



**York Catholic District School Board
Consolidated Financial Statements
Year ended August 31, 2013**

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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.


Director of Education


Chief Financial Officer

November 12, 2013



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 statement of financial position as at August 31, 2013, the consolidated statements of operations, changes in net debt and cash flows for the year 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit 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 year ended August 31, 2013 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

Grant Thornton LLP

Markham, Canada
November 12, 2013

Chartered Accountants
Licensed Public Accountants



York Catholic District School Board
Consolidated Statement of Financial Position

As at August 31,

2013

2012

Financial assets

Cash and cash equivalents	\$ 19,780,343	\$ 6,454,562
Accounts receivable	26,344,023	24,081,686
Accounts receivable - Government of Ontario - approved capital (Note 2)	418,556,426	445,755,023
Assets held for sale (Note 3)	1	-
Other	<u>528,084</u>	<u>1,092,961</u>

Total financial assets

465,208,877 477,384,232

Liabilities

Temporary borrowing (Note 8)	-	19,100,278
Accounts payable and accrued liabilities	42,855,198	48,401,900
Deferred revenue (Note 4)	21,557,834	10,352,085
Other	3,190,954	2,415,215
Deferred capital contributions (Note 5)	676,357,596	683,334,406
Retirement and other employee future benefits (Note 6)	23,195,956	25,715,999
Net long-term debt and capital lease (Note 7)	<u>399,505,649</u>	<u>403,777,210</u>

Total liabilities

1,166,663,187 1,193,097,093

Net debt

(701,454,310) (715,712,861)

Non-financial assets

Tangible capital assets (Note 11)	<u>897,792,750</u>	<u>897,859,556</u>
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Accumulated surplus (Note 12)

\$ 196,338,440 \$ 182,146,695

Contractual obligations and contingent liabilities (Note 14)

Signed on behalf of the Board:


Chief Executive Officer


Chair of the School Board

See accompanying notes to the consolidated financial statements.



York Catholic District School Board
Consolidated Statement of Operations

For the year ended August 31

2013

2013

2012

	<u>Budget</u>		
Revenues			
Provincial grants	\$ 544,740,636	\$ 543,339,196	\$ 549,698,515
Deferred capital contribution revenue	<u>26,050,744</u>	<u>27,440,128</u>	<u>25,795,349</u>
Provincial grants – grants for student needs	570,791,380	570,779,324	575,493,864
Provincial grants – other	23,994,141	29,591,227	13,935,503
School generated funds	23,122,000	23,591,143	22,568,812
Investment income	250,000	1,378,927	2,242,158
Other fees and revenues	<u>11,078,718</u>	<u>15,303,620</u>	<u>16,377,541</u>
Total revenues	<u>629,236,239</u>	<u>640,644,241</u>	<u>630,617,878</u>
Expenses (Note 10)			
Instruction	461,251,927	466,125,581	406,405,663
Administration	15,469,338	14,828,877	14,012,152
Transportation	14,689,334	15,636,445	14,976,067
Pupil accommodation	105,478,244	105,655,216	95,215,874
School generated funds	22,522,000	23,570,629	22,493,407
Other	<u>474,087</u>	<u>635,748</u>	<u>609,048</u>
Total expenses	<u>619,884,930</u>	<u>626,452,496</u>	<u>553,712,211</u>
Annual surplus	9,351,309	14,191,745	76,905,667
Accumulated surplus at beginning of year	<u>167,842,031</u>	<u>182,146,695</u>	<u>105,241,028</u>
Accumulated surplus at end of year	<u>\$ 177,193,340</u>	<u>\$ 196,338,440</u>	<u>\$ 182,146,695</u>

See accompanying notes to the consolidated financial statements.



