

Consolidated Financial Statements

**Hamilton-Wentworth Catholic District  
School Board**

Year ended August 31, 2013



Grant Thornton

## Independent auditor's report

Grant Thornton LLP  
Suite 300  
3600 Dundas Street  
Burlington, ON  
L7M 4B8

T (289) 313-0300  
F (289) 313-0355  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Board of Trustees of the  
**Hamilton-Wentworth Catholic District School Board**

We have audited the accompanying consolidated financial statements of the Hamilton-Wentworth Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2013 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 as at and for the year ended August 31, 2013 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

**Emphasis of matter**

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

*Grant Thornton LLP*

Burlington, Canada  
November 19, 2013

Chartered Accountants  
Licensed Public Accountants

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at August 31

	2013 \$	2012 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	22,620,438	15,746,906
Accounts receivable	11,035,258	11,719,950
Accounts receivable – Government of Ontario <i>[note 2]</i>	177,239,947	150,550,646
Assets held for sale <i>[note 3]</i>	269,412	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>211,165,055</b>	<b>178,017,502</b>
<b>LIABILITIES</b>		
Temporary borrowing <i>[note 4]</i>	42,861,643	44,950,646
Accounts payable and accrued liabilities	25,666,814	20,733,535
Deferred revenue <i>[note 5]</i>	12,608,946	10,915,971
Deferred capital contributions <i>[note 6]</i>	303,061,345	266,273,201
Retirement and other employee future benefits <i>[note 7]</i>	11,118,529	8,058,299
Net long-term debt <i>[note 8]</i>	138,101,611	117,118,160
<b>TOTAL LIABILITIES</b>	<b>533,418,888</b>	<b>468,049,812</b>
<b>NET DEBT</b>	<b>(322,253,833)</b>	<b>(290,032,310)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	209,906	609,080
Tangible capital assets <i>[note 14]</i>	369,564,065	332,606,074
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>369,773,971</b>	<b>333,215,154</b>
<b>ACCUMULATED SURPLUS <i>[note 9]</i></b>	<b>47,520,138</b>	<b>43,182,844</b>

Commitments and Contingencies *[note 12]*

See accompanying notes

On behalf of the Board:

  
Chief Executive Officer

  
Chairperson of the Board

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Year ended August 31

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	\$	\$	\$
<b>REVENUES</b>			
Provincial grants-grants for student needs <i>[note 15]</i>	285,154,932	291,651,790	289,525,187
Provincial grants – other	11,698,070	13,273,492	8,744,097
School generated funds	9,480,000	9,752,541	9,365,469
Federal grants and fees	1,126,253	1,130,777	1,663,509
Investment income	75,000	30,171	316,119
Other fees and revenues	1,647,855	3,276,136	4,169,774
Amortization of deferred capital contributions	11,202,086	11,038,914	10,148,816
<b>TOTAL REVENUES</b>	<b>320,384,196</b>	<b>330,153,821</b>	<b>323,932,971</b>
<b>EXPENSES <i>[note 11]</i></b>			
Instruction	248,921,112	252,609,789	231,450,682
Administration	7,867,782	7,888,024	7,711,945
Transportation	7,098,604	6,963,971	7,359,671
Pupil accommodation	45,323,996	47,436,260	44,164,931
School generated funds	9,480,000	9,867,240	9,381,387
Other	1,051,243	1,051,243	1,251,243
<b>TOTAL EXPENSES</b>	<b>319,742,737</b>	<b>325,816,527</b>	<b>301,319,859</b>
<b>ANNUAL SURPLUS</b>	<b>641,459</b>	<b>4,337,294</b>	<b>22,613,112</b>
Accumulated surplus, beginning of year	43,182,844	43,182,844	20,569,732
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>43,824,303</b>	<b>47,520,138</b>	<b>43,182,844</b>

