



**WINDSOR-ESSEX CATHOLIC
DISTRICT SCHOOL BOARD**

**Consolidated Financial Statements
August 31, 2011**

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS LLP**

CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Windsor-Essex Catholic District School Board

We have audited the accompanying consolidated financial statements of the Windsor-Essex Catholic District School Board which are comprised of the consolidated statement of financial position as at August 31, 2011 and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. These 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 auditors' 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements of Windsor-Essex Catholic District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of Windsor-Essex Catholic District School Board as at August 31, 2011, and consolidated results of operations, consolidated change in net debt, and consolidated cash flow 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 Windsor-Essex 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.

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS LLP**

Graham, Setterington, McIntosh,

Driedger & Hicks LLP

Leamington, Ontario
November 22, 2011

Chartered Accountants
Licensed Public Accountants.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31

	2011	(restated) 2010
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	\$ 2,296,275	\$ 1,953,822
Accounts receivable	12,101,064	16,758,234
Accounts receivable - Government of Ontario (note 5)	166,000,939	168,261,349
TOTAL FINANCIAL ASSETS	180,398,278	186,973,405
LIABILITIES		
Temporary borrowing (note 10)	27,950,093	28,066,051
Accounts payable and accrued liabilities	12,238,196	10,360,072
Other	192,303	331,687
Net debenture debt and capital loans (note 9)	160,175,620	166,301,684
Deferred revenue (note 6)	2,055,570	2,657,779
Employee benefits payable (note 8)	105,797,157	98,593,193
Deferred capital contributions (note 7)	200,682,229	202,970,390
TOTAL LIABILITIES	509,091,168	509,280,856
NET DEBT	(328,692,890)	(322,307,451)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 21)	227,486,340	230,496,549
Prepaid expenses	675,164	1,637,048
TOTAL NON-FINANCIAL ASSETS	228,161,504	232,133,597
ACCUMULATED DEFICIT (note 13)	\$ (100,531,386)	\$ (90,173,854)

Signed on Behalf of the Board


Director of Education


Chair of the Board

The accompanying notes are an integral part of these financial statements.

Graham, Setterington, McIntosh, Driedger & Hicks LLP - Chartered Accountants

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

For the years ended August 31

	(restated & unaudited)		(restated)
	2011	2011	2010
	Budget	Actual	Actual
REVENUES			
Local taxation	\$ 48,180,018	\$ 48,494,695	\$ 50,993,939
Provincial grants - Grants for Student Needs	185,651,743	187,019,964	142,894,670
Provincial grants - other	3,915,271	4,188,262	6,121,814
Other revenues - School boards	-	-	238,146
Other fees and revenues	1,282,418	2,704,389	2,191,653
Investment income	1,500	167,928	228,972
School generated funds	7,099,000	8,266,746	7,829,055
Amortization of deferred capital contributions including disposals (note 7)	8,177,434	7,856,223	9,398,594
TOTAL REVENUES	254,307,384	258,698,207	219,896,843
EXPENSES (note 12)			
Instruction	196,758,563	199,166,978	193,394,997
Administration	9,551,219	9,990,898	9,648,297
Transportation	8,255,696	7,720,148	8,485,053
Pupil Accommodation	42,837,731	42,587,402	41,827,402
Other	1,612,745	1,618,418	1,865,518
School generated funds	6,974,000	7,971,895	7,872,677
TOTAL EXPENSES	265,989,954	269,055,739	263,093,944
ANNUAL DEFICIT	(11,682,570)	(10,357,532)	(43,197,101)
Accumulated Deficit, beginning of year	(83,587,951)	(90,173,854)	(46,976,753)
Accumulated Deficit, end of year	\$ (95,270,521)	\$ (100,531,386)	\$ (90,173,854)

The accompanying notes are an integral part of these financial statements.

