WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

"Learning together in faith and service"

**1325 California Avenue**
**Windsor, ON N9B 3Y6**
**CHAIRPERSON: Barbara Holland**
**DIRECTOR OF EDUCATION: Paul A. Picard**

# SUPERVISED SPECIAL MEETING
## Tuesday, December 4, 2012 at 4:00 pm
## Windsor Essex Catholic Education Centre
## St. Thomas of Aquinas Room

## AGENDA

1. Call To Order
2. Recording of Attendance
3. Approval of Agenda
4. Disclosure of Interest - Pursuant to the Municipal Conflict of Interest Act.
5. Action Items:
   a. Report: 2011-12 Fiscal Year-End Financial Statements (M. Iatonna) 1-29
   b. Report: 2011-12 Year-End Budget Variance Report (M. Iatonna) 30-44
6. Closing Prayer
7. Adjournment

***Norbert Hartmann***
*Supervisor of the Board*

***Paul A. Picard***
*Director of Education & Secretary of the Board*

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

1325 California Avenue
Windsor, ON N9B 3Y6
CHAIRPERSON: Barbara Holland
DIRECTOR OF EDUCATION: Paul A. Picard

**Supervised Special Meeting Date:**
December 4, 2012

# BOARD REPORT

| | | | | |
|---|---|---|---|---|
| | **Public** | ☒ | **In-Camera** | ☐ |
| **PRESENTED FOR**: | Information | ☐ | Approval | ☒ |

**PRESENTED BY:** Senior Administration

**SUBMITTED BY:** Paul A. Picard, Director of Education
Mario Iatonna, Executive Superintendent of Business

**SUBJECT:** **2011-12 FISCAL YEAR-END FINANCIAL STATEMENTS**

**RECOMMENDATION:**

> **That the Board approve the audited 2011-12 Fiscal Year-End Financial Statements.**

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**SYNOPSIS**:
The 2011-12 fiscal year-end financial statements have been completed, including review by the external auditors, and the auditors' report has been issued.

**BACKGROUND COMMENTS:**
Section 253 of the Education Act requires that all boards undertake an annual audit of their accounts and that the auditor express an opinion on the financial statements based on the audit. The Board's external auditor is the firm of BDO Canada LLP, and their report is attached hereto.

The work by the Board's external auditor for the audit of the Consolidated Financial Statements for the fiscal year ended August 31, 2012 has revealed no material concerns with the statements as prepared by Board administration. These statements are recommended for approval by the Board and submission to the Ministry of Education.

**FINANCIAL IMPACT:**

**<u>Impact of Bill 115</u>**

On August 27th, 2012, the government introduced Bill 115, the *Putting Students First Act*, which received Royal Assent on September 11th, 2012. The terms of the Bill include the following:

- Elimination of accumulated sick days for use as future paid sick days effective September 1, 2012.

- Implementation of a new non-accumulating short-term sick leave plan effective September 1, 2012.
- Grandfathering and freezing of gratuity benefits for those who meet the minimum service requirements as at August 31, 2012.
- Grandfathering of post retirement health/dental/life benefits for existing retirees as at August 31, 2012 and for new retirees in 2012-13.

As a result of the legislation, eligibility for benefits has been reduced significantly and future service no longer provides additional benefits. These changes have effectively resulted in a plan termination of the non-vesting accumulated sick leave benefit and plan curtailments of the retirement gratuity and post-retirement benefits, effective September 1, 2012.

The impact of these changes has been reflected in the future benefits liabilities as at August 31, 2012, and the termination and curtailment gains or losses have been included in the 2011-12 current year expenses.

A summary of the curtailment gains/losses by benefit is as follows:

| Benefits | Total Recognized Curtailment (Gain)/Loss |
|---|---|
| Retirement Gratuities | $960,874 |
| Accumulated Sick Leave Benefit | ($14,669,850) |
| Post-Retirement Benefit | ($32,903,125) |
| **Total Gain** | **($46,612,101)** |

District school boards are required to adopt Public Sector Accounting Board (PSAB) standards for local governments as their financial standards and publish financial statements that accord with this standard. The Ministry of Education also requires boards to submit annual financial forms that both accord with PSAB standards, *and* provide reconciliations that comply with the funding requirements of the Education Act.

Therefore while this one-time curtailment gain is included in the Board's 2011-12 Statement of Operations per PSAB, it remains "out of compliance" when considering the balanced budget provisions contained in the Education Act.

## Results of Operations

At 2010-11 year-end, WECDSB reported a closing accumulated deficit of $2,425,902. Following Ministry of Education and Board review, this balance was restated as follows:

| | |
|---|---|
| Balance at August 31, 2011 (per 2010-11 financial statements) | ($2,425,902) |
| Ministry adjustments to audited 2010-11 financial statements | 29,502 |
| WECDSB net prior-period adjustments | (84,090) |
| Restated Accumulated Deficit balance at September 1, 2011 | ($2,480,490) |

When determining the in-year surplus or deficit as calculated for compliance with the funding requirements of the Education Act, the Ministry excludes certain revenue and expenditure items contained in the financial statements. For 2011-12, the in-year surplus/(deficit) for compliance purposes was determined as follows:

| | |
|---|---|
| In-year revenues for compliance purposes | $256,346,458 |
| In-year expenses for compliance purposes | 256,155,816 |
| In-year surplus for compliance purposes | $190,642 |

The 2011-12 budget projected an in-year operating surplus of $2.48M at 2011-12 year-end which was necessary to eliminate the Board's accumulated deficit from the prior year and comply with the balanced budget provisions of the Education Act. As noted above, the Board ended the 2011-12 fiscal year with an in-year surplus of approximately $191K, which is $2.29M less than budget. Revenues were $1.3M higher than originally planned primarily resulting from additional Full-Day Kindergarten Educational Program – Other (EPO) funding in addition to unplanned utility rebates. Expenses exceeded budget by $3.6M largely due to higher than planned classroom absences during the year, increased school operations and maintenance costs and higher actual classroom teacher salaries compared to what was used in budget development.

The 2011-12 closing accumulated deficit is calculated as follows:

| | |
|---|---|
| Restated Accumulated Deficit at September 1, 2011 | ($2,480,490) |
| In-year surplus | 190,642 |
| Closing Accumulated Deficit at August 31, 2012 | ($2,289,848) |

This closing accumulated deficit for the 2011-12 fiscal year of ($2,289,848) is $536,054 better than the $2.8M closing accumulated deficit originally projected and accounted for in the development of the 2012-13 budget estimates.

