# BRANT HALDIMAND NORFOLK
# CATHOLIC DISTRICT SCHOOL BOARD

## CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended August 31, 2011**

Millard, Rouse & Rosebrugh LLP
Chartered Accountants

Brant Haldimand Norfolk
Catholic District School Board
322 Fairview Drive, P.O. Box 217, Brantford, ON N3T 5M8
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Cathy Horgan, Director of Education & Secretary

# MANAGEMENT REPORT

## Financial Statements ended August 31, 2011

### Management's Responsibility for the Financial Statements

The accompanying financial statements of the Brant Haldimand Norfolk Catholic District School Board are the responsibility of the board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accounts, except that school generated funds balances and activities have not been included in these financial statements. A summary of the significant accounting policies is described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal 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 financial statements. These systems are monitored and evaluated by management.

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

The financial statements have been audited by Millard, Rouse, Rosebrugh, Chartered Accountants, independent external auditors which have been appointed by the board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

C. Horgan

Cathy Horgan
Director of Education and Secretary

G. Wallace Easton
Associate Director and Treasurer

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# BRANT HALDIMAND NORFOLK
# CATHOLIC DISTRICT SCHOOL BOARD

**For the year ended August 31, 2011**

**INDEX**

Millard, Rouse & Rosebrugh LLP
Chartered Accountants
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# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
**Brant Haldimand Norfolk Catholic District School Board**

We have audited the accompanying consolidated financial statements of Brant Haldimand Norfolk Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and 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. The consolidated financial statements have been prepared by management based on the financial reporting provisions described in note 1 to the consolidated financial statements.

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

**Auditors' Responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**
In common with many school boards, individual schools derive revenue from school fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, net revenue and cash flows from operations for the year ended August 31, 2011, financial assets and net financial assets as at August 31, 2011.

**Qualified Opinion**

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

**Basis of Accounting**

Without modifying our opinion, we draw attention to note 1 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Brant Haldimand Norfolk Catholic District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

Millard, Rouse & Rosebrugh LLP

December 7, 2011

CHARTERED ACCOUNTANTS
Licensed Public Accountants

# BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at August 31 | 2011 | 2010 (Restated Note 2) |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash and bank | 5,074,448 | 12,622,926 |
| Accounts receivable | | |
| Municipalities | 2,168,803 | 1,982,050 |
| Government of Ontario - Approved Capital (Note 3) | 53,221,405 | 46,015,584 |
| Other (Note 4) | 3,708,751 | 2,217,772 |
| | 64,173,407 | 62,838,332 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | 7,486,179 | 7,587,877 |
| Accounts Payable - other School Boards | 4,323,261 | 4,120,729 |
| Deferred revenue (Note 5) | 1,512,931 | 1,382,209 |
| Accrued vacation pay | 317,707 | 383,269 |
| Accrued future paid sick leave benefits (Note 7) | 7,868,762 | 7,348,112 |
| Post employment/retirement benefits | 842,247 | 1,031,010 |
| Accrued interest on long term liabilities | 1,105,778 | 1,134,699 |
| Net long term liabilities (Note 9) | 56,044,355 | 57,877,613 |
| Deferred capital contributions (Note 6) | 91,858,126 | 83,424,620 |
| Total Financial Liabilities | 171,359,346 | 164,290,138 |
| Net Debt | (107,185,939) | (101,451,806) |
| **NON-FINANCIAL ASSETS** | | |
| Tangible Capital Assets | 107,345,313 | 100,844,235 |
| **NET ASSETS** | 159,374 | (607,571) |
| **ACCUMULATED SURPLUS** | 159,374 | (607,571) |