*See accompanying notes*

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended August 31

	2013 \$	2012 \$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	4,337,294	22,613,112
Sources and (uses):		
Non-cash items including		
Amortization, write downs, and gain/loss on disposal	12,094,937	10,834,353
Deferred capital contributions amortization	(11,038,914)	(10,148,816)
Deferred gain on disposal of restricted assets	(226,182)	-
Decrease / (increase) in accounts receivable	684,692	(1,856,064)
Decrease / (increase) in assets held for sale	(269,412)	508,508
Increase (decrease) in accounts payable and accrued liabilities	4,933,279	8,318,662
Increase in deferred revenue	1,912,770	542,351
Increase / (decrease) in retirement and employee future benefits payable	3,060,230	(17,966,717)
Decrease in prepaid expenses	399,174	152,690
<b>Cash applied to operating transactions</b>	<b>15,887,868</b>	<b>12,998,079</b>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	326,182	-
<b>Cash used to acquire tangible capital assets</b>	<b>(49,152,928)</b>	<b>(40,420,371)</b>
<b>Cash applied to capital transactions</b>	<b>(48,826,746)</b>	<b>(40,420,371)</b>
<b>FINANCING TRANSACTIONS</b>		
Long-term liabilities issued	26,848,889	24,257,883
Additions to deferred capital contributions	47,827,058	30,472,657
(Decrease) in temporary borrowing	(2,089,003)	(379,471)
Debt repaid and sinking fund contributions	(5,865,438)	(10,905,743)
Increase in deferred revenue – capital	(219,795)	155,411
(Increase) in accounts receivable – Government of Ontario	(26,689,301)	(19,205,967)
<b>Cash provided by financing transactions</b>	<b>39,812,410</b>	<b>24,394,770</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>6,873,532</b>	<b>(3,027,522)</b>
Opening cash and cash equivalents	15,746,906	18,774,428
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>22,620,438</b>	<b>15,746,906</b>

See accompanying notes

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

Year ended August 31

	2013		2012
	Budget \$	Actual \$	Actual \$
<b>ANNUAL SURPLUS</b>	641,459	4,337,294	22,613,112
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>			
Acquisition of tangible capital assets	(43,815,953)	(49,152,928)	(40,420,371)
Amortization of tangible capital assets	11,967,809	11,825,525	10,834,353
Proceeds on sale of tangible capital assets	-	326,182	-
Less: Gains on sale allocated to deferred revenue	-	(226,182)	-
Transfer to assets held for sale	-	269,412	-
<b>TOTAL TANGIBLE CAPITAL ASSET ACTIVITY</b>	<b>(31,848,144)</b>	<b>(36,957,991)</b>	<b>(29,586,018)</b>
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>			
Use of prepaid expenses (net)	-	399,174	152,690
<b>TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY</b>	<b>-</b>	<b>399,174</b>	<b>152,690</b>
<b>CHANGE IN NET DEBT</b>	<b>(31,206,685)</b>	<b>(32,221,523)</b>	<b>(32,092,242)</b>
Net debt at beginning of year	(290,032,310)	(290,032,310)	(283,212,094)
<b>NET DEBT AT END OF YEAR</b>	<b>(321,238,995)</b>	<b>(322,253,833)</b>	<b>(290,032,310)</b>

## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Hamilton-Wentworth Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

  
Director of Education

  
Chief Financial Officer

November 13, 2013



## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Hamilton-Wentworth Catholic District School Board [the "Board"] 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 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 Statements of Operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions 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.

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

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**[b] Reporting entity**

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

- Hamilton-Wentworth Catholic District School Board
- School Generated Funds

Proportionately consolidated entities:

- Hamilton-Wentworth Student Transportation Services

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 an original maturity term of 90 days or less.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **[e] Investments**

Temporary investments consist of marketable securities which are liquid short-term investments with maturities between three months and one year at the date of acquisition, and are carried on the Consolidated Statements of Financial Position at the lower of cost or market value.

