

Consolidated Financial Statements of

**UPPER CANADA DISTRICT
SCHOOL BOARD**

Years ended August 31, 2012 and 2011

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Years ended August 31, 2012 and 2011

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Upper Canada District School Board are the responsibility of Board management and have been prepared in compliance 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 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business

November 14, 2012



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INDEPENDENT AUDITORS' REPORT

To the Trustees of Upper Canada District School Board

We have audited the accompanying consolidated financial statements of the Upper Canada District School Board, which comprise the consolidated statements of financial position as at August 31, 2012 and 2011, the consolidated statements of operations and accumulated deficit, change in net debt and cash flows for the years then ended, and notes, comprising 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.

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements of the Upper Canada District School Board as at August 31, 2012 and 2011, are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Emphasis of Matter

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

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

November 14, 2012

Ottawa, Canada

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statements of Financial Position

August 31, 2012 and 2011

	2012	2011
Financial assets:		
Cash	\$ 27,639,040	\$ 21,268,327
Accounts receivable:		
Municipalities	7,610,684	8,495,995
Government of Ontario - approved capital grants (note 2)	101,973,987	93,532,094
Other	4,930,826	4,448,214
Investments (note 5)	1,796,063	1,743,547
Other assets	128,368	17,402
Total financial assets	144,078,968	129,505,579
Financial liabilities:		
Temporary borrowings (note 4)	15,450,000	–
Accounts payable and accrued liabilities	21,420,265	26,221,986
Net long-term liabilities (note 9)	90,944,214	92,098,494
Deferred revenue (note 6)	11,877,407	7,615,085
Employee benefits payable (note 8)	39,459,824	51,896,394
Deferred capital contributions (note 7)	243,355,457	233,813,769
Total financial liabilities	422,507,167	411,645,728
Net debt	(278,428,199)	(282,140,149)
Non-financial assets:		
Prepaid expenses	806,424	–
Tangible capital assets (note 3)	253,783,136	244,827,542
Total non-financial assets	254,589,560	244,827,542
Commitments and contingent liabilities (notes 12 and 13)		
Accumulated deficit	\$ (23,838,639)	\$ (37,312,607)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director of Education

_____ Chair of the Board

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statements of Operations and Accumulated Deficit

Years ended August 31, 2012 and 2011

	2012 Budget	2012 Actual	2011 Actual
Revenue:			
Local taxation	\$ 71,454,304	\$ 72,508,627	\$ 72,617,512
Provincial grants:			
Student focused funding	245,799,500	243,559,576	236,731,408
Other	5,886,781	7,411,101	6,423,415
Federal grants and fees	2,362,492	2,460,979	2,348,389
Other - school boards	460,751	432,182	589,576
Investment income	255,000	330,705	385,374
Other revenue	5,290,707	6,811,837	7,143,523
School - generated funds	8,465,975	7,419,456	7,682,714
Amortization of deferred capital contributions	11,073,320	12,179,014	11,304,371
	351,048,830	353,113,477	345,226,282
Expenses (note 11):			
Instruction	258,598,303	249,014,506	254,669,735
Administration	9,545,842	9,457,670	9,164,753
Transportation	24,042,282	24,569,836	24,639,718
Pupil accommodation	45,953,064	46,382,989	46,625,117
Other	4,090,850	2,912,952	3,844,753
School activities	8,586,225	7,301,556	7,352,280
	350,816,566	339,639,509	346,296,356
Annual surplus (deficit)	232,264	13,473,968	(1,070,074)
Accumulated deficit, beginning of year	(40,625,858)	(37,312,607)	(36,242,533)
Accumulated deficit, end of year (note 15)	\$ (40,393,594)	\$ (23,838,639)	\$ (37,312,607)

See accompanying notes to consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statements of Change in Net Debt