Approved on behalf of the Board

Chair of the Board

Director of Education

# BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

## CONSOLIDATED STATEMENT OF OPERATIONS

| For the year ended August 31 | Budget 2011 | Actual 2011 | Actual 2010 (Restated Note 2) |
|---|---|---|---|
| | *(unaudited)* | | |
| **Revenues** | | | |
| Local taxation | 20,191,006 | 20,303,519 | 20,391,030 |
| General legislative grants | 85,733,776 | 84,596,546 | 129,714,090 |
| Provincial grants - other | 1,575,034 | 2,689,394 | 3,575,073 |
| Federal grants and fees | 1,328,898 | 1,376,426 | 1,221,809 |
| Other fees and revenue | 369,140 | 497,383 | 1,799,559 |
| Investment income | 40,000 | 248,333 | 190,460 |
| School funded activities | 1,610,945 | 3,867,882 | 4,029,912 |
| | 110,848,799 | 113,579,483 | 160,921,933 |
| **Expenses** | | | |
| Instruction | 85,387,156 | 85,156,320 | 84,706,851 |
| Administration | 3,962,627 | 4,154,728 | 3,753,384 |
| Transportation | 5,590,079 | 5,147,678 | 5,652,713 |
| School operations and maintenance | 9,474,275 | 9,310,106 | 9,934,146 |
| Pupil accommodation | 4,642,260 | 4,093,451 | 3,652,080 |
| Other | 146,395 | 146,395 | 146,395 |
| School funded activities | 1,621,435 | 3,711,711 | 4,011,875 |
| | 110,824,227 | 111,720,389 | 111,857,444 |
| **Net Revenue Before Under-Noted Items** | 24,572 | 1,859,094 | 49,064,489 |
| Amortization of tangible capital assets | (3,844,850) | (3,867,098) | (3,735,944) |
| Amortization of deferred capital contributions | 3,617,462 | 3,496,545 | - |
| DCC on disposal of assets | - | 329,726 | - |
| Gain/(loss) on disposal of tangible capital assets | - | (329,726) | 81,863 |
| | (227,388) | (370,553) | (3,654,081) |
| **Annual Surplus** | (202,816) | 1,488,541 | 45,410,408 |
| **Accumulated Deficit - Beginning of Year** | - | (607,571) | 37,406,641 |
| **Ministry adjustment of prior years** (Note 3) | - | (721,596) | - |
| **Adjustment for DCC** (Note 2) | - | - | (83,424,620) |
| **Accumulated Surplus - End of Year** | - | 159,374 | (607,571) |

# BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

| For the year ended August 31 | 2011 | 2010 (Restated Note 2) |
|---|---|---|
| **Excess of Revenues over Expenses** | 1,488,541 | 45,410,408 |
| Amortization of tangible capital assets | 3,867,098 | 3,735,944 |
| Acquisition of tangible capital assets | (10,697,902) | (6,631,351) |
| Proceeds on sale of tangible capital assets | - | 544,663 |
| Loss/(gain) on sale of tangible capital assets | 329,726 | (81,863) |
| Change in inventory and prepaid expenses | - | 579,878 |
| Ministry adjustment for approved capital | (721,596) | - |
| | (5,734,133) | 43,557,679 |
| **Net Debt - Beginning of Year** | (101,451,806) | (145,009,485) |
| **Net Debt - End of Year** | (107,185,939) | (101,451,806) |

# BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

## CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended August 31 | 2011 | 2010 (Restated Note 2) |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Annual surplus | 1,488,541 | 45,410,408 |
| **Non-cash charges to operations** | | |
| Amortization | 3,867,098 | 3,735,944 |
| Loss/(gain) on disposal of tangible capital assets | 329,726 | - |
| Amortization of deferred capital contributions | (3,496,545) | - |
| Deferred revenue transferred to deferred capital contributions | 2,662,334 | - |
| | 4,851,154 | 49,146,352 |
| **Sources (Uses) of Cash:** | | |
| Accounts receivable- Municipalities | (186,753) | 215,831 |
| Accounts receivable - Government of Ontario, Approved capital | (7,927,417) | (46,015,584) |
| Accounts receivable - other | (1,490,979) | (519,817) |
| Accounts payable and accrued liabilities | (101,698) | 1,884,833 |
| Accounts payable - other School Boards | 202,532 | (140,000) |
| Deferred revenues | 130,722 | (1,274,901) |
| Accrued vacation pay | (65,562) | 25,685 |
| Employee retirement gratuity plan | - | (20,323) |
| Accrued future paid sick leave | 520,650 | 291,372 |
| Post employment/retirement benefits | (188,763) | (170,707) |
| Accrued interest on long term liabilities | (28,921) | 168,167 |
| Inventories and prepaid expenses | - | 579,878 |
| | (9,136,189) | (44,975,566) |
| **Cash Flows From Capital Activities** | | |
| Acquisition of tangible capital assets | (10,697,902) | (6,631,351) |
| Proceeds on disposal of capital assets | - | 462,800 |
| | (10,697,902) | (6,168,551) |
| **Cash Flows From Financing Activities** | | |
| Bank loan | - | (3,305,020) |
| Debt issued | - | 9,984,397 |
| Debenture and loan repayments | (1,833,258) | (1,594,714) |
| Capital grants received | 9,267,717 | - |
| | 7,434,459 | 5,084,663 |
| **Net Decrease in Cash and Cash Equivalents** | (7,548,478) | 3,086,898 |
| **Opening Cash and Cash Equivalents** | 12,622,926 | 9,536,028 |
| **Closing Cash and Cash Equivalents** | 5,074,448 | 12,622,926 |