Graham, Settingington, McIntosh, Driedger & Hicks LLP - Chartered Accountants

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD**Consolidated Statement of Change in Net Debt****For the years ended August 31**

	2011 Actual	(restated) 2010 Actual
Annual Deficit	\$ (10,357,532)	\$ (43,197,101)
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of tangible capital assets	(5,568,062)	(5,579,328)
Amortization of tangible capital assets	8,475,336	9,440,571
Gain/(Loss) on sale of tangible capital assets - Net	(89)	-
Proceeds on sale of tangible capital assets	103,023	-
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	3,010,208	3,861,243
OTHER NON-FINANCIAL ASSET ACTIVITY		
Acquisition of prepaid expenses	(675,164)	(1,966,307)
Use of prepaid expenses	1,637,049	1,056,549
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	961,885	(909,758)
INCREASE IN NET DEBT	(6,385,439)	(40,245,616)
Net debt, beginning of year	(322,307,451)	(282,061,835)
Net debt, end of year	\$ (328,692,890)	\$ (322,307,451)

The accompanying notes are an integral part of these financial statements.

Graham, Setterington, McIntosh, Driedger & Hicks LLP - Chartered Accountants

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD
Consolidated Statement of Cash Flow
For the years ended August 31

	2011 Actual	(restated) 2010 Actual
OPERATING TRANSACTIONS		
Annual Surplus/(Deficit)	\$ (10,357,532)	\$ (43,197,101)
Sources and (Uses):		
Non-cash items including amortization, write downs and gain/loss on disposal	8,475,247	9,440,571
(Increase) decrease in accounts receivable	6,917,580	(170,357,752)
(Increase) in externally appropriated accumulated deficit (note 3)	-	(15,148,091)
Increase (decrease) in accounts payable and accrued liabilities	1,878,124	704,807
Increase (decrease) in other liabilities	(139,384)	207,986
Increase (decrease) in deferred revenues	(602,209)	(803,094)
Increase (decrease) in employee benefits payable	7,203,964	22,431,274
Increase (decrease) in deferred capital contributions	(2,288,161)	202,970,390
(Increase) decrease in prepaid expenses	961,883	(909,758)
CASH PROVIDED BY (APPLIED TO) OPERATING TRANSACTIONS	12,049,512	5,339,232
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	103,023	-
Cash used to acquire tangible capital assets	(5,568,062)	(5,579,328)
CASH APPLIED TO CAPITAL TRANSACTIONS	(5,465,039)	(5,579,328)
FINANCING TRANSACTIONS		
Long term liabilities issued	-	32,052,872
(Decrease) in temporary borrowing	(115,958)	(26,375,136)
Debt repaid and sinking fund contributions	(6,126,062)	(5,481,268)
CASH PROVIDED BY (APPLIED TO) FINANCING TRANSACTIONS	(6,242,020)	196,468
CHANGE IN CASH AND CASH EQUIVALENTS	342,453	(43,628)
Opening cash and cash equivalents	1,953,822	1,997,450
Closing cash and cash equivalents	\$ 2,296,275	\$ 1,953,822

The accompanying notes are an integral part of these financial statements.

Graham, Settingington, McIntosh, Driedger & Hicks LLP - Chartered Accountants

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

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

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.

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 are comprised 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 term maturity term of less than 90 days.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Deferred Revenue:

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

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuities, worker's compensation and long term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability, and life insurance and 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 pension, 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.

(g) 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.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Tangible Capital Assets (cont'd):

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

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.

(h) Government Transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, 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.

(i) 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.

(j) Long-term Debt:

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

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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.

(l) 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 estimates include employee future benefits. In addition, estimates have been made of the historical cost and useful lives of certain tangible capital assets as a result of the implementation of Section 3150 of the Public Sector Accounting Handbook. 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 deficit at August 31, 2010:	
Accumulated surplus, as previously reported	\$ 127,949,672
Employee future benefits - non-vesting sick days	(15,148,092)
Transfer to deferred revenue	(5,044)
Transfer to deferred capital contributions	(202,970,390)
Accumulated deficit, as restated	\$ (90,173,854)
Annual deficit for the year ended August 31, 2010:	
Annual surplus, as previously reported	\$ 159,778,333
Less: Amounts transferred to deferred revenue	(5,044)
Less: In-year Provincial capital contributions	(212,368,984)
Plus: Amounts recognized in revenue	9,398,594
Annual deficit, as restated	\$ (43,197,101)