Years ended August 31, 2012 and 2011

	2012	2011
Annual surplus (deficit)	\$ 13,473,968	\$ (1,070,074)
Tangible capital assets:		
Acquisition of tangible capital assets	(21,484,580)	(23,869,659)
Amortization of tangible capital assets	12,139,609	11,254,570
Loss on sale of tangible capital assets	9,053	–
Proceeds on sale of tangible capital assets	15,324	300,445
Less: proceeds allocated to deferred revenue (gains on sale)	–	(171,113)
Write-downs of tangible capital assets	365,000	411,997
	(8,955,594)	(12,073,760)
Prepaid expenses	(806,424)	–
Change in net debt	3,711,950	(13,143,834)
Net debt, beginning of year	(282,140,149)	(268,996,315)
Net debt, end of year	\$ (278,428,199)	\$ (282,140,149)

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

UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Statements of Cash Flows

Years ended August 31, 2012 and 2011

	2012	2011
Operating transactions:		
Annual surplus (deficit)	\$ 13,473,968	\$ (1,070,074)
Items not involving cash:		
Amortization of tangible capital assets	12,139,609	11,254,570
Loss on disposal of tangible capital assets	374,053	411,997
Amortization of deferred capital contributions	(12,154,637)	(11,304,371)
Deferred gain on disposal of restricted assets	–	(171,113)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	402,699	(1,529,723)
Increase in other financial assets	(110,966)	(6,415)
Decrease in accounts payable and accrued liabilities	(4,801,721)	(1,591,814)
Increase (decrease) in deferred revenue	4,262,322	(415,261)
Increase (decrease) in employee benefits payable	(12,436,570)	1,697,057
Increase in prepaid expenses	(806,424)	–
Cash provided by (applied to) operating transactions	342,333	(2,725,147)
Capital transactions:		
Proceeds on disposal of tangible capital assets	15,324	300,445
Cash used to acquire tangible capital assets	(21,484,580)	(23,869,659)
Cash applied to capital transactions	(21,469,256)	(23,569,214)
Investing transactions:		
Increase in investments	(52,516)	(61,956)
Financing transactions:		
Increase in temporary borrowings	15,450,000	–
Long-term liabilities issued	2,122,225	17,508,723
Debt principal repayments and sinking fund contributions	(3,276,505)	(2,751,378)
Increase in accounts receivable – approved capital grants	(8,441,893)	(5,645,007)
Additions to deferred capital contributions	21,696,325	23,967,941
Cash provided by financing transactions	27,550,152	33,080,279
Increase in cash	6,370,713	6,723,962
Cash, beginning of year	21,268,327	14,544,365
Cash, end of year	\$ 27,639,040	\$ 21,268,327

See accompanying notes to consolidated financial statements.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Years ended August 31, 2012 and 2011

1. Significant accounting policies:

The consolidated financial statements of the Upper Canada District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

These 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 consolidated statement of operations and accumulated deficit over the periods during which the asset is used to provided 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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included 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 be 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.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and accumulated deficit and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

Regulation 395/11 "Accounting Policies and Practices Public Entities" was released in the fall of 2011 requiring that the school board comply with the related accounting policy requirements described above. Prior to the release of this regulation the consolidated financial statements as at and for the year ended August 31, 2011 were originally prepared under a special purpose framework as directed by the Ministry of Education. As a result, these are the first financial statements of the Board prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("new financial reporting framework"). The Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements. There are no changes to accumulated deficit on the consolidated statement of financial position as at August 31, 2011 or the annual deficit on the consolidated statement of operations and accumulated deficit for the year ended August 31, 2011 as a result of the transition to this new financial reporting framework.

(b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario (STEO): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board is a member of STEO with the Catholic District School Board of Eastern Ontario. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(b) Reporting entity (continued):

(ii) Upper Canada Leger Centre for Education and Training (UCLC): UCLC is deemed to be controlled by the Board, therefore the assets, liabilities, revenues, expenses, and net assets of UCLC have been reflected in the consolidated financial statements. UCLC was incorporated under the Corporations Act of Ontario. The Centre was created to enhance the development, implementation and advancement of community educational and training programs which are not funded by the Ministry of Education.

(iii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions and balances are eliminated in these 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.

(d) Cash:

Cash comprise 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:

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. Investments are recorded at cost which approximates market value. Investments have interest rates that range from 2.65% to 5.25%.