York Catholic District School Board
Consolidated Statement of Cash Flows

For the year ended August 31

2013

2012

Operating transactions

Annual surplus \$ **14,191,745** \$ 76,905,667

Sources and uses

Non-cash items including:

Amortization, write downs and gain/ (loss) on disposal 28,123,610 26,478,829
Deferred capital contributions amortization (Note 5) (27,440,129) (25,795,349)
Increase in accounts receivable (2,262,337) (1,254,386)
Increase in assets held for sale (1) -
Decrease in other financial assets 564,877 702,176
(Decrease)/increase in accounts payable and accrued liabilities (5,546,702) 4,169,112
Increase in deferred revenue – operating 682,491 915,429
Increase in other liability 775,739 833,702
(Decrease) in retirement and other employee future benefits (2,520,043) (69,078,465)

Cash provided by operating transactions 6,569,250 13,876,715

Capital transactions

Proceeds on sale of tangible capital assets (Note 4) 5,251,027 -
Proceeds on sale of assets held for sale - 4,009,697
Cash used to acquire tangible capital assets (28,066,803) (61,731,649)

Cash (applied to) capital transactions (22,815,776) (57,721,952)

Financing

Decrease/(increase) in accounts receivable – Government of Ontario approved capital 27,198,597 (21,108,989)
Additions to deferred capital contributions (Note 5) 20,463,319 52,593,482
Increase/(decrease) in deferred revenue – capital 10,523,257 (3,776,068)
Gain on disposal of restricted assets included in deferred revenue (Note 4) (5,241,027) -
Long term liabilities issued 11,546,961 26,852,209
(Decrease)/increase in temporary borrowing (19,100,278) 12,425,627
Debt repayment and sinking fund contributions (Note 9) (15,818,522) (23,065,619)

Cash provided by financing transactions 29,572,307 43,920,642

Change in cash and cash equivalents 13,325,781 75,405

Opening cash and cash equivalents 6,454,562 6,379,157

Closing cash and cash equivalents \$ 19,780,343 \$ 6,454,562

See accompanying notes to the consolidated financial statements.



York Catholic District School Board
Consolidated Statement of Changes in Net Debt

For the year ended August 31

2013

2012

Operating transactions

Annual surplus	\$ <u>14,191,745</u>	\$ <u>76,905,667</u>
Tangible capital asset activity		
Acquisition of tangible capital assets	(28,066,803)	(61,731,649)
Amortization of tangible capital assets	27,909,790	26,478,829
Proceeds on sale of tangible capital assets	5,251,027	-
Gain on sale of tangible capital allocated to deferred revenue	(5,241,027)	-
Transfer to asset held for sale	1	-
Write-down of tangible capital assets	<u>213,818</u>	-
Total tangible capital asset activity	<u>66,806</u>	<u>(35,252,820)</u>
Decrease in net debt	<u>14,258,551</u>	<u>41,652,847</u>
Net debt at beginning of year	<u>(715,712,861)</u>	<u>(757,365,708)</u>
Net debt at end of year	\$ <u>(701,454,310)</u>	\$ <u>(715,712,861)</u>

See accompanying notes to the consolidated financial statements.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

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 require that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions 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 statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

1. Significant accounting policies (continued)

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 are performed.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

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. In 2012, changes were made to 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 were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.
- For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, 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 were 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.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

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:

<u>Asset</u>	<u>Estimated Useful Life in Years</u>
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	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.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

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.

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 retirement and other future employee benefits and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

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, 2013 of \$418,556,426 (2012 - \$445,755,023) with respect to the approved capital grant.

3. Assets held for sale

During the year ended August 31, 2013, land with a carrying value of \$1(2012 - \$Nil) has been recorded as assets held for sale. Subsequent to year-end on October 16, 2013, this land was sold for gross proceeds of \$2,950,000.

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, 2013 is comprised of:

	Balance as at August 31, 2012	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2013
Special education (inc. SEA)	\$ -	\$ 68,660,213	\$ 68,289,862	\$ -	\$ 370,351
Other Ministry of Education	1,940,153	2,939,260	2,627,120	-	2,252,293
Other Provincial Grants	44,072	-	-	-	44,072
Deferred revenue – operating	<u>1,984,225</u>	<u>71,599,473</u>	<u>70,916,982</u>	<u>-</u>	<u>2,666,716</u>
Legislative Grants – capital	1,664,860	51,040,083	38,768,698	6,324,124	7,612,121
Proceeds of disposition	6,703,000	5,360,900	-	784,903	11,278,997
Education development charges	-	6,463,641	6,463,641	-	-
Deferred revenue – capital	<u>8,367,860</u>	<u>62,864,624</u>	<u>45,232,339</u>	<u>7,109,027</u>	<u>18,891,118</u>
Total deferred revenue	\$ 10,352,085	\$ 134,464,097	\$ 116,149,321	\$ 7,109,027	\$ 21,557,834

During the year ended August 31, 2013, a property with a carrying value of \$10,000 was sold for net proceeds of \$5,251,027, resulting in a gain on disposal of \$5,241,027. The proceeds of disposition have been deferred in accordance with Ontario Regulation 193/10.