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

2. CHANGE IN ACCOUNTING POLICIES (CONT'D)

The impact for the year ended August 31, 2011 is as follows:

Annual deficit for the year ended August 31, 2011:

Annual surplus, as per prior year policy		\$	190,221,763
Less: In-year Provincial capital contributions	\$ (208,435,518)		
Plus: Amounts recognized in revenue	7,856,223		
<u>Subtotal</u>			<u>(200,579,295)</u>
<u>Annual deficit, as currently reported</u>		\$	<u>(10,357,532)</u>

Provincial grants have decreased by the subtotal above.

3. PRIOR YEAR ADJUSTMENT

During the year management became aware that certain non-vested accumulated sick days should be reflected as a PSAB obligation.

This change has been applied retroactively with restatement and has resulted in a decrease in opening accumulated surplus and an increase in employee benefits payable of \$15,148,091 at September 1, 2009.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	<u>2011</u>		<u>2010</u>
School funds	\$ 2,267,300	\$	1,924,847
Petty cash	28,975		28,975
	<u>\$ 2,296,275</u>	\$	<u>1,953,822</u>

5. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 of \$166,000,939 as at August 31, 2011 (2010 - \$168,261,349) with respect to capital grants.

6. 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.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

6. DEFERRED REVENUE (CONT'D)

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 (restated)	Externally restricted revenue received	Revenue recognized in the period	Transfers (to) deferred capital contributions in the period	Balance as at August 31, 2011
Restricted operating grants	\$ 885,953	\$ 26,415,618	\$ (26,758,687)	\$ -	\$ 542,884
Third party operating grants	69,704	9,594	(69,704)	-	9,594
Restricted capital grants	70,122	17,860,140	(16,109,061)	(1,730,109)	91,092
Proceeds of disposition	1,632,000	47,601	(220,000)	(47,601)	1,412,000
Total Deferred Revenue	\$ 2,657,779	\$ 44,332,953	\$ (43,157,452)	\$ (1,777,710)	\$ 2,055,570

7. 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)
Balance as at August 31, 2010	\$ 202,970,390	\$ 206,835,288
Additions to deferred capital contributions	5,568,062	5,533,696
Revenue recognized in the period - amortization	(7,753,289)	(8,720,826)
Revenue recognized in the period - disposals	(102,934)	(677,768)
Balance as at August 31, 2011	\$ 200,682,229	\$ 202,970,390

8. EMPLOYEE BENEFITS PAYABLE

Retirement and Other Employee Future Benefit Liabilities	2011			2010 (restated)
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	\$ 117,311,977	\$ 18,655,871	\$ 135,967,848	\$ 116,907,275
Unamortized actuarial losses	29,013,336	1,157,355	30,170,691	18,314,082
Employee future benefits liability	\$ 88,298,641	\$ 17,498,516	\$ 105,797,157	\$ 98,593,193

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

8. EMPLOYEE BENEFITS PAYABLE (CONT'D)

Retirement and Other Employee Future Benefit Expenses	2011			2010
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit accrual	\$ 3,713,683	\$ 1,310,496	\$ 5,024,179	\$ 4,287,442
Recognition of Past Service Cost	-	58,787	58,787	-
Interest on accrued benefit obligation	4,802,997	762,499	5,565,496	4,479,996
Net amortization of estimation adjustment loss	2,209,650	19,645	2,229,295	2,051,035
Employee future benefit expenses	\$ 10,726,330	\$ 2,151,427	\$ 12,877,757	\$ 10,818,473

Retirement Benefits

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rate of pay. Employee contribution rates are at levels of up to 10.7% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed \$2,532,407 (2010 - \$2,197,407) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

8. EMPLOYEE BENEFITS PAYABLE (CONT'D)

(iv) Retirement Life Insurance and Health Care Benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 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 cost and liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Long-term Disability - Life Insurance, Dental and Health Care Benefits:

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the partial payment of life insurance premiums and the partial costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick Leave Benefits:

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan. The benefit costs expensed in the financial statements are \$1,443,866. A prior period adjustment in the amount of \$15,148,091 with respect to the initial set up of these benefits was made to the open accumulated surplus and Accrued Employee Future Benefit Obligations. (see Note 2).