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for government established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants (PSAB). The consolidated financial statements are the representation of management.

**a) Basis of Accounting**

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

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in Note 2 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in Note 2. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

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

**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.

**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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### g) Employee Future Benefits

The Board provides future benefits to specified employee groups. These benefits include non-vesting accumulated sick leave benefits and subsidized post-retirement health, dental and life insurance for certain retirees. The Board has adopted the following policies with respect to accounting for these employee benefits:

**(i)**The costs of the employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

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 & health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

**(ii)**The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period;

**(iii)**The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h) 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)

### i) 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.

### j) 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.

### k) Long-term Debt

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

### l) Budget Figures

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

### m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a 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: Accruals - Other School Boards. Actual results could differ from these estimates.

## 2. CHANGE IN ACCOUNTING POLICIES

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

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

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

**Accumulated surplus at August 31, 2010:**

| | |
|---|---|
| Accumulated surplus, as previously reported | 82,817,049 |
| Transfer to deferred capital contributions | (83,424,620) |
| Accumulated surplus, as restated | (607,571) |

The DCC balance at August 31, 2010 was recorded retrospectively through accumulated surplus without changing the statement of operations.

## 3. GOVERNMENT OF ONTARIO - APPROVED CAPITAL

In 2010, the Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant. The Board received a one time grant that recognized capital debt as of August 31, 2010 that was supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments.

The Board had accrued a receivable from the Province of $46,015,584 as at August 31, 2010 with respect to this grant. Upon the Province's final review of the debt support grant, the Province reduced the grant by $721,596. This adjustment is reflected through accumulated surplus in the current year.

## 4. ACCOUNTS RECEIVABLE - OTHER

| | 2011 | 2010 |
|---|---|---|
| Other school boards | 1,527,438 | 743,938 |
| Government of Ontario | 1,083,683 | 785,049 |
| Government of Canada | 1,016,136 | 535,253 |
| Other | 81,494 | 153,534 |
| | 3,708,751 | 2,217,774 |

## 5. DEFERRED REVENUE

The use of certain funds are restricted by Provincial government regulations. It is a requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants that these funds be reported as deferred revenue.

| | Balance at 08/31/2010 | Externally restricted revenue and interest | Revenue recognized | Transferred to DCC | Balance at 08/31/2011 |
|---|---|---|---|---|---|
| Proceeds of disposition | 81,864 | - | - | - | 81,864 |
| Education Development Charge | 704,803 | 227,915 | 120,273 | - | 812,445 |
| Supplier advance | 30,000 | - | 30,000 | - | - |
| Green schools | 85,773 | - | 38,386 | - | 47,387 |
| Special education | - | 10,381,480 | 10,312,186 | - | 69,294 |
| Other Education grants | 479,769 | 543,928 | 521,756 | - | 501,941 |
| Other grants | - | 8,811,800 | 6,149,466 | 2,662,334 | - |
| | 1,382,209 | 19,965,123 | 17,172,067 | 2,662,334 | 1,512,931 |

## 6. DEFERRED CAPITAL CONTRIBUTIONS

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in Note 2.

| | 2011 | 2010 *(restated)* |
|---|---|---|
| Beginning balance | 83,424,620 | 83,424,620 |
| Additions to capital contributions (net) | 9,267,717 | - |
| Revenue recognized in the period | (3,496,545) | - |
| Transfers from deferred revenue | 2,662,334 | - |
| Ending balance | 91,858,126 | 83,424,620 |

## 7. ACCRUED FUTURE PAID SICK LEAVE BENEFITS

During the year, the board undertook an actuarial valuation with respect to future paid sick leave benefits for the employees of the board. The valuation, which is performed every three years, calculated a total liability of $10,204,862 consisting of an accrued benefit obligation of $7,868,762 (2010 - $7,348,112) and an unamortized actuarial loss of $2,339,129. The loss is being recorded at $168,455 per year over the expected average remaining service life of the employee group.