(f) Investment income:

Interest on the investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of sale if sold before maturity. Amortization of bond discounts or premiums are accrued over the term of the investment.

Investment income earned on externally appropriated funds such as pupil accommodation, special education, energy efficient schools capital and proceeds of disposition, when required by the funding government or related Act, is added to the fund balance and forms part of the respective deferred revenue balances.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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. The Board capitalizes interest paid on debt used to finance the construction of tangible capital assets. When historical cost records were not available, other methods were used to estimate the cost and accumulated amortization.

Tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years
Leasehold improvements	Over the lease term

Assets under construction are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. 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. Cost includes amounts for improvements to prepare the land for sale or servicing. Other assets permanently removed from service cease to be amortized and the carrying value is written down to the residual value.

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

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(h) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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.

The Board also receives restricted contributions under the authority of provincial legislation, regulation or agreement. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(i) 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 of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

(j) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, retirement allowance, worker's compensation and long-term disability benefits. The Board accrues its obligation for these employee benefits.

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act, which included changes to the Board's retirement gratuity plan, sick leave plan, service awards and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

(j) Retirement and other employee future benefits (continued):

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care 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, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining services 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, such as 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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012.

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

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

1. Significant accounting policies (continued):

- (k) Accumulated surplus – available for compliance, internally appropriated:

Certain amounts, as approved by the Board trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

- (l) 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 the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(i).

- (m) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2011-2012 is reflected on the consolidated statement of operations and accumulated deficit.

Budget figures have not been audited and are presented for information purposes.

- (n) Long-term debt:

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

- (o) 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 amount 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. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

2. Accounts receivable – Government of Ontario – Approved capital grants:

The Province of Ontario (the “Province”) replaced variable capital funding with a one-time debt support grant that was recognized 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 \$101,973,987 as at August 31, 2012 (2011 - \$93,532,094) with respect to capital grants.

3. Tangible capital assets:

Cost	Balance at August 31, 2011	Additions and transfers	Disposals, write-offs and adjustments	Balance at August 31, 2012
Land	\$ 3,914,731	\$ 3,421	\$ –	\$ 3,918,152
Land improvements	4,411,965	630,513	–	5,042,478
Buildings	306,227,601	23,837,110	–	330,064,711
Other buildings	16,000	14,988	–	30,988
Portable structures	1,360,000	–	–	1,360,000
First-time equipping of schools	2,964,524	342,945	–	3,307,469
Furniture	647,163	537,032	62,014	1,122,181
Equipment	6,504,616	1,473,917	130,176	7,848,357
Computer hardware	11,391,629	590,125	905,043	11,076,711
Computer software	2,429,967	97,801	717,749	1,810,019
Vehicles	386,812	120,850	56,567	451,095
Construction in progress	6,213,387	9,419,233	15,632,620	–
Pre-acquisition costs	453,483	49,265	–	502,748
Leasehold improvements	83,512	–	–	83,512
Total	\$ 347,005,390	\$ 37,117,200	\$ 17,504,169	\$ 366,618,421

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

3. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2011	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2012
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	909,812	315,148	-	1,224,960
Buildings	90,378,267	7,953,654	(365,000)	98,696,921
Other buildings	400	1,175	-	1,575
Portable structures	1,162,465	68,000	-	1,230,465
First-time equipping of schools	1,493,491	313,600	-	1,807,091
Furniture	331,094	88,467	62,014	357,547
Equipment	1,535,882	629,474	130,176	2,035,180
Computer hardware	4,663,229	2,246,833	905,043	6,005,019
Computer software	1,555,316	423,998	717,749	1,261,565
Vehicles	135,962	75,399	32,190	179,171
Leasehold improvements	11,930	23,861	-	35,791
Total	\$ 102,177,848	\$ 12,139,609	\$ 1,482,172	\$ 112,835,285