**Administration and Governance Compliance:**

In any fiscal year, the school board administration and governance expenditures cannot exceed the grant allocation. In 2011-12, WECDSB's net expenditures in this category after considering third-party revenues was $6,813,694, while the grant allocation was $7,030,342. Therefore, the board underspent its allocation in this category and was compliant with this particular provision.

**TIMELINES:**

As noted earlier, school boards must complete both audited financial statements and Ministry of Education financial forms. These latter financial forms are required to be submitted electronically to the Ministry of Education by November 15, 2012. WECDSB met this requirement and submitted the forms by that date.

The audited financial statements, notes to the financial statements and auditor's report attached hereto are required to be filed with the Ministry of Education by December 6, 2012.

**APPENDICES:**

Draft Consolidated Financial Statements - August 31, 2012 and Auditors' Report.

**REPORT REVIEWED BY:**

| | | | |
|---|---|---|---|
| ☒ | EXECUTIVE COUNCIL: | Review Date: | December 3, 2012 |
| ☒ | EXECUTIVE SUPERINTENDENT: | Approval Date: | December 3, 2012 |
| ☒ | DIRECTOR OF EDUCATION: | Approval Date: | December 3, 2012 |

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

# Consolidated Financial Statements

## August 31, 2012

**DRAFT**

# Management Report

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

The accompanying consolidated financial statements of the Windsor-Essex Catholic District School Board are the responsibility of the Board management and have been prepared in compliance with 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 BDO Canada 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.

| | |
|---|---|
| Paul A. Picard | Mario Iatonna |
| Director of Education | Executive Superintendent of Business |

November XX, 2012
*(Same date as Auditors' Report)*

# Independent Auditors' Report

**To the Supervisor of the Windsor-Essex Catholic District School Board**

We have audited the accompanying consolidated financial statements of the Windsor-Essex Catholic District School Board which are comprised of the consolidated statement of financial position as at August 31, 2012, the consolidated statements of operations, change in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines in necessary to enable the preparation of the 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 Windsor-Essex Catholic District School Board for the year ended August 31, 2012 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.

The prior year amounts have been audited by another accounting firm, as such our report does not extend to those previously reported audited amounts.

**BDO Canada LLP**

Windsor, Ontario Chartered Accountants
November xx, 2012 Licensed Public Accountants.

# Windsor-Essex Catholic District School Board
## Consolidated Statement of Financial Position

| As at August 31, | | 2012 | | (restated) 2011 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents (Note 2) | **$** | **2,612,589** | $ | 2,296,275 |
| Accounts receivable | | **11,577,299** | | 11,985,009 |
| Accounts receivable capital - Government of Ontario (Note 3) | | **165,449,575** | | 166,000,939 |
| | | **179,639,463** | | 180,282,223 |
| **Financial liabilities** | | | | |
| Temporary borrowing (Note 8) | | **22,984,294** | | 27,950,093 |
| Accounts payable and accrued liabilities | | **12,825,148** | | 12,238,196 |
| Other | | **147,465** | | 192,303 |
| Net debenture debt and capital loans (Note 7) | | **160,333,942** | | 160,175,619 |
| Deferred revenue (Note 4) | | **4,334,114** | | 2,055,570 |
| Employee benefits payable (Note 6) | | **65,285,612** | | 105,797,157 |
| Deferred capital contributions (Note 5) | | **199,854,621** | | 200,682,229 |
| | | **465,765,196** | | 509,091,167 |
| **Net debt** | | **(286,125,733)** | | (328,808,944) |
| **Non-financial assets** | | | | |
| Tangible capital assets (Note 19) | | **225,936,687** | | 227,486,340 |
| Prepaid expenses | | **966,425** | | 675,166 |
| | | **226,903,112** | | 228,161,506 |
| **Accumulated deficit** (Note 11) | **$** | **(59,222,621)** | $ | (100,647,438) |

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Signed on Behalf of the Board

Director of Education

Supervisor

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

# Windsor-Essex Catholic District School Board

## Consolidated Statement of Operations

| For the years ended August 31, | (unaudited) 2012 Budget (Note 1) | 2012 Actual | (restated) 2011 Actual |
|---|---|---|---|
| **Revenues** | | | |
| Local taxation | $ 45,827,744 | **$ 44,598,086** | $ 48,494,695 |
| Provincial grants - grants for student needs | 193,713,638 | **196,026,811** | 186,903,912 |
| Provincial grants - other | 4,311,333 | **4,653,574** | 4,188,262 |
| Other revenues - school boards | - | **11,840** | - |
| Other fees and revenues | 1,733,224 | **2,580,740** | 2,704,389 |
| Investment income | 22,000 | **194,623** | 167,928 |
| School generated funds | 6,834,000 | **7,887,305** | 8,266,746 |
| Amortization of deferred capital contributions including disposals (Note 5) | 7,971,039 | **8,280,784** | 7,856,223 |
| | 260,412,978 | **264,233,763** | 258,582,155 |
| **Expenses** (Note 10) | | | |
| Instruction | 199,467,903 | **166,768,890** | 199,166,978 |
| Administration | 8,498,171 | **6,354,798** | 9,990,898 |
| Transportation | 7,824,206 | **7,391,060** | 7,720,148 |
| Pupil accommodation | 40,799,264 | **32,767,136** | 42,587,402 |
| Other | 1,612,745 | **1,613,629** | 1,618,418 |
| School generated funds | 6,834,000 | **7,913,433** | 7,971,895 |
| | 265,036,289 | **222,808,946** | 269,055,739 |
| **Annual surplus (deficit)** | (4,623,311) | **41,424,817** | (10,473,584) |
| **Accumulated deficit**, beginning of year | (82,992,327) | **(100,647,438)** | (90,173,854) |
| **Accumulated deficit**, end of year | $ (87,615,638) | **$ (59,222,621)** | $ (100,647,438) |

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

# Windsor-Essex Catholic District School Board
## Consolidated Statement of Change in Net Debt

| For the years ended August 31 | | 2012 Actual | | (restated) 2011 Actual |
|---|---|---|---|---|
| **Annual surplus/(deficit)** | $ | **41,424,817** | $ | (10,473,584) |
| **Tangible capital asset activity** | | | | |
| Acquisition of tangible capital assets | | **(7,453,176)** | | (5,568,062) |
| Amortization of tangible capital assets | | **9,002,829** | | 8,475,336 |
| Gain/(loss) on sale of tangible capital assets - net | | **-** | | (89) |
| Proceeds on sale of tangible capital assets | | **-** | | 103,023 |
| | | **1,549,653** | | 3,010,208 |
| **Other non-financial asset activity** | | | | |
| Acquisition of prepaid expenses | | **(1,408,233)** | | (675,164) |
| Use of prepaid expenses | | **1,116,974** | | 1,637,049 |
| | | **(291,259)** | | 961,885 |
| **Change in net financial assets / (net debt)** | | **42,683,211** | | (6,501,491) |
| **Net financial assets (net debt)**, beginning of year | | **(328,808,944)** | | (322,307,453) |
| **Net financial assets (net debt)**, end of year | $ | **(286,125,733)** | $ | (328,808,944) |