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

##### **[f] Deferred revenue**

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

##### **[g] Deferred capital contributions**

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

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

##### **[h] Retirement and other employee future benefits**

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, workers' compensation and long-term disability benefits. In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- [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 cost 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 actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group;

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. The changes to the retiree health and life 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 workers' 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 ["OMERS"] pensions, are the employer's contributions due to the plan in the period; and

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

**[i] Tangible capital assets**

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

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

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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 Statements of Financial Position.

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

**[j] Government transfers**

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

**[k] Investment income**

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

**[l] Long-term debt**

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

**[m] Budget figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**[n] Use of estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from those estimates.

**2. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO**

The Province of Ontario has 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 \$177,239,947 at August 31, 2013 (2012-\$150,550,646) as with respect to this capital grant.

**3. ASSETS HELD FOR SALE**

As of August 31, 2013 \$174,160 (2012-nil) related to buildings and \$95,252 (2012-nil) related to land were recorded as assets held for sale.

**4. TEMPORARY BORROWING**

The Board has a banker's acceptance facility available to the maximum of \$82,798,899 for the purpose of bridge financing capital expenses.

As at August 31, 2013, the amount drawn under the bankers' acceptance facility was \$42,861,643 (2012 – \$44,950,646) at a rate of 2.15%.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**5. 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 Statements of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2013 is comprised of the following:

	Balance at August 31, 2012	Externally restricted revenue and investment income	Revenue recognized during the year	Transfers to Deferred Capital Contributions	Balance at August 31, 2013
	\$	\$	\$	\$	\$
Education development charges	-	1,527,386	(1,527,386)	-	-
Proceeds of disposition-building	7,015,585	119,033	-	(2,206,033)	4,928,585
Proceeds of disposition-other	658,758	226,182	-	-	884,940
Special Education	818,042	1,164,072	(1,038,291)	-	943,823
Assets Held for Sale	-	585,612	-	-	585,612
Green Schools Pilot	11,080	-	-	-	11,080
Other-Ministry of Education	1,595,214	62,830,942	(57,415,168)	(2,013,672)	4,997,317
School Renewal	682,235	3,832,053	(2,179,889)	(2,326,597)	7,802
School Condition Improvement	85,040	1,586,435	-	(1,431,688)	239,787
Other Third Party	10,000	-	-	-	10,000
School Generated Funds	40,017	37,560	-	(77,577)	-
<b>Total deferred revenue</b>	<b>10,915,971</b>	<b>71,909,276</b>	<b>(62,160,734)</b>	<b>(8,055,567)</b>	<b>12,608,946</b>

**6. DEFERRED CAPITAL CONTRIBUTIONS**

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

	2013 \$	2012 \$
Balance, beginning of the year	266,273,201	245,949,360
Additions to deferred capital contributions	48,001,218	30,472,657
Revenue recognized in the period	(11,038,914)	(10,148,816)
Transfers (to) financial assets	(174,160)	-
<b>Balance, end of the year</b>	<b>303,061,345</b>	<b>266,273,201</b>

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS**

Retirement and other employee future benefit liabilities are as follows:

	Retirement benefits \$	2013 Other employee future benefits \$	Total employee future benefits \$	2012 Total employee future benefits \$
Accrued employee future benefit obligation at August 31	5,627,670	5,290,097	10,919,767	8,058,299
Unamortized actuarial gain (loss) at August 31	198,762	-	198,762	-
<b>Employee future benefits liability</b>	<b>5,828,432</b>	<b>5,290,097</b>	<b>11,118,529</b>	<b>8,058,299</b>

Retirement and other employee future benefit expenses are as follows:

	Retirement benefits \$	2013 Other employee future benefits \$	Total employee future benefits \$	2012 Total employee future benefits \$
Current year benefit cost	11,000	989,255	1,000,255	5,131,740
Interest on accrued benefit obligation	84,282	144,083	228,365	1,229,159
Employer contributions	(399,975)	(1,017,779)	(1,417,754)	(3,520,722)
Change due to plan curtailment	3,129,258	194,616	3,323,874	(29,879,147)
Recognition of unamortized actuarial losses on plan amendments /curtailments	-	(74,510)	(74,510)	9,072,253
<b>Employee future benefits expenses <sup>1</sup></b>	<b>2,824,565</b>	<b>235,665</b>	<b>3,060,230</b>	<b>(17,966,717)</b>

**Plan Changes**

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. As a result employees eligible for a retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days were eliminated as of September 1, 2012, and were replaced with a new short term leave and disability plan. In 2013, further changes were made to the short term leave and disability plan. Under the new short term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing

<sup>1</sup> Excluding pension contributions to OMERS, a multi-employer pension plan, described above.



## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013

#### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who will retire in 2012-13. Effective September 1, 2013, any new retiree accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

#### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2013 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2013. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2013 %	2012 %
Inflation	2.0	2.0
Wage and salary escalation	-	-
Dental insurance cost escalation (decreasing 0.25% per annum until 3% is reached)	4.75	5.0
Health insurance cost escalation (decreasing 0.25% per annum until 4% is reached)	8.75	9.0
Discount on accrued benefit obligations	3.4	3.0

#### Retirement benefits

##### [i] Ontario Teachers' 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.

##### [ii] Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2013, the Board contributed \$4,591,178 [2012 - \$3,930,733] 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.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS  
(continued)**

**[iii] Retirement gratuities**

In accordance with an agreement between the Board and teachers in its employ, a gratuity becomes payable upon retirement to those who have completed 20 years of service and meet certain other specified requirements. The maximum individual gratuity is limited to \$7,500.

Retirement gratuity plans also exist in respect of supervisory officers, clerical, caretaking and administrative staff with various qualifying criteria and payment provisions.

The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board's obligation of \$2,936,453 and a corresponding curtailment gain was reported in the Consolidated Statements of Operations and accumulated surplus as at August 31, 2012.

A reserve for retirement gratuities has been established by the Board with a balance of \$1,056,882 [2012 - \$1,056,882] as at August 31, 2013.

**[iv] Retirement life insurance and health care benefits**

The Board continues to provide life insurance and 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.

Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time increase to the Board's obligation of \$6,853 and a corresponding curtailment loss was reported in the Consolidated Statements of Operations and accumulated surplus as at August 31, 2012.

**Other employee future benefits**

**[i] Workplace Safety and Insurance Board ["WSIB"] obligations**

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act [the "Act"] and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 requires school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013

#### 7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Insurance Board, where the previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of \$256,350 as at August 31, 2012.

A reserve for WSIB has been established by the Board with a balance of \$556,794 [2012-\$556,794] as at August 31, 2013. The Board has also contracted with an insurer for coverage of claims paid in excess of \$500,000 per employee accident.

##### (ii) Long-term disability life insurance and health care benefits

The Board provides life insurance and dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the 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 leaves are fully insured and not included in this plan.

##### (iii) Sick Leave Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations was eliminated, resulting in a one-time reduction to the obligation of \$17,877,294 and a corresponding curtailment gain was reported in the Consolidated Statements of operations and accumulated surplus as at August 31, 2012.

##### (iii) Sick Leave Top-Up Benefits

As a result of new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$265,254 (2012-\$nil).

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

#### 8. NET LONG-TERM DEBT

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

	2013	2012
	\$	\$
Debentures bearing interest at bank prime, payable monthly, maturing 2008 to 2016	194,052	323,903
Debentures bearing interest at 7.20%, maturing June 9, 2025	7,543,889	7,929,250
Serial fund debentures bearing interest at 6.50%, maturing July 19, 2016	6,590,390	8,524,440
Debentures bearing interest at 6.55%,		