York Catholic District School Board
Notes to the Consolidated Financial Statements

August 31, 2013

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.

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 683,334,406	\$ 656,536,273
Additions to deferred capital contributions	20,463,319	52,593,482
Revenue recognized in the period	<u>(27,440,129)</u>	<u>(25,795,349)</u>
Closing balance	\$ <u>676,357,596</u>	\$ <u>683,334,406</u>

6. Retirement and other employee future benefits

Summary of retirement and other employee future benefits liabilities and expense/(recovery) as of August 31, 2013 is comprised of:

	<u>August 31, 2013</u>		
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued employee future benefit obligations	\$ <u>17,305,033</u>	\$ <u>5,890,923</u>	\$ <u>23,195,956</u>
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Current year benefit cost	\$ (622,918)	\$ 1,397,320	\$ 774,402
Interest on accrued benefit obligation	570,710	147,682	718,392
Plan amendment/curtailment	<u>(1,275,000)</u>	<u>(15,569)</u>	<u>(1,290,569)</u>
Employee future benefits expenses/ (recovery)¹	\$ <u>(1,327,208)</u>	\$ <u>1,529,433</u>	\$ <u>202,225</u>

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2013

6. Retirement and other employee future benefits (continued)

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

	<u>August 31, 2012</u>		
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued employee future benefit obligations	\$ 20,659,884	\$ 5,056,115	\$ 25,715,999
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
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	(65,639,756)	(30,661,731)	(96,301,487)
Recognition of unamortized actuarial losses on plan amendment/curtailment	<u>17,048,483</u>	<u>7,444,263</u>	<u>24,492,746</u>
Employee future benefits expenses/(recovery) ¹	<u>\$ (39,304,109)</u>	<u>\$ (19,738,820)</u>	<u>\$ (59,042,929)</u>

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

(a) Plan Changes

Commencing in 2012-13 premium renewals 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.

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental. 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 were eliminated as of September 1, 2012, and were replaced with a new sick leave and short-term disability plan with no provisions for accumulation of unused days.
- In 2013, further changes were made to short-term leave and disability plan. Under the new short-term and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

6. Retirement and other employee future benefits (continued)

(a) Plan Changes (continued)

- 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 for those individuals who retire in 2012-13. Effective September 1, 2013, any new retiree will no longer qualify for the Board's subsidized premiums or contributions, will pay the full premiums for such benefits, and will be included in a separate experience pool that is self-funded.
- 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, 2013 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2013. 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 as follows:

	<u>2013</u>	<u>2012</u>
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	nil	nil
Insurance and health care and dental benefit cost escalation		
WSIB health care costs	4.5	6.5
Health care cost escalation	8.75	9.0
Dental benefit care escalation	4.75	5.0
Discount on accrued benefit obligation		
WSIB obligation	2.75	2.75
Sick leave benefits, life insurance, health care, dental and long-term disability	3.4	3.0

(c) Retirement Benefits

(i) Ontario Teachers' 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.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

6. Retirement and other employee future benefits (continued)

(c) Retirement Benefits (continued)

(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, 2013, the Board contributed \$8,117,173 (2012 - \$7,170,082) 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 changes in 2012, 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.

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2013

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, 2013 are based on actuarial valuations for accounting purposes as at August 31, 2013. These actuarial valuations were based on assumptions about future events. Plan changes made in 2012 required boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such a provision. This resulted in the Board's top up obligation increasing by \$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, 2013 are based on actuarial valuations for accounting purposes as at August 31, 2013.

(vii) Sick Leave Benefits

As a result of the plan changes in 2012, the Board's liability related to compensated absences from sick leave accumulations was 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.

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements relating to this are \$145,665 (2012 - \$Nil).