Net book value	Net book value August 31, 2011	Net book value August 31, 2012
Land	\$ 3,914,731	\$ 3,918,152
Land improvements	3,502,153	3,817,518
Buildings	215,849,334	231,367,790
Other buildings	15,600	29,413
Portable structures	197,535	129,535
First-time equipping of schools	1,471,033	1,500,378
Furniture	316,069	764,634
Equipment	4,968,734	5,813,177
Computer hardware	6,728,400	5,071,692
Computer software	874,651	548,454
Vehicles	250,850	271,924
Construction in progress	6,213,387	-
Pre-acquisition costs	453,483	502,748
Leasehold improvements	71,582	47,721
Total	\$ 244,827,542	\$ 253,783,136

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

3. Tangible capital assets (continued):

Cost	Balance at August 31, 2010	Additions and transfers	Disposals, write-offs and adjustments	Balance at August 31, 2011
Land	\$ 3,914,731	\$ –	\$ –	\$ 3,914,731
Land improvements	3,656,197	755,768	–	4,411,965
Buildings	283,078,539	24,949,856	1,800,794	306,227,601
Other buildings	–	16,000	–	16,000
Portable structures	2,084,400	–	724,400	1,360,000
First-time equipping of schools	2,498,041	466,483	–	2,964,524
Furniture	636,410	44,477	33,724	647,163
Equipment	4,678,368	1,931,747	105,499	6,504,616
Computer hardware	8,716,854	3,509,946	835,171	11,391,629
Computer software	3,837,291	106,130	1,513,454	2,429,967
Vehicles	366,654	93,426	73,268	386,812
Construction in progress	13,746,136	(7,532,749)	–	6,213,387
Pre-acquisition costs	1,008,420	(554,937)	–	453,483
Leasehold improvements	–	83,512	–	83,512
Total	\$ 328,222,041	\$ 23,869,659	\$ 5,086,310	347,005,390

Accumulated amortization	Balance at August 31, 2010	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2011
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	640,872	268,940	–	909,812
Buildings	84,273,999	7,775,731	1,671,463	90,378,267
Other buildings	–	400	–	400
Portable structures	1,800,974	85,891	724,400	1,162,465
First-time equipping of schools	1,220,363	273,128	–	1,493,491
Furniture	300,639	64,179	33,724	331,094
Equipment	1,154,407	486,974	105,499	1,535,882
Computer hardware	3,487,552	2,010,847	835,170	4,663,229
Computer software	2,442,044	626,726	1,513,454	1,555,316
Vehicles	147,409	61,821	73,268	135,962
Leasehold improvements	–	11,930	–	11,930
Total	\$ 95,468,259	\$ 11,666,567	\$ 4,956,978	\$ 102,177,848

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

3. Tangible capital assets (continued):

Net book value	Net book value August 31, 2010	Net book value August 31, 2011
Land	\$ 3,914,731	\$ 3,914,731
Land improvements	3,015,325	3,502,153
Buildings	198,804,540	215,849,334
Other buildings	–	15,600
Portable structures	283,426	197,535
First-time equipping of schools	1,277,678	1,471,033
Furniture	335,771	316,069
Equipment	3,523,961	4,968,734
Computer hardware	5,229,302	6,728,400
Computer software	1,395,247	874,651
Vehicles	219,245	250,850
Construction in progress	13,746,136	6,213,387
Pre-acquisition costs	1,008,420	453,483
Leasehold improvements	–	71,582
Total	\$ 232,753,782	\$ 244,827,542

4. Temporary borrowing:

The Board's financing agreement with its bank provides for an operating credit facility as follows:

- Facility (1): The Board has a revolving demand loan of up to \$25,000,000 (2011 - \$25,000,000) to finance operations, with a \$Nil (2011 - \$Nil) balance drawn as at August 31, 2012.
- Facility (2): The Board has a revolving facility by way of a series of term loans of up to \$6,000,000 (2011 - \$6,000,000) for the acquisition of capital assets with \$Nil (2011 - \$Nil) utilized as at August 31, 2012.
- Facility (3): The Board has a revolving term facility of up to \$18,000,000 (2011 - \$12,800,000) to finance new school construction associated with the North Grenville District High School, with \$15,450,000 (2011 - \$Nil) utilized as at August 31, 2012. The terms of the facility changed from non-revolving to revolving in fiscal 2012.
- Facility (4): The Board has a revolving term facility of up to \$12,000,000 (2011 - \$10,000,000) to finance capital expenditures associated with the Full Day Kindergarten project, with \$Nil (2011 - \$Nil) utilized as at August 31, 2012. The terms of the facility changed from non-revolving to revolving in fiscal 2012.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