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**8. NET LONG-TERM DEBT (continued)**

maturing October 26, 2026	2,847,419	2,975,548
Sinking fund debentures bearing interest at 5.70%, maturing October 11, 2017	2,637,130	2,637,130
Debentures bearing interest at 5.90%, maturing October 11, 2027	16,623,921	17,333,385
Sinking fund debentures bearing interest at 5.30%, maturing November 7, 2013	8,845,400	8,845,400
Debentures bearing interest at 5.80%, maturing November 7, 2028	8,821,793	9,165,597
Debentures bearing interest at 5.483%, maturing November 26, 2029	6,768,957	7,016,254
Debentures bearing interest at 4.789%, maturing August 8, 2030	7,569,276	7,852,426
Debentures bearing interest at 4.56% maturing November 15, 2031	6,664,475	6,890,000
Debentures bearing interest at 4.90% maturing March 3, 2033	2,697,938	2,777,262
Debentures bearing interest at 5.062% maturing March 13, 2034	1,613,882	1,656,839
Debentures bearing interest at 5.232% maturing April 13, 2035	2,520,762	2,581,175
Debentures bearing interest at 3.942% maturing September 19, 2025	7,390,060	7,846,873
Debentures bearing interest at 4.833% maturing March 11, 2036	1,287,836	1,318,265
Capital lease bearing interest at 10.471% maturing August 2014	19,046	19,046
Debentures bearing interest at 3.97% maturing November 15, 2036	10,478,629	10,744,573
Debentures bearing interest at 2.425% maturing November 15, 2021	867,640	958,516
Debentures bearing interest at 3.97 % maturing November 15, 2036	1,429,792	1,466,080
Debentures bearing interest at 2.738% maturing November 15, 2021	336,533	371,252
Debentures bearing interest at 3.564% maturing March 9, 2035	10,399,214	10,672,839
Debentures bearing interest at 3.799% Maturing March 19, 2038	26,848,889	-
	<u>140,996,923</u>	<u>119,906,053</u>
Less sinking funds accumulated	2,895,312	2,787,893
<b>Balance as at August 31</b>	<b>138,101,611</b>	<b>117,118,160</b>

On June 9, 2000, the Board participated in the issuance of 7.20% debentures by the Ontario School Boards Financing Corporation [the "OSBFC"] maturing June 9, 2025. The principal amount of \$10,937,000 will be repaid in blended payments of interest and principal of \$474,727 twice a year.

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013

#### 8. NET LONG-TERM DEBT (continued)

The Board participated in the issuance of 7% sinking fund debentures by the Corporation of the Regional Municipality of Hamilton-Wentworth that matured on June 6, 2001. At the time of maturity, the Board agreed to refinance the obligation with a new serial debenture issue placed by the City of Hamilton at an average interest rate of 6.16%, maturing July 19, 2016. The difference between the proceeds of the new debentures and the debt outstanding on June 6, 2001 was paid

directly to the City of Hamilton and is accounted for as a deferred financing charge included in prepaid expenses. The charge of \$219,311 is amortized on a straight-line basis over the term of the debt.

On October 19, 2001, the Board participated in the issuance of 5.90% sinking fund debentures by the OSBFC, which matured on October 19, 2011.

Also on October 19, 2001, the Board participated in the issuance of 6.55% fully amortizing debentures by the OSBFC, maturing October 19, 2026. The principal amount of \$3,921,946 will be repaid in blended payments of interest and principal of \$160,482 twice a year.

On October 11, 2002, the Board participated in the issuance of 5.70% sinking fund debentures by the OSBFC, maturing October 11, 2017. The principal amount of the debentures is \$2,637,130. Each year during the 15-year term, the sum of \$150,316 shall be payable for interest and the sum of \$36,073 shall be deposited in a sinking fund.

Also on October 11, 2002, the Board participated in the issuance of 5.90% fully amortizing debentures by the OSBFC, maturing October 11, 2027. The principal amount of \$22,362,870 will be repaid in blended payments of interest and principal of \$860,910 twice a year.

On November 7, 2003, the Board participated in the issuance of 5.30% sinking fund debentures by the OSBFC, maturing November 7, 2013. The principal amount of the debentures is \$8,845,400. Each year during the 10-year term, the sum of \$468,806 shall be payable for interest and the sum of \$120,994 shall be deposited in a sinking fund.