# Windsor-Essex Catholic District School Board
## Consolidated Statement of Cash Flow

| For the years ended August 31, | 2012 Actual | (restated) 2011 Actual |
|---|---|---|
| **Operating transactions** | | |
| Annual surplus / (deficit) | **$ 41,424,817** | $ (10,473,584) |
| **Sources and (uses):** | | |
| Non-cash items including amortization, write downs and gain/loss on disposal | **9,002,831** | 8,475,247 |
| Deferred capital contributions revenue | **(8,280,784)** | (7,753,289) |
| (Increase) decrease in accounts receivable - other | **407,710** | 4,773,224 |
| Increase (decrease) in accounts payable and accrued liabilities | **586,952** | 1,878,124 |
| Increase (decrease) in other liabilities | **(44,838)** | (139,384) |
| Increase (decrease) in deferred revenues - operating | **703,499** | (403,179) |
| Increase (decrease) in employee benefits payable | **(40,511,545)** | 7,203,964 |
| (Increase) decrease in prepaid expenses | **(291,261)** | 961,881 |
| | **2,997,381** | 4,523,004 |
| **Capital transactions** | | |
| Proceeds on sale of tangible capital assets | **-** | 103,023 |
| Cash used to acquire tangible capital assets | **(7,453,176)** | (5,568,062) |
| | **(7,453,176)** | (5,465,039) |
| **Financing transactions** | | |
| Long term liabilities issued | **6,895,543** | - |
| Increase (decrease) in temporary borrowing | **(4,965,799)** | (115,958) |
| Debt repaid and sinking fund contributions | **(6,737,220)** | (6,126,062) |
| (Increase) decrease in accounts receivable capital - government of ontario | **551,364** | 2,260,410 |
| Additions to (disposals from) deferred capital contributions | **7,453,176** | 5,465,128 |
| Increase (decrease) in deferred revenues - capital | **1,575,045** | (199,030) |
| | **4,772,109** | 1,284,488 |
| **Change in cash and cash equivalents** | **316,314** | 342,453 |
| Opening cash and cash equivalents | **2,296,275** | 1,953,822 |
| **Closing cash and cash equivalents** | **$ 2,612,589** | $ 2,296,275 |



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

**Windsor-Essex Catholic District School Board**

**Notes to the Consolidated Financial Statements**

**August 31, 2012,**



**1. Significant accounting policies**

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proporationate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

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

- 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 PS 3100; and

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

**1. Significant accounting policies (continued)**

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting

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 School 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 School Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements. There are no changes to accumulated surplus on the statement of financial position as at August 31, 2011 or the annual surplus on the statement of operation 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.

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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(d) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short term maturity term of less than 90 days.

**1. Significant accounting policies (continued)**

(e) Deferred revenue:

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

(f) 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 contributions 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuities, worker's compensation and long term disability benefits. 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 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 estimates of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. 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 service life of the employee group.

**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 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 pension, are the employer's contributions due to the plan in the period.

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

(g) Tangible capital assets:

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

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.

**1. Significant accounting policies (continued)**

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

| Assets | Estimated Useful Life in Years |
|---|---|
| Land improvements with finite lives | 15 |
| Buildings and building improvements | 40 |
| Portable structures | 20 |
| Other Buildings | 20 |
| First-time equipping of schools | 10 |
| Furniture | 10 |
| Equipment | 5-15 |
| Computer hardware | 5 |
| Computer software | 5 |
| Vehicles | 5-10 |

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

(h) Government transfers:

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

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

(i) Investment income:

Investment income is reported as revenue in the period earned.

### 1. Significant accounting policies (continued)

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

(j) Long-term debt:

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

(k) Budget figures:

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

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to estimates include employee future benefits. In addition, estimates have been made of the historical cost and useful lives of certain tangible capital assets as a result of the implementation of Section 3150 of the Public Sector Accounting Handbook. Actual results could differ from these estimates.

### 2. Cash and cash equivalents

Cash and cash equivalents include the following:

| | **2012** | 2011 |
|---|---|---|
| School funds | $ 2,225,305 | $ 2,267,300 |
| Bursary funds, in trust | 358,309 | |
| Petty cash | 28,975 | 28,975 |
| | $ 2,612,589 | $ 2,296,275 |

### 3. Accounts receivable - Government of Ontario

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $165,449,575 as at August 31, 2012 (2011 - $166,000,939) with respect to capital grants.

## 4. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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

| | Balance as at August 31, 2011 | Externally restricted revenue received | Revenue recognized in the period | Transfers (to) deferred capital contributions in the period | Balance as at August 31, 2012 |
|---|---|---|---|---|---|
| Restricted operating grants | $ 542,884 | $ 29,052,680 | $ (28,430,862) | $ - | $ 1,164,702 |
| Third party operating grants | 9,594 | 314,905 | (233,224) | - | 91,275 |
| Restricted capital grants | 91,092 | 19,317,000 | (16,647,381) | (874,574) | 1,886,137 |
| Proceeds of disposition - school buildings | 527,293 | - | - | - | 527,293 |
| Proceeds of disposition - other | 884,707 | - | (220,000) | - | 664,707 |
| School generated capital funds | - | 15,650 | - | (15,650) | - |
| Total deferred revenue | $ 2,055,570 | $ 48,700,235 | $ (45,531,467) | $ (890,224) | $ 4,334,114 |

| | Balance as at August 31, 2010 (restated) | Externally restricted revenue received | Revenue recognized in the period | Transfers (to) deferred capital contributions in the period | Balance as at August 31, 2011 |
|---|---|---|---|---|---|
| Restricted operating grants | $ 885,953 | $ 26,415,618 | $ (26,758,687) | $ - | $ 542,884 |
| Third party operating grants | 69,704 | 9,594 | (69,704) | - | 9,594 |
| Restricted capital grants | 70,122 | 17,860,140 | (16,109,061) | (1,730,109) | 91,092 |
| Proceeds of disposition | 1,632,000 | 47,601 | (220,000) | (47,601) | 1,412,000 |
| Total deferred revenue | $ 2,657,779 | $ 44,332,953 | $ (43,157,452) | $ (1,777,710) | $ 2,055,570 |