5. Investments:

Investments consist of marketable securities and are comprised as follows:

	Cost	2012 Market value	Cost	2011 Market value
Fixed income securities	\$ 1,796,063	\$ 1,888,310	\$ 1,743,547	\$ 1,811,994

6. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

Deferred revenue has been set aside for specific purposes by legislation, regulation or agreement as at August 31, 2012 and is comprised of:

	Balance as at August 31, 2011	Externally restricted revenue and investment income	Revenue recognized in the period	Transferred to deferred capital contributions	Balance as at August 31, 2012
Capital:					
Proceeds of disposition	\$ 949,838	\$ (7,620)	\$ -	\$ 24,804	\$ 917,414
Energy Efficient Schools	372,886	-	-	344,775	28,111
Green Schools Pilot	37,460	-	-	37,460	-
School renewal	20,642	6,260,018	37,029	5,249,600	994,031
School condition improvement	-	3,026,257	-	2,220,216	806,041
Third party	71,587	309,859	22,796	182,592	176,058
Other	5,173	12,847,523	11,030,398	1,822,298	-
Total deferred revenue - capital	1,457,586	22,436,037	11,090,223	9,881,745	2,921,655
Operating:					
Special education	2,873,125	45,791,824	44,722,016	-	3,942,933
Other	1,340,105	2,055,266	1,463,823	-	1,931,548
Third party	1,944,269	1,137,002	-	-	3,081,271
Total deferred revenue - operating	6,157,499	48,984,092	46,185,839	-	8,955,752
Total deferred revenue	\$ 7,615,085	\$ 71,420,129	\$ 57,276,062	\$ 9,881,745	\$ 11,877,407

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

6. Deferred revenue (continued):

The Proceeds of Disposition deferred revenue is from the sale of buildings and reflects the gross proceeds.

The Energy Efficient Schools deferred revenue pertains to any amounts deferred for future projects to reduce energy consumption in schools.

The School Renewal and School Condition Improvement deferred revenue are funding allocations that address costs of repairing and renovating schools. Spending plans are in place for 2012-13.

The deferred revenue for Special Education is for unspent regular Special Education and formula-based Special Equipment Amount (SEA) funding.

7. 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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2012	2011
Balance, beginning of year	\$ 233,813,769	\$ 221,150,199
Additions to deferred capital contributions	21,705,378	23,967,941
Revenue recognized in the period	(12,139,313)	(11,175,040)
Disposals/transfer to financial assets	(24,377)	(129,331)
Balance, end of year	\$ 243,355,457	\$ 233,813,769

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, retirement allowance, worker's compensation and long-term disability benefits.

(a) Plan changes:

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result, employees eligible for retirement gratuities will receive a payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as at August 31, 2012. All accumulated non-vested sick days are eliminated as at September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provision for accumulation of unused days. The service award benefit was eliminated for those employees who did not meet the requirements under the program as at August 31, 2012.

Existing retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who will retire between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

The changes to the Board's employee future benefit plans resulted in a one-time decrease to the Board's obligation of \$15,613,662 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012. The curtailment gain is made up of the following items:

Retirement gratuities	\$ 114,583
Accumulated non-vesting sick leave	(15,756,761)
Non-pension post retirement benefits	28,516
	<hr/>
	\$ (15,613,662)

(b) Retirement benefits:

(i) The Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teachers' 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.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Retirement and other employee future benefits (continued):

(b) Retirement benefits (continued):

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board who meet the OMERS and Board approved criteria are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. On January 1, 2011 employee contribution rates were 7.4% on the first \$48,300 of earnings (YMPE) and 10.70% on earnings above the YMPE. On January 1, 2012 employee contribution rates were increased to 8.3% on the first \$50,100 of earnings (YMPE) and 12.8% on earnings above the YMPE. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2012, the Board contributed \$3,934,194 (2011 - \$3,273,059) 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 gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. Employees who were employed by one of the predecessor boards and continuously employed in the Board after amalgamation retain entitlement to the retirement gratuity provisions in the predecessor board's collective agreement. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service as at August 31, 2012. 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 financial statements.