Also on November 7, 2003, the Board participated in the issuance of 5.80% fully amortizing debentures by the OSBFC, maturing November 7, 2028. The principal amount of \$11,414,600 will be repaid in blended payments of interest and principal of \$435,247 twice a year.

On November 26, 2004, the Board participated in the issuance of 5.483% fully amortizing debentures by the OSBFC, maturing on November 26, 2029. The principal amount of \$8,500,000 will be repaid in blended payments of interest and principal of \$314,327 twice a year.

On August 8, 2005, the Board participated in the issuance of 4.789% fully amortizing debentures by the OSBFC, maturing August 8, 2030. The principal amount of \$9,500,000 will be repaid in blended payments of interest and principal of \$327,926 twice a year.

On August 30, 2005, the Board debentured \$5,796,600 through the National Bank of Canada. The debenture will be repaid in 240 equal monthly principal payments plus accrued interest payable monthly. Interest is calculated at the prime rate less 20 basis points.

On November 15, 2006, the Board participated in the issuance of 4.56% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2031. The

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

#### **8. NET LONG-TERM DEBT (continued)**

principal amount of \$7,963,970 will be repaid in blended payments of interest and principal of \$268,583 twice a year.

In March 2008, the Board participated in the issuance of 4.90% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 3, 2033. The principal amount of \$3,058,800 will be repaid in blended payments of interest and principal of \$107,225 twice a year.

In March 2009, the Board participated in the issuance of 5.062% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 13, 2034. The principal amount of \$1,773,547 will be repaid in blended payments of interest and principal of \$63,145 twice a year.

In April 2010, the Board participated in the issuance of 5.232% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on April 13, 2035. The principal amount of \$2,693,005 will be repaid in blended payments of interest and principal of \$97,340 twice a year.

On September 20, 2010, the Board participated in the issuance of 3.942% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on September 19, 2025. The principal payment amount of \$8,499,511 will be repaid in blended payments of interest and principal of \$380,839 twice a year.

On March 11, 2011, the Board participated in the issuance of 4.833% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2036. The principal payment amount of \$1,347,274 will be repaid in blended payments of interest and principal of \$46,888 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$10,744,573 will be repaid in blended payments of interest and principal of \$344,945 twice a year.

On October 14, 2011, the Board participated in the issuance of 2.425% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$1,003,139 will be repaid in blended payments of interest and principal of \$56,786 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$1,466,079 will be repaid in blended payments of interest and principal of \$47,067 twice a year.

On November 25, 2011, the Board participated in the issuance of 2.738% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$371,252 will be repaid in blended payments of interest and principal of \$22,323 twice a year.

On March 9, 2012, the Board participated in the issuance of 3.564% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2037. The principal amount of \$10,672,839 will be repaid in blended payments of interest and principal of \$325,794 twice a year.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**8. NET LONG-TERM DEBT (continued)**

On March 20, 2013, the Board participated in the issuance of 3.799% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 19, 2038. The principal amount of \$26,848,889 will be repaid in blended payments of interest and principal of \$486,389 twice a year.

Principal and interest payments relating to net debenture debt, capital loans and leases of \$138,101,611 outstanding at August 31, 2013 are due as follows:

	Principal and sinking fund contributions \$	Interest \$	Total \$
2013/2014	15,614,192	6,631,606	22,245,798
2014/2015	7,083,045	6,027,387	13,110,432
2015/2016	7,408,364	5,638,329	13,046,693
2016/2017	5,306,717	5,228,221	10,534,938
2017/2018	8,029,201	4,887,346	12,916,547
Thereafter	97,555,404	36,030,604	133,586,008
Total long-term debt	140,996,923	64,443,493	205,440,416
Less sinking fund assets	2,895,312	-	2,895,312
Net long-term debt	138,101,611	64,443,493	202,545,104