## Windsor-Essex Catholic District School Board

### Notes to the Consolidated Financial Statements

**August 31, 2012,**

### 5. Deferred capital contributions

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

| | **2012** | 2011 |
|---|---|---|
| Balance, beginning of year | $ 200,682,229 | $ 202,970,390 |
| Additions to deferred capital contributions | 7,453,176 | 5,568,062 |
| Revenue recognized in the period - amortization | (8,280,784) | (7,753,289) |
| Revenue recognized in the period - disposals | - | (102,934) |
| Balance, end of year | $ 199,854,621 | $ 200,682,229 |

### 6. Employee benefits payable

**Retirement and Other Employee Future Benefit Liabilities**

| | | | **2012** | 2011 |
|---|---|---|---|---|
| | **Retirement Benefits** | **Employee Future** | **Employee Future** | Employee Future |
| Accrued employee future benefit obligations | $ 62,019,657 | $ 3,265,955 | $ 65,285,612 | $ 135,967,848 |
| Unamortized actuarial losses | - | - | - | 30,170,691 |
| **Employee future benefits** | **$ 62,019,657** | **$ 3,265,955** | **$ 65,285,612** | $ 105,797,157 |

**Windsor-Essex Catholic District School Board**

**Notes to the Consolidated Financial Statements**

**August 31, 2012,**

### 6. Employee benefits payable (continued)

**Retirement and Other Employee Future Benefit Expenses**

| | | | | 2012 | 2011 |
|---|---|---|---|---|---|
| | Retirement Benefits | Employee Future | Employee Future | Employee Future |
| Current year benefit cost | $ 5,525,266 | $ 1,733,659 | $ 7,258,925 | $ 5,024,179 |
| Recognition of Past Service Cost | | | - | 58,787 |
| Curtailment (gain) loss | (70,710,242) | (15,633,623) | (86,343,865) | - |
| Interest on accrued benefit obligation | 4,711,515 | 614,322 | 5,325,837 | 5,565,496 |
| Net amortization of estimation adjustment loss | | | - | 2,229,295 |
| Recognition of unamortized actuarial losses (gains) on plan amendments / curtailments | 38,767,991 | 963,773 | 39,731,764 | - |
| **Employee future benefit expenses [1]** | **$ (21,705,470)** | **$ (12,321,869)** | **$ (34,027,339)** | $ 12,877,757 |

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

**Plan changes**

On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days are eliminated as of September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provisions for accumulation of unused days.

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.

## 6. Employee benefits payable (continued)

### Actuarial assumptions

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

| | **2012 (%)** | 2011 (%) |
|---|---|---|
| Inflation | 2 | 2 |
| Wage and salary escalation | 0 | 3 |
| Insurance and health care cost escalation | 4.0-9.0 | 4.5 -10.0 |
| Discount on accrued benefit obligations | 3 | 4 |

### Retirement benefits

(i) Ontario Teachers' Pension Plan:

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

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rate of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2012, the Board contributed $2,895,127 (2011 - $2,532,407) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The 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 increase to the Board's obligation of $960,874 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012.

6. **Employee benefit payable (continued)**

(iv) Retirement Life Insurance and Health Care Benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age and for certain employee groups for life. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. 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 or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time reduction to the Board's obligation of $32,903,125 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012.

**Other Employee Future Benefits**

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit cost and liabilities related to this plan are included in the Board's consolidated financial statements. The Putting Students First Act, 2012 requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision. This resulted in a one-time increase to the Board's obligation of $208,819 as at August 31, 2012.

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

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

(iii) Sick Leave Benefits:

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated, resulting in a one-time reduction to the obligation of $14,669,850 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012.

## 7. Net debenture debt and capital loans

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

| | 2012 | 2011 |
|---|---|---|
| Debenture #93-64; 8.590%; matured September 2011 | $ - | $ 1,024,000 |
| Debenture #94-67; 10.000%; maturing November 2012 | 1,216,000 | 2,322,000 |
| Debenture #02-01; 5.900%; maturing October 2027 | 24,940,082 | 25,903,228 |
| Debenture #03-04 (Sinking Fund); 5.300%; principal repayable November 2013 | 24,012,700 | 24,012,700 |
| Debenture #03-05; 5.800%; maturing November 2028 | 24,881,915 | 25,763,376 |
| Debenture #06-01; 5.070%; maturing April 2031 | 38,683,233 | 39,872,058 |
| Debenture #06-03; 4.560%; maturing November 2031 | 7,002,695 | 7,221,803 |
| Debenture #09-01; 5.062%; maturing March 2034 | 5,108,256 | 5,234,242 |
| Debenture #09-10; 4.947%; maturing May 2035 | 28,491,029 | 29,145,246 |
| Debenture #10-01; 5.232%; maturing April 2035 | 2,484,661 | 2,539,877 |
| Debenture #11-01 ; 3.97%; maturing November 2036 | 2,022,853 | - |
| Debenture #12-01; 3.564%; maturing March 2037 | 4,872,686 | - |
| Debenture Debt | 163,716,110 | 163,038,530 |
| Less: Sinking Fund Asset Balance as at August 31 | (3,382,168) | (2,862,910) |
| Net Debenture Debt | $ 160,333,942 | $ 160,175,620 |

Principal and interest payments relating to net long-term liabilities of $160,333,942 outstanding as at August 31, 2012 are due as follows:

| | Debenture Principal and Sinking Fund Contributions | Debenture Interest Payments | Total |
|---|---|---|---|
| 2012-13 | 6,030,235 | 8,521,852 | 14,552,087 |
| 2013-14 | 25,029,391 | 7,927,666 | 32,957,057 |
| 2014-15 | 4,982,024 | 6,692,125 | 11,674,149 |
| 2015-16 | 5,250,597 | 6,423,552 | 11,674,149 |
| 2016-17 | 5,533,805 | 6,140,345 | 11,674,150 |
| Thereafter | 113,507,890 | 48,251,028 | 161,758,918 |
| | $ 160,333,942 | $ 83,956,568 | $ 244,290,510 |

Included in net debenture debt are outstanding sinking fund debentures of $ 24,012,700 (2011 - $24,012,700)

Interest on long-term debt amounted to $8,649,533 (2011 - $8,861,623).