The amount of the accrued benefit payable for retirement gratuities has been actuarially determined using the Projected Unit Credit Actuarial Cost Method pro-rated on services as at August 31, 2012 and is \$36,903,232 (2011 - \$35,174,717).

(c) 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 recognizes WSIB payments on a claim basis rather than on a premium basis and reports such claims as expenditures in the year in which the payments are made. The Board carries catastrophic risk insurance and has a reserve fund established for these liabilities which amounted to \$1,796,063 as at August 31, 2012 (2011 - \$1,743,547).

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Retirement and other employee future benefits (continued):

(c) Other employee future benefits (continued):

(i) Workplace Safety and Insurance Board obligations (continued):

The amount of liability for WSIB that was actuarially determined as at August 31, 2012 is \$2,293,520 (2011 - \$1,596,605).

The Putting Students First Act, requires the Board to provide a salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(ii) Accrued vacation pay:

Compensated vacation pay is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as of August 31, 2012 amount to \$1,405,145 (2011 - \$1,555,891) and are reported as part of the accounts payable and accrued liabilities.

(iii) Accumulated sick leave:

As a result of the plan changes, the Board's liability related to non-vesting accumulating sick leave has been eliminated effective September 1, 2012 in accordance with Bill 115 – *Putting Students First Act*.

(iv) Long-term disability life insurance:

The Board provides employees on long-term disability leave the opportunity to purchase life insurance. The Board is responsible for the remittance of life insurance premiums paid by the employee under this plan if they choose to continue the coverage.

(v) Post-employment 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 age of 65. The board will pay 100% of the cost for a 5 year period after retirement but no later than age 65. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for Board subsidized premiums.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Retirement and other employee future benefits (continued):

(c) Other employee future benefits (continued):

(vi) Retiring allowance:

CUPE employees hired after amalgamation also have a retiring allowance provision where the Board allocates \$500 each year for five years, upon successful completion of two years of service. As a result of the plan changes, employees no longer accumulate the retiring allowance, and no employees who began employment with the Board after August 31, 2012 will be entitled to the benefit. The amount of the accrued benefit payable for retirement allowances has been actuarially determined as at August 31, 2012 and are included in accrued liabilities.

(d) Actuarial assumptions:

The accrued benefit obligations for employee future benefit plans as at August 31, 2012 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2012. 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 of:

	2012	2011
Discount rate	3.0%	4.0%
Salary growth	0.0%	3.0%
Dental benefits escalation	4.0%	6.0% in 2009-10 decreasing by ½% to 4.0% in 2013-14 and thereafter
Health benefits escalation	8.5% for 2012/13, decreasing linearly to 4.5% in 2029-30 and 4.5% thereafter	10.0% in 2009-10 decreasing linearly to 4.5% in 2025-26 and 4.5% thereafter

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

8. Retirement and other employee future benefits (continued):

(e) Other financial information:

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

	2012	2011
Accrued benefit liability, beginning of year	\$ 50,299,789	\$ 48,838,225
Expense recognized for the year:		
Current service cost	4,160,037	3,538,967
Amortization of actuarial gains and losses	1,434,579	1,067,323
Interest cost	2,473,497	2,686,080
	8,068,113	7,292,370
Benefits paid for the year	(5,587,936)	(5,830,806)
Changes due to plan curtailment (note 8(a))	(15,613,662)	-
Accrued benefit liability, end of year	\$ 37,166,304	\$ 50,299,789

	2012	2011
Accrued future benefit obligation, end of year	\$ 37,166,304	\$ 60,471,337
Net unamortized actuarial loss	-	(10,171,548)
Accrued benefit liability, end of year	\$ 37,166,304	\$ 50,299,789

Employee benefits payable are comprised of:

	2012	2011
Retirement & Other employee future benefits	\$ 37,166,304	\$ 50,299,789
Workplace Safety and Insurance Board obligations	2,293,520	1,596,605
	\$ 39,459,824	\$ 51,896,394