## 8. POST EMPLOYMENT/RETIREMENT BENEFITS

The board offers retired employees the option to continue with the board's group dental and health insurance plan until the age of 65. In order to stay in the plan, pre August 2005, retired employees are required to pay premiums at the average rate for all members of the plan rather than the actual rate for each retired employee.

As of September 1, 2007, staff retired after August 2005 pay actual retiree rates, if they chose to stay in the plan. Staff retired prior to August 2005 are grandfathered and will continue to benefit from the reduced rates.

The board undertook an actuarial valuation with respect to future retiree benefits for the pre-August 2005 retiree group. An estimated liability of $845,276 (2010 - $1,031,010) has been recorded in the accounts.

## 9. LONG TERM LIABILITIES

| | 2011 | 2010 |
|---|---|---|
| 4.90% debenture payable, semi-annual payments of $58,141 including principal and interest. | 1,546,915 | 1,585,958 |
| 6.5% debenture payable, semi-annual payments of $772,885 including principal and interest | 14,908,884 | 15,451,330 |
| 5.9% sinking fund debenture, annual sinking payments of $226,287 | 6,111,797 | 6,111,797 |
| 4.867% debenture payable, semi-annual payments of $375,851 | 8,945,498 | 9,250,640 |
| 4.56% OFA debenture payable, semi-annual payments of $114,007 | 3,029,377 | 3,117,236 |
| 5.062% OFA debenture payable, semi-annual payments of $170,274 | 2,288,977 | 2,341,385 |
| 5.384% OFA debenture payable, semi-annual payments of $925,249 | 12,121,442 | 12,383,445 |
| 5.232% PCS Stage 1 loan payable, semi-annual payments of $104,966 | 1,422,624 | 1,452,000 |
| 5.232% GPL Stage 4 loan payable, semi-annual payments of $65,593 | 889,005 | 907,362 |
| 5.232% PTR Phase 2 loan payable, semi-annual payments of $507,842 | 6,882,908 | 7,025,035 |
| 3% promissory note payable to the Roman Catholic Episcopal Corp. payable at $40,000 per year plus interest. | 400,000 | 400,000 |
| Interest free note payable to the Roman Catholic Episcopal Corp., payable at $20,000 per year | 200,000 | 200,000 |
| | 58,747,427 | 60,226,188 |
| Less: sinking fund assets | 2,703,072 | 2,348,575 |
| | 56,044,355 | 57,877,613 |

Of the net long term liabilities outstanding of $56,044,355, principal and sinking fund payments are payable over the next five years as follows:

| | Principal | Sinking Fund Contributions | Total |
|---|---|---|---|
| 2012 | 1,748,992 | 226,287 | 1,975,279 |
| 2013 | 1,968,704 | - | 1,968,704 |
| 2014 | 2,069,191 | - | 2,069,191 |
| 2015 | 2,175,302 | - | 2,175,302 |
| 2016 | 2,287,364 | - | 2,287,364 |
| | 10,249,553 | 226,287 | 10,475,840 |

As of August 31, 2011, the Board had $224,500 in letters of credit outstanding related to ongoing construction projects.

## 10. TRUST FUNDS

Trust funds administered by the Board amounting to $26,569 (2010 - $32,937) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 11. PENSION PLAN COSTS

All non-teaching employees of the school board are eligible to be members of the Ontario Municipal Employees Retirement System which is a multi-employer final average pay contributory plan. Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Pension Plan. The funding for such is provided directly by the Provincial Government.

## 12. TRANSPORTATION CONSORTIUM

On October 1, 2008, the Board entered into an agreement with Grand Erie District School Board and Counseil Scolaire de District Catholique Centre-Sud 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 Brant Haldimand Norfolk are shared. No partner is in a position to exercise unilateral control.

On October 14, 2010 Student Transportation Services of Brant Haldimand Norfolk was incorporated.