**Windsor-Essex Catholic District School Board**

**Notes to the Consolidated Financial Statements**

**August 31, 2012,**

## 8. Temporary borrowing

Temporary borrowing consists of the following:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Demand capital expenditure credit bearing loan interest at the lower of | $ | 13,039,441 | $ | 13,889,441 |
| Demand operating credit bearing loan interest at the lower of prime | | 9,944,853 | | 14,060,652 |
| | $ | 22,984,294 | $ | 27,950,093 |

The Board has lines of credit available to the maximum of $28 million (2011: $28 million) to address operating requirements and $13 million (2011: $14 million) for long term capital projects. The Board has $18 million of unused lines of credit available for capital spending.

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

The Board has an irrevocable letter of guarantee outstanding in the amount of $100,000.

## 9. Debt charges, capital loans and lease interest

The expenditure for debt charges and capital loans includes principal, sinking fund contributions and interest

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Principal payments on long-term liabilities including contributions to sinking funds | $ | 6,546,421 | $ | 5,990,488 |
| Interest payments on long-term liabilities | | 8,652,643 | | 8,877,170 |
| | $ | 15,199,064 | $ | 13,106,195 |

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flow in total of $6,737,220 (2011 - $6,126,062) are principal payments on long-term debt of $6,217,957 (2011 - $5,662,024), sinking fund interest revenue of $190,799 (2011 - $135,574), and sinking fund contributions of $328,464 (2011 - $328,464).

**Windsor-Essex Catholic District School Board**

**Notes to the Consolidated Financial Statements**

**August 31, 2012,**

## 10. Expenses by object

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

| | (unaudited) 2012 Budget | **2012 Actual** | 2011 Actual |
|---|---|---|---|
| **Expenses** | | | |
| Salary and wages | $ 177,465,469 | $ 181,088,557 | $ 179,292,325 |
| Employee benefits | 36,066,400 | (11,269,323) | 34,061,772 |
| Staff development | 375,247 | 710,338 | 567,478 |
| Supplies and services | 20,439,409 | 21,232,768 | 24,308,931 |
| Interest charges on capital | 8,473,183 | 8,957,724 | 9,346,676 |
| Rental expenditures | 416,984 | 455,564 | 647,985 |
| Fees and contractual services | 9,877,974 | 10,474,035 | 9,988,018 |
| Other | 3,293,841 | 2,156,452 | 2,362,184 |
| Amortization of tangible capital assets | 8,627,782 | 9,002,831 | 8,475,336 |
| Loss on disposal | | | 5,034 |
| | $ 265,036,289 | $ 222,808,946 | $ 269,055,739 |

## 11. Accumulated deficit

Accumulated deficit consists of the following:

| | **2012** | (restated) 2011 |
|---|---|---|
| **Deficit:** | | |
| Operating | $ (3,089,046) | $ (3,319,133) |
| Benefit plan | - | 166,718 |
| School renewal | 171,786 | 171,786 |
| Employee future benefits - retirement gratuity liability | (20,588,807) | (20,593,306) |
| Post employment benefits / compensated absences | - | (14,733,027) |
| Retirement health, dental, life insurance plans | (41,430,850) | (67,705,335) |
| Employee future benefits - other than retirement gratuity | (3,265,955) | (2,765,489) |
| Interest and vacation accruals | (3,570,099) | (4,318,857) |
| School generated funds | 2,193,573 | 2,219,701 |
| Committed sinking fund interest earned | 627,412 | 500,139 |
| Revenues recognized for land | 9,729,365 | 9,729,365 |
| | $ (59,222,621) | $ (100,647,438) |

## 12. Ontario school board insurance exchange (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims

**Windsor-Essex Catholic District School Board**

**Notes to the Consolidated Financial Statements**

**August 31, 2012,**

### 13. Contractual obligations and contingent liabilities

(a) Contractual obligations:

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

| | | |
|---|---|---|
| 2012-13 | $ | 1,959,548 |
| 2013-14 | | 1,463,788 |
| 2014-15 | | 1,160,897 |
| 2015-16 | | 740,045 |
| 2016-17 | | 734,044 |
| Thereafter | | 1,614,416 |
| | $ | 7,672,738 |

As at August 31, 2012, the Board is committed to capital expenditures in the amount of $2,667,964

(b) Contingent liabilities:

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2012 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operation.

### 14. Transportation consortium

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

The Board's consolidated statements reflect proportionate consolidation, whereby they include the assets that it

### 15. Financial instruments

(a) Interest rate risk:

Interest rate risk represents the risk to the Board's operations that arises from fluctuations in interest rates and the

(b) Fair value:

Fair values approximate amounts at which financial assets and liabilities would be exchanged between willing

## Windsor-Essex Catholic District School Board

### Notes to the Consolidated Financial Statements

**August 31, 2012,**

**16. Compartive figures**

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

**17. Repayment of "55 school board trust" funding**

On June 1, 2003, the Board received $21,647,375 from the 55 School Board Trust for its capital related debt eligible for provincial funding support as at May 14, 1998 pursuant to a 30 year agreement entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable in respect of the NPF debt. The amount funded by the province of $1,612,745 in respect of the agreement for the year ended August 31, 2012 is recorded on the Consolidated Statement of Financial Activities. As a result of this agreement, the liability in respect of the NPF debt ceased to be recognized in the Board's Consolidated Statement of Financial Position as of August 31, 2003.

**18. 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 was used by the actuaries in the calculations of the Board's estimates for Retirement and Other Employee Future Benefits obligations. The impact of the changes to the various plans have been disclosed in Note 6.

**19. Tangible capital assets**

Continued on next page.

**WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD**
Notes to the Consolidated Financial Statements
August 31, 2012

**19. Tangible Capital Assets**

| | COST | | | | ACCUMULATED AMORTIZATION | | | | NET BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at August 31, 2011 | Additions and transfers | Disposals and transfers from (to) CIP | Balance at August 31, 2012 | Balance at August 31, 2011 | Amortization | Disposals / write downs | Balance at August 31, 2012 | Net Book Value August 31, 2012 | Net Book Value August 31, 2011 |
| Land | $ 10,774,668 | $ - | $ - | 10,774,668 | $ - | $ - | $ - | $ - | $ 10,774,668 | $ 10,774,668 |
| Land improvements | 2,334,169 | 456,961 | - | 2,791,130 | 479,958 | 182,670 | - | 662,628 | 2,128,502 | 1,854,211 |
| Buildings | 284,052,917 | 1,840,255 | - | 285,893,172 | 76,630,347 | 7,768,166 | - | 84,398,513 | 201,494,659 | 207,422,570 |
| Portable structures | 4,882,859 | | - | 4,882,859 | 2,785,391 | 216,924 | - | 3,002,315 | 1,880,544 | 2,097,468 |
| Construction in progress | - | 4,881,888 | - | 4,881,888 | - | | - | - | 4,881,888 | - |
| First time equipping | 8,588,490 | 258,423 | - | 8,846,913 | 4,239,162 | 523,349 | - | 4,762,511 | 4,084,402 | 4,349,328 |
| Furniture | - | 15,649 | - | 15,649 | - | 782 | - | 782 | 14,867 | |
| Equipment | 487,139 | - | - | 487,139 | 101,232 | 57,373 | - | 158,605 | 328,534 | 385,907 |
| Computer hardware | 1,440,556 | - | (135,780) | 1,304,776 | 1,024,122 | 195,411 | (135,780) | 1,083,753 | 221,023 | 416,434 |
| Computer software | 42,977 | - | (12,276) | 30,701 | 35,016 | 608 | (12,276) | 23,348 | 7,353 | 7,961 |
| Vehicles | 462,821 | - | - | 462,821 | 285,028 | 57,546 | - | 342,574 | 120,247 | 177,793 |
| TOTAL | $ 313,066,596 | $ 7,453,176 | $ (148,056) | $ 320,371,716 | $ 85,580,256 | $ 9,002,829 | $ (148,056) | $ 94,435,029 | $ 225,936,687 | $ 227,486,340 |

WINDSOR-ESSEX CATHOLIC DISTRICT SCHOOL BOARD

1325 California Avenue
Windsor, ON N9B 3Y6
CHAIRPERSON: Barbara Holland
DIRECTOR OF EDUCATION: Paul A. Picard

**Supervised Special Meeting Date:**
December 4, 2012

# BOARD REPORT

| | | | |
|---|---|---|---|
| **Public** | ☒ | **In-Camera** | ☐ |

**PRESENTED FOR**: Information ☒ Approval ☐

**PRESENTED BY:** Senior Administration

**SUBMITTED BY:** Paul A. Picard, Director of Education
Mario Iatonna, Executive Superintendent of Business

**SUBJECT:** **2011-12 YEAR-END BUDGET VARIANCE REPORT**

**RECOMMENDATION:**

**That the Board receive the 2011-12 Year-end Budget Variance Report as information.**

---

**SYNOPSIS:**
This report is being presented to provide a report on the final 2011-12 budget versus actual expenditures and revenues.

**BACKGROUND COMMENTS:**
This Year-end Budget Variance Report covers the fiscal period from September 1, 2011 to August 31, 2012 and includes all revenue and expenses for the fiscal year. It also shows comparatives for the same time period in the 2010-11 fiscal year.

The 2011-12 actual revenues and expenses are compared to the 2011-12 Revised Budget Estimates. That budget projected an in-year operating surplus of $2.48M at 2011-12 year-end which was necessary to eliminate the Board's accumulated deficit from the prior year and comply with the balanced budget provisions of the Education Act.

## I. Enrolment and Staffing Highlights – Appendix A

The full-time equivalent (FTE) enrolment for 2011-12 as compared to budget is as follows:

| | 2011-12 Budget (FTE) | 2011-12 Actual (FTE) | Increase/ (Decrease) |
|---|---|---|---|
| Elementary Day School (ADE)* | 13,919.00 | 13,915.75 | (3.25) |
| Other Pupils (Visa) | 7.00 | 7.50 | 0.50 |
| **TOTAL ELEMENTARY PUPILS** | **13,926.00** | **13,923.25** | **(2.75)** |

| | 2011-12 Budget (FTE) | 2011-12 Actual (FTE) | Increase/ (Decrease) |
|---|---|---|---|
| Secondary Day School (ADE) – Pupils < 21 yrs old | 8,220.40 | 8,245.46 | 25.06 |
| Secondary Day School (ADE) – Pupils > 21 yrs old | 295.25 | 283.71 | (11.54) |
| Other Pupils (Visa) | 16.00 | 17.60 | 1.60 |
| **TOTAL SECONDARY PUPILS** | **8,531.65** | **8,546.77** | **15.12** |
| **TOTAL ENROLMENT** | **22,457.65** | **22,470.02** | **12.37** |

* Includes EPO funded FDK pupils

## II. Expenditure Highlights – Appendix B

On August 27th, 2012 the government introduced Bill 155 *The Putting Students First Act*, which received Royal Assent on September 11th, 2012. This bill contained the following provisions:

- Elimination of accumulated sick days for use as future paid sick days effective September 1, 2012.
- Implementation of a new non-accumulating short-term sick leave plan effective September 1, 2012.
- Grandfathering and freezing of gratuity benefits for those who meet the minimum service requirements as at August 31, 2012.
- Grandfathering of post retirement health/dental/life benefits for existing retirees as at August 31, 2012 and for new retirees in 2012-13.

As a result of the legislation, eligibility for benefits has been reduced significantly and future service no longer provides additional benefits. These changes have effectively resulted in a plan termination of the non-vesting accumulated sick leave benefit and plan curtailments of the retirement gratuity and post-retirement benefits, effective September 1, 2012. While the Board has recorded the impact of these changes in the 2011-12 current year expenses, the impact of these changes is not considered in determining compliance with the balanced budget provisions of the Education Act for 2011-12.

Included in actual expenses are vacation accruals in the amount of $775,958. Vacation accruals represent the cost of unpaid vacation for all employees. The accrual amount represents the dollar amount that would be paid to all staff with unused vacation if everyone left the employment of the Board at the same time. In the past, the difference between the accrual and the actual cash paid was excluded when determining whether a Board was in compliance with the balanced budget provisions of the Education Act. Starting in 2011-12, vacation accruals are no longer excluded from compliance and are included as expenses.

Actual expenses at August 31, 2012 exceed budget by $3.59M, or 1.4% of the Board's gross expenditure budget. Appendix B provides a schedule of detailed expenditures by various categories. A further explanation of each of these categories and the actual expenditure variance from budget is provided below.

### CLASSROOM TEACHERS

**What does this category include?**

- This category includes all current salary, benefits, and service/supplies expenses related to direct instruction of day school pupils such as classroom and school based teachers, home instruction teachers and preparation time. Also included in this category are automobile reimbursement, travel/expense allowances, classroom teacher retirement gratuities and teacher grievance settlements.