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

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

7. Net long-term debt and capital lease

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

Debenture/Loan	Interest	Maturity	2013	2012
#185	5.300	07-Nov-13	\$ 18,952,130	\$ 18,952,130
#179	7.200	09-Jun-25	34,427,230	36,185,860
#182	6.550	19-Oct-26	24,135,321	25,221,372
#186	5.800	07-Nov-28	18,901,534	19,638,167
#188	4.789	08-Aug-30	42,427,786	44,014,915
#189	4.560	15-Nov-31	8,722,939	9,018,122
#190	5.376	25-Jun-32	53,515,365	55,104,462
#191	4.900	03-Mar-33	16,764,202	17,257,094
#192	5.347	15-Nov-33	5,810,643	5,963,770
#193	5.062	13-Mar-34	3,524,077	3,617,879
#196	5.047	15-Nov-34	35,189,190	36,080,241
#197	5.232	13-Apr-35	1,146,639	1,174,119
#198	3.942	19-Sep-25	71,870,503	76,313,142
#199	4.833	11-Mar-36	1,424,885	1,458,552
#200	2.425	15-Nov-21	7,460,171	8,241,540
#201	3.564	09-Mar-37	17,759,695	18,226,990
#202	3.799	19-Mar-38	11,546,961	-
			373,579,271	376,468,355
Less: Sinking Fund Assets			(4,530,736)	(3,992,443)
			369,048,535	372,475,912
Capital lease	10.000	01-May-22	30,457,114	31,301,298
			\$ 399,505,649	\$ 403,777,210

Principal and interest payments relating to net debenture debt, capital loans and leases of \$399,505,649 outstanding as at August 31, 2013 are due as follows:

Year	Principal	Sinking Fund Contributions	Capital Interest Payments	Lease Payments	Total
2014	\$ 34,395,051	\$ 148,387	\$ 18,078,281	\$ 4,277,228	\$ 56,898,947
2015	16,212,860	-	16,806,111	4,541,814	37,560,785
2016	17,023,774	-	15,995,197	4,822,762	37,841,733
2017	17,877,976	-	15,140,995	5,121,096	38,140,067
2018	18,777,914	-	14,241,056	5,437,877	38,456,847
Thereafter	269,291,696	-	93,157,205	30,751,864	393,200,765
Total	\$ 373,579,271	\$ 148,387	\$ 173,418,845	\$ 54,952,641	\$ 602,099,144

Included in net debenture debt are outstanding sinking fund debentures of \$18,952,130 (2012 - \$18,952,130) secured by sinking fund assets with a carrying value of \$4,530,736 (2012 - \$3,992,443). 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 \$22,116,279 (2012 - \$24,686,636).

Subsequent to year-end, the Board reissued a debenture (By-Law#203) to refinance the sinking fund (By-Law #185) in the amount of \$15,196,604.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

8. Temporary borrowing

The Board has lines of credits available to the maximum of \$75 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 facilities 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, 2013, the Board had a prime based loan of \$Nil (2012 - \$18,530,000 at 2.25%).

9. Debt charges and capital loans and leases interest	<u>2013</u>	<u>2012</u>
Principal payments on long-term liabilities including contributions to sinking fund	\$ 15,677,324	\$ 15,033,577
Sinking fund debenture maturities	-	33,669,763
Interest payments on long-term liabilities	18,932,411	21,454,185
Capital lease interest	<u>3,183,868</u>	<u>3,232,451</u>
Balance as at August 31	<u>\$ 37,793,603</u>	<u>\$ 73,389,976</u>

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flows of \$15,818,522 (2012 - \$23,065,619) are principal payments on long-term debt of \$15,677,324 (2012 - \$15,033,577), sinking fund debenture maturities of \$Nil (2012 - \$33,669,763), sinking fund interest revenues of \$141,198 (2012 - \$1,248,083), net of sinking fund retirements of \$Nil (2012 - \$26,885,804).

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2013

10. Expenses by object

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

	<u>2013</u> Budget	<u>2013</u>	<u>2012</u>
Salary and wages	\$ 425,011,490	\$ 426,266,628	\$ 426,456,107
Employee benefits	61,493,463	63,607,620	65,031,199
Staff development	997,946	2,450,564	2,469,892
Supplies and services	56,343,045	53,191,504	50,382,211
Interest charges on capital	22,271,540	22,665,582	24,572,454
Rental expenses	555,516	461,660	446,332
Fees and contract services	25,973,769	30,209,370	29,077,710
Amortization and write-downs of tangible capital assets	26,734,224	28,123,610	26,478,829
Other	503,937	766,527	606,218
Future employee benefit plan curtailment/ amendment (Note 6)		- (1,290,569)	(97,449,568)
Write-off of unamortized actuarial losses due to plan amendment (Note 6)	-	-	25,640,827
Total expenses	\$ 619,884,930	\$ 626,452,496	\$ 553,712,211

Employee benefits includes \$1,290,569 (2012 - \$71,808,741) related to plan amendments and curtailment gains, and recognition of unamortized actuarial losses due to plan amendments for retirement and other employee future benefits as summarized in Note 6.