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2009, with the exception of the valuation of the non-vesting sick leave accumulations benefits which was newly performed as at August 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates which implicitly include an inflation rate adjustment.

	2011	2010
	%	%
Wage and salary escalation	3	3
Insurance and health care cost escalation	4.5 -10.0	4.5 -10.0
Discount on accrued benefit obligations	4	4.75

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

9. NET DEBENTURE DEBT AND CAPITAL LOANS

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

	2011	2010
Debenture #90-55; 12.160%; matured December 2010	\$ -	\$ 145,000
Debenture #93-64; 8.590%; maturing September 2011	1,024,000	1,966,000
Debenture #94-67; 10.000%; maturing November 2012	2,322,000	3,328,000
Debenture #02-01; 5.900%; maturing October 2027	25,903,228	26,811,969
Debenture #03-04 (Sinking Fund); 5.300%; principal repayable November 2013	24,012,700	24,012,700
Debenture #03-05; 5.800%; maturing November 2028	25,763,376	26,595,854
Debenture #06-01; 5.070%; maturing April 2031	39,872,058	41,002,826
Debenture #06-03; 4.560%; maturing November 2031	7,221,803	7,431,251
Debenture #09-01; 5.062%; maturing March 2034	5,234,242	5,354,084
Debenture #09-10; 4.947%; maturing May 2035	29,145,246	29,460,559
Debenture #10-01; 5.232%; maturing April 2035	2,539,877	2,592,313
Debenture Debt	163,038,530	168,700,556
Less: Sinking Fund Asset Balance as at August 31	(2,862,910)	(2,398,872)
Net Debenture Debt	\$ 160,175,620	\$ 166,301,684

Principal and interest payments relating to net long-term liabilities of \$160,175,620 outstanding as at August 31, 2011 are due as follows:

	Debenture Principal and Sinking Fund Contributions	Debenture Interest Payments	Total
2011-12	6,546,421	8,652,379	15,198,800
2012-13	5,855,242	8,269,477	14,124,719
2013-14	25,038,692	7,337,288	32,375,980
2014-15	4,793,791	6,452,992	11,246,783
2015-16	5,055,371	6,191,411	11,246,782
Thereafter	112,886,103	51,693,340	164,579,443
	\$ 160,175,620	\$ 88,596,887	\$ 248,772,507

Included in net debenture debt are outstanding sinking fund debentures of \$ 24,012,700 (2010 - \$24,012,700) secured by sinking fund assets with a carrying and market value of \$2,862,910 (2010 - \$2,398,872). The market value is \$263,301 less than the planned value for the fund as at August 31, 2011. Sinking fund assets are comprised of short-term notes and deposits.

Interest on long-term debt amounted to \$8,861,623 (2010 - \$8,072,072).

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

10. TEMPORARY BORROWING

Temporary borrowing consists of the following:

	2011	2010
Demand capital expenditure credit bearing loan interest at the lower of prime (2010: prime plus 0.60%) or bankers acceptance plus 1.00% (2010: 1.50%) stamping fee.	\$ 13,889,441	\$ 15,039,441
Demand operating credit bearing loan interest at the lower of prime (2010: prime plus 0.60%) or bankers acceptance plus 1.00% (2010: 1.50%) stamping fee. Repayable in blended monthly payments of \$70,000 beginning June 1, 2011.	14,060,652	13,026,610
	\$ 27,950,093	\$ 28,066,051

The Board has lines of credit available to the maximum of \$28 million (2010: \$20 million) to address operating requirements and \$14 million (2010: \$45 million) for long term capital projects.