**How are expenses incurred?**

- All elementary teachers are paid over 12 months or 26 pays. All secondary teachers are paid over 10 months or 22 pays, with 100% of their salary charged to the salary expenditure account during these 10 months. Most retirement gratuities are paid in the summer.

**What is the variance at year-end?**

- This category has a small deficit of 0.7% of the gross expenditure budget at year-end. This over-expenditure primarily relates to the variance between actual classroom teacher salaries incurred compared to the average salary that was used for budget development, combined with higher than anticipated benefit costs.

## SUPPLY TEACHERS

**What does this category include?**

- This category includes all current salary and statutory benefit costs related to direct instruction of day school pupils provided by occasional teachers including those covering short-term and long-term illness, and those hired to provide release time for teachers assisting with school programs.

**How are expenses incurred?**

- These costs are incurred over the school year or 10 months (September to June).

**What is the variance at year-end?**

- The Board's allocation from the Ministry of Education provided in the 2011-12 Revised Estimates is $2.7M. Recognizing the pressures on this envelope the Board budgeted $3.9M for this category, which represented $1.2M over the allocation. Notwithstanding the increased budget provided, actual expenses at 2011-12 year-end exceeded budget by $1.3M. While a deficit for this category was realized, total expenses in 2011-12 were less than the prior year by $1.2M, in part due to a reclassification of $693K of occasional costs resulting from the provision of teacher professional development to the Staff Development category.

## TEACHER ASSISTANTS / EARLY CHILDHOOD EDUCATORS

**What does this category include?**

- This category includes all current salary and benefit costs related to Sign Language Interpreters, Educational Intervenors, Educational Assistants and Early Childhood Educators. Supply costs and vacation payouts for these categories of employees are also included.

**How are expenses incurred?**

- Teacher (Educational) Assistant salary and benefit costs are incurred over 10 months from September to June, with 100% of their salary charged to the salary expenditure account during these 10 months. The majority of the remaining employees in this category (i.e. Educational Intervenors, Sign Language Interpreters and Early Childhood Educators) are paid over 12 months.

**What is the variance at year-end?**

- This category ended the year with a surplus of approximately $246K primarily due to lower than anticipated benefit costs offset by higher than budgeted salary and supply costs for Teachers Assistants.

## COMPUTERS

**What does this category include?**

- This category includes instructional computer hardware and related software and the associated network costs. Also included are the costs related to telephone data lines.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months.

**What is the variance at year-end?**

- This category ended the year with a surplus of approximately $230K as certain costs associated with investments to support technology renewal were funded through the School Renewal allocation.

## TEXTBOOKS / CLASSROOM SUPPLIES

**What does this category include?**

- The Textbook/Supplies category is for items used within the classroom directly by students. It includes textbook supplies and fees and services.
- The textbook supplies category contains most of the accounts that are used to populate the school budgets. It includes textbooks and learning materials, instructional supplies, application software (except software that is included with the purchase of a piece of computer hardware), printing and photocopying, field trips/excursions (including associated transportation, entrance fees and parking) and furniture and equipment expenses.
- Textbooks Fees & Services include certain costs related to Special Education transportation, the International Baccalaureate Programme and software fees and licenses which are in excess of $500.

**How are expenses incurred?**

- The costs in this category are typically incurred over either 10 or 12 months depending on the object of expenditure.

**What is the variance at year-end?**

- The surplus of $711K at year-end is primarily attributable to savings in school budget accounts and Personal Special Equipment expenses reported in this category.

## PROFESSIONALS, PARAPROFESSIONALS & TECHNICIANS

**What does this category include?**

- This category includes all expenses such as salaries, benefits and supplies (travel/expense allowance and automobile reimbursement) relating to the provision of psychological, speech, social and community services. Also included are salaries, benefits and related expenses for computer technicians and other personnel providing technical support for the operation of instructional/school based computers and other technical services for students. Expenses relating to the support and training for student administration systems are also captured here.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months.

**What is the variance at year-end?**

- This category has a slight surplus of $291K at year-end. The primary contributors to the surplus are lower than planned spending on benefit costs in the amount of $295K; 1.5 FTE less actual Social Workers/Behavioral Specialists relative to budget resulting in savings of approximately $89K; combined with savings in budgeted supply costs for Campus Ministers in the amount of $47K. These surpluses are offset by an $85K deficit in computer technician salaries and $55K of deficits in other miscellaneous accounts resulting in a net surplus at year-end of $291K.

## LIBRARY / GUIDANCE

**What does this category include?**

- This category includes expenses relating to library and guidance services within schools, including salaries and benefits of library technicians and guidance teachers.

**How are expenses incurred?**

- The costs in this category are typically incurred over 10 months.

**What is the variance at year-end?**

- This category has a surplus at year-end of approximately $185K, mainly attributable to lower than budgeted benefit costs of $138K and unspent library supply costs of approximately $21K.

## STAFF DEVELOPMENT

**What does this category include?**

- This category includes the cost of all professional development (P.D.) for teaching personnel and other categories of employees providing instructional support services. Costs include registration, tuition fees, transportation, accommodation and meal expenses related to professional development. This category also includes P.D. funded by the Ministry of Education through small EPO (Education Program – Other) grants received throughout the year. Any unbudgeted increase in expense due to P.D. resulting from an EPO has equal and offsetting revenue and therefore has no net effect to the Board.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months. While costs are ongoing throughout the year, they are generally unpredictable in their timing.

**What is the variance at year-end?**

- This category realized a $902K deficit at year-end. As noted under the supply teacher category, certain occasional costs resulting from the provision of teacher professional development in the amount of $693K were reclassified to the Staff Development category in order to comply with the Ministry of Education's reporting rules. While the actual costs were reclassified, the budget was not, thereby resulting in the negative variance. The other primary contributor to the variance is actual P.D. costs relating to the Provincial Discussion Table agreement carried forward in the amount of $191K.

## DEPARTMENT HEADS

**What does this category include?**

- This category includes secondary department head allowances and associated benefits.

**How are expenses incurred?**

- The costs in this category are typically incurred over 10 months.

**What is the variance at year-end?**

- This category contains a surplus of approximately $58K at year-end. When the revised budget estimates were prepared, a statutory benefit budget was created for this category of employees with the thought that a budget for benefits on allowances was necessary. It was subsequently determined that since these individuals "max out" their statutory benefits within their regular salary account, no benefit expenses would be incurred on these allowances, and therefore a positive variance resulted.