Included in net long-term debt are outstanding debentures of \$11,482,530 [2012 - \$11,482,530] secured by sinking fund assets with a value of \$2,895,312 [2012 - \$2,787,893]. Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**9. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2013 \$	2012 \$
Unappropriated	46,894	45
Amounts internally restricted for future use of the Board:		
Retirement gratuities	1,056,882	1,056,882
WSIB	556,794	556,794
Snow cleaning	252,067	252,067
Operating commitments	2,042,100	442,100
Employee future benefits plan changes	300,000	300,000
Unsupported debenture 2005-A1	1,310,000	1,310,000
Sinking fund interest	212,773	223,685
Committed capital projects	10,403,703	11,100,368
Permanent improvements	1,875,288	375,288
Amounts to be recovered		
Employee future benefits liability	(7,584,840)	(8,058,299)
Interest accrual	(1,960,670)	(1,733,342)
Vacation accrual	-	(244,941)
Other		
School generated funds	2,245,015	2,359,714
Revenues recognized for land	36,764,132	35,242,483
	<u>47,520,138</u>	<u>43,182,844</u>

**10. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST**

The expense for debt charges, capital loans and leases interest includes principal, sinking fund contributions and interest payments are as follows:

	2013 \$	2012 \$
Principal payments on long-term liabilities including contribution to sinking funds	5,915,087	9,017,841
Interest payments on long-term liabilities and temporary borrowings	7,551,069	7,031,256
	<u>13,466,156</u>	<u>16,049,097</u>



**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**11. EXPENSES BY OBJECT**

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

	2013		2012
	Budget	Actual	Actual
	\$	\$	\$
<b>EXPENSES</b>			
Salary and wages	222,372,356	224,128,711	223,358,873
Employee benefits	34,756,534	37,405,003	37,902,158
Staff development	665,277	664,177	931,132
Supplies and services	37,701,391	35,967,217	36,269,940
Interest	7,198,627	7,247,403	7,015,420
Rental expenses	261,800	340,172	545,270
Fees and contract services	3,435,000	6,611,459	3,777,967
Other	1,383,943	1,626,860	1,491,640
Amortization of tangible capital assets	11,967,809	11,825,525	10,834,353
Plan curtailment gain <i>[note 7]</i>	-	-	(20,806,894)
	<b>319,742,737</b>	<b>325,816,527</b>	<b>301,319,859</b>

**12. COMMITMENTS AND CONTINGENCIES**

**Commitments**

**(i) Operating lease commitments**

The Board leases office and automotive equipment under long-term operating leases with various terms and expiration dates. The Board also has leases in place for classroom space and portable classrooms.

The future minimum annual payments required under the leases, excluding any renewals, over the next five years are as follows:

	\$
2014	512,592
2015	475,847
2016	451,912
2017	427,966
2018	279,715

**(ii) Contractual obligations**

The Board enters into contracts for the construction of education facilities. As at August 31, 2013, contractual obligations relating to contracts in progress are approximately \$10,469,532 [2012 - \$32,566,783].

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**12. COMMITMENTS AND CONTINGENCIES (continued)**

**Contingencies**

The Board is involved from time to time in litigation, which arises in the normal course of operations. In respect of any outstanding claims, the Board believes that insurance coverage is adequate and that it has valid defences. In the year, the Board identified several claims, of which it is likely that the Board will incur a cash outflow of an estimated \$500,000. For this reason, the Board has included this amount in the accrued liabilities on the Consolidated Statements of Position. In the Board's judgment, no other material exposure exists in the eventual settlement of such litigation, and accordingly, no other provision has been made in the accompanying consolidated financial statements.

**13. TRUST FUND**

The Board has an interest in a trust, the income of which is to be used for scholarships. At August 31, 2013, funds held in trust by the Board were \$212,673 [2012 - \$203,892]. This amount is not reflected in the consolidated financial statements.