All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

11. DEBT CHARGES, CAPITAL LOANS AND LEASE INTEREST

The expenditure for debt charges and capital loans includes principal, sinking fund contributions and interest payment as follows:

	2011	2010
Principal payments on long-term liabilities including contributions to sinking funds	\$ 5,990,488	\$ 5,273,845
Interest payments on long-term liabilities	8,877,170	7,832,350
	\$ 14,867,658	\$ 13,106,195

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of \$6,126,062 (2010 - \$5,481,268) are principal payments on long-term debt of \$5,662,024 (2010 - \$4,945,381) and sinking fund interest revenue of \$135,574 (2010 - \$207,423).

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

12. EXPENSES BY OBJECT

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

Expenses	(unaudited)		
	2011 Budget	2011 Actual	2010 Actual
Salary and wages	\$ 175,462,293	\$ 179,292,325	\$ 173,141,040
Employee benefits	34,791,735	34,061,772	33,226,877
Staff development	527,605	567,478	421,503
Supplies and services	23,735,424	24,308,931	23,231,976
Interest charges on capital	9,201,924	9,346,676	8,968,173
Rental expenditures	660,323	647,985	613,348
Fees and contract services	9,719,094	9,988,018	11,393,922
Other	3,039,225	2,362,184	2,656,534
Amortization of tangible capital assets	8,852,331	8,475,336	9,440,571
Loss on Disposal	-	5,034	-
	<u>\$ 265,989,954</u>	<u>\$ 269,055,739</u>	<u>\$ 263,093,944</u>

13. ACCUMULATED DEFICIT

Accumulated deficit consists of the following:

Deficit:	2010	
	2011	(restated)
Operating	\$ (2,516,783)	\$ 377,648
Benefit plan	(581,041)	76,536
School Renewal	171,786	171,786
Employee future benefits	(105,735,693)	(98,593,196)
Interest and vacation accruals	(4,318,857)	(4,288,925)
School generated funds	2,219,698	1,924,847
Committed sinking fund interest earned	500,139	428,085
Revenues recognized for land	9,729,365	9,729,365
	<u>\$ (100,531,386)</u>	<u>\$ (90,173,854)</u>

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 \$24,000,000 (2010: \$20,000,000) per occurrence.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

14. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE) (CONT'D)

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 and will be extended to December 31, 2016.

15. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

(a) Contractual Obligations:

The Board has ongoing commitments over the next five years as follows:

2011-12	\$	1,409,563
2012-13		1,323,075
2013-14		1,179,075
2014-15		954,075
2015-16		589,519
Thereafter		<u>2,014,848</u>
	\$	<u>7,470,156</u>

As at August 31, 2011, the Board is committed to capital expenditures in the amount of \$159,881 (2010 - \$ 1,509,234).

(b) Contingent Liabilities:

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2011 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operation.

16. BUDGET DATA

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on August 31, 2010. The budget was prepared in June 2010, prior to the release of the Government Transfers standard, which was released in March 2011. As a result, there are some changes in how the DCC taken in to income is calculated for the Financial Statements, versus for the budget. This includes the treatment of sinking fund interest and other components. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

16. BUDGET DATA (CONT'D)

Consolidated Statement of Operations (Unaudited) For the year ended August 31

	2010-11 Budget	Change	Restated 2010-11 Budget
REVENUES			
Total Revenues as in the 2010-11 Budget	\$ 259,727,484	\$ -	\$ 259,727,484
Deduct: Adjustment due to adoption of government transfer standard (see Note 2)	-	(5,420,100)	(5,420,100)
Total Revenue	259,727,484	(5,420,100)	254,307,384
Total Expenses	265,989,954	-	265,989,954
Annual Deficit	(6,262,470)	(5,420,100)	(11,682,570)
Accumulated Surplus, beginning	139,749,757	-	139,749,757
Change in Accounting Policy - DCC	(223,337,708)	-	(223,337,708)
Accumulated Deficit, restated	(83,587,951)	-	(83,587,951)
Accumulated Deficit, end	\$ (89,850,421)	\$ (5,420,100)	\$ (95,270,521)

17. TRANSPORTATION CONSORTIUM

On January 20, 2003, the Board entered into an agreement with the Greater Essex County District School Board and Conseil scolaire de district des écoles catholiques du Sud-Ouest in order to provide common administration of student transportation within the district. On September 10, 2009, a new agreement was entered into and included the Conseil scolaire de district du Centre-Sud-Ouest. The consortium agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the formal agreement, decisions related to the financial and operating activities are shared. No partner is in a position to exercise unilateral control. Operations have been included in these financial statements based on the Board's portion of costs incurred which have been calculated based on student ridership.