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

9. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position comprise the following:

	2012	2011
Debentures	\$ 90,944,214	\$ 92,098,494
Interest accrual	1,476,121	1,504,768
	<u>\$ 92,420,335</u>	<u>\$ 93,603,262</u>

The debentures totalling \$92,732,957 (2011 - \$93,546,259) consist of the following:

	2012	2011
Series 2004-A1 amortizing debenture payable, bearing interest at 5.483% blended principal and interest payments of \$1,005,845 payable semi-annually starting May 26, 2005, principal payable up to November 26, 2029	\$ 22,452,012	\$ 23,201,691
Series 2003-A1 10 year sinking fund debenture payable, bearing interest at 5.30% payable semi-annually starting May 4, 2004, sinking fund annual contributions of \$149,302 starting November 7, 2004, principal payable up to November 7, 2013	10,914,860	10,914,860
Series 2003-A2 amortizing debenture payable, bearing interest at 5.80%, blended principal and interest payments of \$537,077 payable semi-annually starting May 7, 2004, principal payable up to November 7, 2028	11,309,964	11,710,629
No. GFR96 – 001 Global instalment debenture, bearing interest ranging from 3.625% to 7.75% for 1997 to 2016, payable December 5 and June 5, principal payments December 5 every year in variable instalments based on debenture agreement dated December 5, 1996	1,167,000	1,353,000
No. FRG1998 – 001 Global instalment debenture, bearing interest ranging from 5.4% to 6.95% for 1999 to 2018, payable March 13 and September 13, principal payments March 13 every year in variable instalments based on debenture agreement dated March 13, 1998	4,516,000	5,110,000
Amortizing debenture payable, bearing interest at 4.56% payable semi-annually starting May 15, 2007, principal payable up to November 15, 2031	4,491,286	4,631,815
Carry forward	<u>54,851,122</u>	<u>56,921,995</u>

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

9. Net long-term liabilities (continued):

	2012	2011
Carry forward	\$ 54,851,122	\$ 56,921,995
Amortizing debenture payable, bearing interest at 4.90% payable semi-annually starting May 15, 2008, principal payable up to March 3, 2033	13,218,675	13,578,381
Amortizing debenture payable, bearing interest at 5.062% payable semi-annually starting May 15, 2009, principal payable up to March 13, 2034	3,169,911	3,248,091
Amortizing debenture payable, bearing interest at 5.232% payable semi-annually starting May 15, 2010, principal payable up to April 13, 2035	2,239,297	2,289,070
Amortizing debenture payable, bearing interest at 4.833% payable semi-annually starting May 16, 2011, principal payable up to March 11, 2036	17,131,727	17,508,722
Amortized debenture payable, bearing interest at 3.564% payable semi-annually starting November 15, 2012, principal payable up to March 9, 2037	2,122,225	–
	\$ 92,732,957	\$ 93,546,259

Series 2003-A1 debentures are secured by sinking fund assets of \$1,788,743 (2011 - \$1,447,765).

Principal and interest payments relating to the Board's debentures outstanding as at August 31, 2012 are due as follows:

	Principal	Interest	Total
2012-2013	\$ 3,158,587	\$ 4,862,003	\$ 8,020,590
2013-2014	5,503,201	4,391,488	9,894,689
2014-2015	3,531,607	3,909,511	7,441,118
2015-2016	3,735,771	3,704,927	7,440,698
2016-2017	3,951,187	3,488,063	7,439,250
Thereafter	72,852,604	28,131,766	100,984,370
	92,732,957	48,487,758	141,220,715
Less: equity in sinking fund	(1,788,743)	–	(1,788,743)
Net long-term liabilities	\$ 90,944,214	\$ 48,487,758	\$ 139,431,972

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

10. Debt principal repayments and interest on long-term liabilities:

Debt principal repayments and interest payments on long-term liabilities includes:

	2012	2011
Principal payments on long-term liabilities (includes sinking fund contributions)	\$ 2,935,525	\$ 2,716,582
Interest payments on long-term liabilities	4,969,955	4,406,992
	<u>\$ 7,905,480</u>	<u>\$ 7,123,574</u>

