Exchange (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24,000,000 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. The current five year term expires January 1, 2016.

14. Contractual obligations and contingent liabilities

Contractual Obligations

The Board enters into contracts for construction and renovation of various new and existing schools. The following summarizes the Board's commitment under these contracts as at August 31, 2012.

	Contract value	Expensed to date	Amount remaining
Contractual obligations	$ 51,766,779	$ 46,886,531	$ 4,880,248

The Board is contingently liable with respect to litigation and claims, which arise from time to time in the normal course of business. In the opinion of management, the liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Board.

Contingent Liabilities

On October 12, 2012, Ontario English Catholic Teachers Association ("OECTA") filed a dispute related to retiree premium renewal for 2012/13 (see Note 6(a)). The dispute is in the preliminary stages and management is unable to quantify possible exposure to the Board at this time.

15. Transportation consortium

On September 2008 the Board renewed its agreement with York Region 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 Student Transportation Services of York Region Consortium are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

	2012 Total	2012 Board portion	2011 Total	2011 Board portion
Expenses	$ 1,413,600	**$ 705,308**	$ 1,541,206	$ 768,917

16. Repayment of "55 school board trust" funding

On June 1, 2003, the Board received $3,007,847 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

Related to this capital debt, the Board has recorded revenues from the Province of Ontario and the corresponding interest expense of $224,087 (2011 - $224,087).

17. Subsequent event

On September 11, 2012, the Government of Ontario passed, the Putting Students First Act, 2012 that was introduced August 27, 2012. The requirements of this new legislation were used by the actuaries in the calculations of the Board's estimates for Retirement and Other Employee Future Benefits obligations. The impact of the changes to the various plans has been disclosed in Note 6(a).