Below provides condensed financial information for the consortium.

| | | **2011** |
|---|---|---|
| | Total | Board Portion |
| **Financial Position** | | |
| Financial Assets | 72,387 | 21,027 |
| Liabilities | 72,387 | 21,027 |
| **Accumulated Surplus** | - | - |
| **Operations** | - | - |
| Revenues | 17,915,487 | 5,204,229 |
| Expenses | 17,915,487 | 5,204,229 |
| **Annual Surplus** | - | - |

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

## 13. EXPENDITURES BY OBJECT

| | Budget 2011 *(unaudited)* | Actual 2011 | Actual 2010 |
|---|---|---|---|

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

| | Budget 2011 *(unaudited)* | Actual 2011 | Actual 2010 |
|---|---|---|---|
| **Current expenditures:** | | | |
| Salary and wages | 78,503,980 | 77,932,767 | 75,933,884 |
| Employee benefits | 10,881,473 | 10,837,479 | 11,555,177 |
| Staff development | 275,232 | 293,861 | 320,163 |
| Supplies and services | 9,863,006 | 11,552,369 | 12,182,654 |
| Interest on long term debt | 3,298,526 | 3,271,718 | 3,047,226 |
| Rental expenditures | 185,098 | 210,543 | 765,127 |
| Fees and contract services | 7,589,167 | 7,381,434 | 7,822,826 |
| Other | 227,745 | 240,218 | 230,387 |
| | 110,824,227 | 111,720,389 | 111,857,444 |

## 14. 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 $20 million per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's 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 December 31, 2011.

## 15. WORKPLACE SAFETY INSURANCE BOARD

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 financial statements.

## 16. CONTINGENCIES

The School Board has shared student transportation with the Grand Erie District School Board. There was an agreement that each Board invoiced each other at year end for transportation costs based on pre-1998 provincial funding determined by a mutually agreed calculation. The provincial funding changed in 2004 and the agreement expired August 31, 2004. The two boards reached an agreement in 2008, however any amounts owing, if any, have not been finalized. The board has recorded an estimated liability for the current year. Any adjustments to the estimate will be made when a final calculation has been agreed upon between the Boards.

The Board has received a statement of claim regarding certain employment matters. The claim is being reviewed by legal counsel. The amount and nature of the possible outcome is not determinable at this time and as a result, no provision has been made in the financial statements.

## 17. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received $1,965,017 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.

# BRANT HALDIMAND NORFOLK CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF TANGIBLE CAPITAL ASSETS
**For the year ended August 31, 2011**

| | Land | Building (40 years) | Portable structures | Equipment (5 years) | Equipment (10 years) | Computer hardware | Computer software | Vehicles | Construction in progress | Total 2011 | Total 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| Balance, beginning of year | 6,602,328 | 114,773,076 | 3,277,200 | 6,142 | 2,162,482 | 3,703,125 | 540,220 | 140,987 | 2,329,261 | 133,534,821 | 127,905,118 |
| Additions during the year | 14,614 | 721,875 | - | 7,419 | 71,848 | 367,606 | 28,094 | 26,239 | 9,460,207 | 10,697,902 | 13,356,820 |
| Disposals during the year | - | (503,699) | - | - | - | - | - | - | - | (503,699) | (7,727,117) |
| Balance, end of year | 6,616,942 | 114,991,252 | 3,277,200 | 13,561 | 2,234,330 | 4,070,731 | 568,314 | 167,226 | 11,789,468 | 143,729,024 | 133,534,821 |
| **Accumulated Amortization** | | | | | | | | | | | |
| Balance, beginning of year | - | 25,551,114 | 2,432,983 | - | 1,330,091 | 2,961,211 | 396,207 | 18,980 | - | 32,690,586 | 29,493,490 |
| Amortization during the year | - | 3,136,479 | 113,322 | 1,228 | 194,126 | 321,865 | 71,880 | 28,198 | - | 3,867,098 | 3,735,944 |
| Disposals, writeoffs & adjustments | - | (173,973) | - | - | - | - | - | - | - | (173,973) | (538,848) |
| Balance, end of year | - | 28,513,620 | 2,546,305 | 1,228 | 1,524,217 | 3,283,076 | 468,087 | 47,178 | - | 36,383,711 | 32,690,586 |
| Net book value of tangible capital assets | 6,616,942 | 86,477,632 | 730,895 | 12,333 | 710,113 | 787,655 | 100,227 | 120,048 | 11,789,468 | 107,345,313 | 100,844,235 |