11. Expenses by object:

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

	2012 Budget	2012 Actual	2011 Actual
Operating expenses by object:			
Salary and wages	\$ 227,830,559	\$ 227,347,210	\$ 221,523,949
Employee benefits	36,819,653	39,557,052	35,242,175
Staff development	1,201,106	1,577,326	1,761,911
Supplies and services	22,495,103	23,432,148	23,920,410
Interest	4,907,227	4,941,308	4,608,330
Rental expenses	505,484	1,603,225	1,484,869
Fees and contract services	32,526,567	33,896,935	34,827,577
Other	408,129	520,032	595,911
Amortization, write-downs, loss on disposal	11,425,189	12,513,664	11,666,567
School activities	8,586,225	7,301,556	7,352,280
Centre for Education and Training	4,011,324	2,421,021	3,312,377
Champion for Kids Foundation	100,000	141,694	-
	<u>350,816,566</u>	<u>355,253,171</u>	<u>346,296,356</u>
Employee future benefits plan curtailment (note 8(a))	-	(15,613,662)	-
	<u>\$ 350,816,566</u>	<u>\$ 339,639,509</u>	<u>\$ 346,296,356</u>

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

12. 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.

13. Commitments and contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Construction:

The Upper Canada District School Board has commitments related to the construction of North Grenville District High School for the preliminary estimated cost of \$17,357,952 with expenses of \$16,158,841 incurred as of August 31, 2012 (2011 - \$6,216,377).

14. Trust funds (unaudited):

Trust funds administered by the Board amounting to \$3,169,379 (2011 - \$3,088,835) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Deficit", in accordance with Public Sector Accounting Board's requirements.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

15. Accumulated deficit:

Accumulated deficit consists of the following:

	2012	2011
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 6,636,207	\$ 3,326,328
Available for compliance – internally appropriated		
Retirement gratuities	–	1,340,304
Workers' Safety Insurance Board (WSIB)	1,796,063	1,743,547
Other purpose - operating	1,545,812	3,809,284
Other purpose - capital	164,376	588,067
Committed sinking fund interest	63,070	66,461
Total accumulated surplus available for compliance	10,205,528	10,873,991
Unavailable for compliance – externally appropriated		
Employee future benefits	(39,459,824)	(51,896,395)
Interest accrued	(1,476,121)	(1,504,768)
Vacation accrued	–	(1,555,891)
School generated funds	2,973,626	2,855,726
Revenue recognized for land	3,918,152	3,914,730
Total externally appropriated	(34,044,167)	(48,186,598)
Total accumulated deficit	\$ (23,838,639)	\$ (37,312,607)

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

16. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario (“STEO”) consortium with the Catholic District School Board of Eastern Ontario, effective February 1, 2012. The consortium provides joint governance and administration of student transportation services provided to students registered with the two member boards. Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$12,192,706 for student transportation services in the year.
- (ii) The Board has a receivable from STEO of \$21,904 for student transportation services.
- (iii) The Board transferred assets with a fair value of \$303,220 and liabilities of \$66,189, representing the transferred employees’ retiring allowances and vacation entitlement.

STEO’s assets, liabilities, revenue, expenses and surplus for the period from February 1, 2012 to August 31, 2012 are as follows:

	2012
Financial assets	\$ 286,567
Financial liabilities	761,239
Net debt	(474,672)
Non-financial liabilities	475,289
Accumulated surplus	\$ 617

	2012
Revenue	\$ 18,868,525
Expenses	18,867,908
Annual surplus	\$ 617

The Board records \$413 of STEO’s surplus in the consolidated statement of operations and accumulated deficit. The remaining \$204 is recorded by the Catholic District School Board of Eastern Ontario.

UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Years ended August 31, 2012 and 2011

17. Subsequent event:

On September 11, 2012, the Government of Ontario passed Bill 115, the Putting Students First Act that was introduced August 27, 2012. The requirements of this new legislation were used by the Board's actuaries in the calculations of management's estimates of the employee future benefit liabilities of the Board. The impact of the changes to the various employee benefit plans included in the employee future benefits liability is disclosed in note 8.