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2013

11. Tangible capital assets

<u>Cost</u>	<u>Balance at August 31, 2012</u>	<u>Additions and Transfers</u>	<u>Disposals, write-offs, Adjustments</u>	<u>Balance August 31, 2013</u>
Land	\$ 197,301,462	\$ 7,603,485	\$ 10,001	\$ 204,894,946
Land improvements	6,983,750	700,427	123,409	7,560,768
Buildings	876,411,231	25,586,600	1,634,100	900,363,731
Furniture and equipment	23,608,697	2,448,268	2,149,533	23,907,432
Construction in progress	9,089,555	(8,271,977)	-	817,578
Capital lease assets	<u>21,069,493</u>	<u>-</u>	<u>-</u>	<u>21,069,493</u>
Total cost	\$ <u>1,134,464,188</u>	\$ <u>28,066,803</u>	\$ <u>3,917,043</u>	\$ <u>1,158,613,948</u>

<u>Accumulated Amortization</u>	<u>Balance at August 31, 2012</u>	<u>Additions and Transfers</u>	<u>Disposals, write-offs, Adjustments</u>	<u>Balance August 31, 2013</u>
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,294,438	498,211	48,888	2,743,761
Buildings	214,084,808	23,996,888	1,494,803	236,586,893
Furniture and equipment	9,954,009	2,887,954	2,149,533	10,692,430
Construction in progress	-	-	-	-
Capital lease assets	<u>10,271,377</u>	<u>526,737</u>	<u>-</u>	<u>10,798,114</u>
Total amortization	\$ <u>236,604,632</u>	\$ <u>27,909,790</u>	\$ <u>3,693,224</u>	\$ <u>260,821,199</u>

<u>Net book value</u>	<u>2013</u>	<u>2012</u>
Land	\$ 204,894,946	\$ 197,301,462
Land improvements	4,817,007	4,689,312
Buildings	663,776,838	662,326,423
Furniture and equipment	13,215,002	13,654,688
Construction in progress	817,578	9,089,555
Capital lease assets	<u>10,271,379</u>	<u>10,798,116</u>
Total net book value	\$ <u>897,792,750</u>	\$ <u>897,859,556</u>

a) Assets under construction

Assets under construction having a value of \$817,578 (2012 - \$9,089,555) 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 2013 the write-down of tangible capital assets during the year was \$213,818 (2012 - \$Nil).

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

12. Accumulated surplus	<u>2013</u>	<u>2012</u>
Accumulated surplus consists of the following:		
Invested in non-depreciable tangible capital assets	\$ 191,032,694	\$ 184,990,716
Employee future benefits to be covered in the future	(21,967,576)	(25,715,999)
Interest accrual	(4,691,769)	(4,742,210)
School Generated Funds	6,475,076	6,454,562
Committed sinking fund interest earned	16,540,209	17,223,688
Unrestricted	<u>8,949,806</u>	<u>3,935,938</u>
Total accumulated surplus	\$ <u>196,338,440</u>	\$ <u>182,146,695</u>

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, 2013.

<u>Contract value</u>	<u>Capitalized amount to date</u>	<u>Amount remaining</u>
\$ 24,380,171	\$ 5,098,819	\$ 19,281,352

Contingent liabilities

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.

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 early stages and management is unable to quantify possible exposure to the Board at this time.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2013

15. Transportation consortium

In 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.

	<u>2013</u> <u>Total</u>	<u>2013</u> <u>Board</u> <u>portion</u>	<u>2012</u> <u>Total</u>	<u>2012</u> <u>Board</u> <u>portion</u>
Expenses	\$ <u>1,470,416</u>	\$ <u>734,803</u>	\$ <u>1,413,600</u>	\$ <u>705,308</u>

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 (2012 - \$224,087).

17. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with presentation adopted for the current year.