**14. TANGIBLE CAPITAL ASSETS**

**Cost**

	Balance at August 31, 2012	Additions and Transfers	Disposals	Transfer to Assets Held for Sale	Balance at August 31, 2013
	\$	\$	\$	\$	\$
Land	47,743,409	1,151,709	(100,000)	(95,252)	48,699,866
Land improvements	3,409,081	1,634,202	-	-	5,043,283
Buildings	337,683,100	23,134,267	-	(1,518,229)	359,299,140
Portable structures	11,406,581	240,393	-	-	11,646,974
Construction in progress	20,677,829	20,621,157	-	-	41,298,983
First time equipping	7,487,857	679,013	-	-	8,166,870
Furniture and equipment	1,501,271	209,513	-	-	1,710,784
Computer hardware	3,778,149	1,482,674	(603,367)	-	4,657,456
Computer software	472,103	-	(13,335)	-	458,768
Capital leases	307,355	-	-	-	307,355
Leasehold improvements	7,310,787	-	-	-	7,310,787
	441,777,522	49,152,928	(716,702)	(1,613,481)	488,600,267

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**14. TANGIBLE CAPITAL ASSETS (continued)**

**Accumulated amortization**

	Balance at August 31, 2012	Amortization	Disposals Write Offs and Adjustments	Transfer to Assets Held for Sale	Balance at August 31, 2013
	\$	\$	\$	\$	\$
Land	-	-	-	-	-
Land improvements	567,962	265,083	-	-	833,045
Buildings	91,719,350	9,344,369	-	(1,344,069)	99,719,650
Portable structures	6,470,519	463,601	-	-	6,934,120
Construction in progress	-	-	-	-	-
First time equipping	5,485,540	523,853	-	-	6,009,393
Furniture and equipment	640,536	143,353	-	-	783,889
Computer hardware	1,937,219	843,560	(603,367)	-	2,177,412
Computer software	260,832	94,198	(13,335)	-	341,695
Capital leases	79,117	15,368	-	-	94,485
Leasehold improvements	2,010,373	132,140	-	-	2,142,513
	109,171,448	11,825,525	(616,702)	(1,344,069)	119,036,202

**Net book value**

	Balance at August 31, 2013	Balance at August 31, 2012
	\$	\$
Land	48,699,866	47,743,409
Land improvements	4,210,238	2,841,119
Buildings	259,579,488	245,963,750
Portable structures	4,712,854	4,936,062
Construction in progress	41,298,986	20,677,829
First time equipping	2,157,477	2,002,317
Furniture and equipment	926,895	860,735
Computer hardware	2,480,044	1,840,930
Computer software	117,073	211,271
Capital leases	212,870	228,238
Leasehold improvements	5,168,274	5,300,414
	369,564,065	332,606,074

**[i] Assets under construction**

Assets under construction having a value of \$41,298,983 (2012 - \$20,677,829) have not been amortized. Amortization of these assets will commence when the asset is put into service.

**[ii] Write-down of tangible capital assets**

There has been no write-down of tangible capital assets during the current or prior year.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

**15. PROVINCIAL GRANTS – GRANTS FOR STUDENT NEEDS**

As a result of the adoption of PS 3510, property tax revenue will be included in provincial grants. The breakdown between provincial grants for student needs and local tax revenue is as follows:

	2013	2012
	\$	\$
Provincial Grants – Grants for Student Needs	237,789,184	235,301,058
Local Taxation	53,862,606	54,224,129
	<u>291,651,790</u>	<u>289,525,187</u>

**16. SHORT-TERM CREDIT FACILITY**

The Board has an authorized demand operating line of credit totaling \$25,000,000, of which \$5,000,000 is authorized solely for letters of credit. At August 31, 2013, \$217,467 [2012 - \$217,467] of this line was utilized by letters of credit. The lines of credit bear interest at a fixed rate of 1.0%.

**17. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)**

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the 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, 2016.

**18. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM**

On May 31, 2009, the Board entered into an agreement with the Hamilton-Wentworth District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Hamilton-Wentworth Student Transportation Services are shared and no partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's portion of costs incurred. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The Hamilton-Wentworth District School Board does not control any assets of Hamilton-Wentworth Student Transportation Services. The Board has recorded its shares of revenue and

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2013

expenses in the Consolidated Statements of Operations.

**19. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING**

On June 1, 2003, the Board received \$1,051,243 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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