The Board's consolidated statement of operations and accumulated surplus (deficit) reflect the Board's pro-rata share of expenses. Total expenses of the consortium at August 31, 2011 were \$20,828,911 (2010 - \$22,743,273). The Board's pro-rata share of expenses at August 31, 2011 was \$7,720,148 (2010 - \$8,485,053).

18. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk:

Interest rate risk represents the risk to the Board's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The Board is exposed to interest rate risk since the interest on the bank short-term borrowings is at variable rates.

(b) Fair Value:

Fair values approximate amounts at which financial assets and liabilities would be exchanged between willing parties based on current markets for instruments of the same risk and materiality. The fair value of financial assets and liabilities approximate their carrying values.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

August 31, 2011

19. COMPARATIVE FIGURES

Certain of the prior year figures, provided for the purpose of comparison, have been restated and/or reclassified to conform with the current year presentation.

20. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$21,647,375 from the 55 School Board Trust for its capital related debt eligible for provincial funding support as at May 14, 1998 pursuant to a 30 year agreement 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 in respect of the NPF debt. The amount funded by the province of \$1,612,745 in respect of the agreement for the year ended August 31, 2011 is recorded on the Consolidated Statement of Financial Activities. As a result of this agreement, the liability in respect of the NPF debt ceased to be recognized in the Board's Consolidated Statement of Financial Position as of August 31, 2003.

21. TANGIBLE CAPITAL ASSETS

Continued on next page.

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD
Notes to the Consolidated Financial Statements
August 31, 2011

21. TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance at August 31, 2010	Additions and transfers	Disposals and transfers from (to) CIP	Balance at August 31, 2011	Balance at August 31, 2010	Amortization	Disposals / write downs	Balance at August 31, 2011	Net Book Value August 31, 2011	Net Book Value August 31, 2010
Land	\$ 10,774,667	\$ -	\$ -	10,774,667	\$ -	\$ -	\$ -	\$ -	\$ 10,774,667	\$ 10,774,667
Land Improvements	1,787,418	546,752	-	2,334,170	335,241	144,717	-	479,958	1,854,212	1,452,179
Buildings	278,956,175	4,233,855	862,887	284,052,917	69,038,270	7,592,077	-	76,630,347	207,422,570	209,917,905
Portable Structures	5,600,136	481,723	(1,199,000)	4,882,859	3,768,325	216,066	(1,199,000)	2,785,391	2,097,468	1,831,811
Construction in Progress	862,887	-	(862,887)	-	-	-	-	-	-	862,887
First time Equipping	8,481,612	106,878	-	8,588,490	3,734,078	505,084	-	4,239,162	4,349,328	4,747,534
Equipment	331,761	173,710	(18,332)	487,139	70,643	48,921	(18,332)	101,232	385,907	261,118
Computer Hardware	2,451,437	25,144	(1,036,025)	1,440,556	2,054,308	(84,388)	(945,798)	1,024,122	416,434	397,129
Computer Software	228,081	-	(185,104)	42,977	226,980	(6,860)	(185,104)	35,016	7,961	1,101
Vehicles	496,630	-	(33,809)	462,821	246,411	59,719	(21,102)	285,028	177,793	250,219
TOTAL	\$ 309,970,805	\$ 5,568,062	\$ (2,472,270)	\$ 313,066,596	\$ 79,474,256	\$ 8,475,336	\$ (2,369,336)	\$ 85,580,256	\$ 227,486,340	\$ 230,496,549