## PRINCIPALS & VICE-PRINCIPALS

**What does this category include?**

- This category includes principal and vice-principal salaries, benefits, professional development and supplies (travel/expense allowance and automobile reimbursement) relating to the management and administration of schools. Only the administrative portions of salaries are included here. The cost of teaching time provided by principals and vice-principals is included in the classroom teacher category.

**How are expenses incurred?**

- The costs in this category are typically incurred over 10 months.

**What is the variance at year-end?**

- This expenditure category has a deficit of approximately $704K at year-end. Benefit costs exceeded budget by $518K. Included in these benefit costs are higher than planned retirement gratuities in the amount of $286K. Variances in retirement gratuities are somewhat unpredictable as they are based on the number of retirements which is often not known with certainty until late in the fiscal year; thus making this item difficult to estimate.
- In addition, one principal is on secondment and the associated salary and benefit cost of approximately $150K was not included in the expenditure budget. The offsetting revenue that will be received for the secondment was also not included in the revenue budget and therefore the deficit on the expense side is equally offset by a surplus on the revenue side, resulting in no net effect to the Board at year-end.
- Additionally, in the first half of the year additional salary expense was incurred for a Principal on sick leave ($35K) and a promoted Principal who overlapped with a retiring Principal at St. Bernard Amherstburg ($47K).
- Offsetting the above, professional development costs were $42K less than budget.

## SCHOOL OFFICE

**What does this category include?**

- This category includes all school based secretarial and clerical salaries, benefits and related supplies and services. Secondary school Administrative Assistants are included here as well.

**How are expenses incurred?**

- The costs in this category are typically incurred over either 10 or 12 months depending on the object of expenditure.

**What is the variance at year-end?**

- This category has a deficit at year-end of approximately $324K primarily due to higher than budgeted benefit costs of $253K; higher than planned clerical school office supply costs in the amount of $99K and other miscellaneous costs higher than planned in the amount of $12K. These deficits are offset by savings in school based telephone costs of $40K.

## TEACHER CONSULTANT

**What does this category include?**

- This category includes all expenses relating to coordinators and consultants, curriculum development and program support. The majority of costs associated with EPO (Education Program – Other) grants to provide program support are included in this category.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months.

**What is the variance at year-end?**

- A deficit of $59K in this category is attributable to $126K of retirement gratuities in excess of budget offset by approximately $67K of benefit costs less than budget.

## CONTINUING EDUCATION / SUMMER SCHOOL / INTERNATIONAL LANGUAGES

**What does this category include?**

- This category includes all current salary, benefits, and service/supplies expenses related to the delivery of continuing education, summer school and international language programs (non-day school program).

**How are expenses incurred?**

- The costs in this category are typically incurred over 10 months.

**What is the variance at year-end?**

- The costs in this program are the result of different programs offered at varying points throughout the year. A deficit of $68K was realized at year-end, primarily attributable to summer school program salaries in excess of budget.

## TRUSTEES

**What does this category include?**

- This category includes expenses related to the governance function of the Board. It includes honoraria, travel and professional development for trustees as well as trustee association fees. Secretarial and office expenses relating to this function are included in the Board Administration category.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months.

**What is the variance at year-end?**

- A slight surplus of $2K was realized at year-end.

## DIRECTORS AND SUPERVISORY OFFICERS

**What does this category include?**

- This category includes direct expenses (salaries and benefits) for staff assigned duties outlined in Section 286 of the Education Act (*Duties of Supervisory Officers)*. Costs to support these functions such as secretarial support are included in the Board Administration category.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months.

**What is the variance at year-end?**

- This category has a deficit of $53K at year-end. At the time of developing the Revised Budget Estimates, certain professional development costs of $23K and travel/expense allowances in the amount of $29K for Supervisory Officers were not included in the budget, thus creating a negative variance at year-end.

## BOARD ADMINISTRATION

**What does this category include?**

- This category includes all expenses related to the following:
  - *General and Business Administration*: Includes public relations, corporate planning, and all business functions including finance (treasury), budget, accounting, payroll, purchasing, non-plant related warehousing and administrative services.
  - *Human Resources Administration*: Includes expenses related to the human resource management function of the board including staffing, benefits, contract negotiations or dealings with various unions. Also included is the central administrative support for coordination of professional development throughout the Board.
  - *Information Technology Administration*: Includes expenses relating to the provision and management of administrative information technology throughout the Board, including general support to school secretaries and principals. Also included is the initial purchase and implementation of administrative systems, including student administrative systems (timetabling, report cards etc.).
  - *Non-Instructional Operations & Maintenance*: Includes expenses related to the operation, maintenance, repair and renovation of property and non-school buildings such as the Catholic Education Centre.
- Costs to support the Trustee, Director and Supervisory Officer categories such as secretarial salary and benefit expenses are included here as well.
- Board Administration includes the cost of all liability insurance and short-term operating interest expense, legal and audit fees. Board Administration also includes costs related to travel, conferences, professional development and association fees for Board Administration staff.

**How are expenses incurred?**

- Salary and benefit costs contained in this category are typically incurred over 12 months. The cost of other expenses (particularly fees and contractual services) are somewhat intermittent and can be unpredictable.

**What is the variance at year-end?**

- The net legislative grant in 2011-12 for Board Administration as provided by the Ministry of Education was $7.0M. The Board incurred net expenses of $6.8M in this category at year-end, resulting in excess Board Administrative funding of $217K to be used for other programs of the Board. The expenditure deficit of $258K in this category is mostly attributable to legal expenses which were higher than budget in the amount of $244K.

## TRANSPORTATION

**What does this category include?**

- This category includes costs to transport pupils from home to school and from school to school, and expenses related to transportation that are not included under instruction (such as field trips).
- This category also includes general expenses related to transportation such as department managers and supervisory personnel, secretarial and clerical staff salaries, benefits and related supplies and services.

**How are expenses incurred?**

- The majority of costs in this category are typically incurred over 10 months.

**What is the variance at year-end?**

- Despite multiple efficiencies put in place during the fiscal year by the Transportation Consortium including bell time changes and adherence to policies regarding walk zones and courtesy rides, the Consortium has faced increasing pressures as a result of rising fuel costs. As a result of this pressure, a deficit of $165K exists at year-end.

## FACILITIES SERVICES – SCHOOL OPERATIONS & MAINTENANCE

**What does this category include?**

- *School Operations* includes all expenses related to the daily operation of instructional buildings and sites, such as custodial services, food services, security services, building systems, building and grounds maintenance, utilities, computer hardware and related software, and property and related liability and vehicle insurance. Also included are certain department managers and supervisory personnel, secretarial and clerical staff salaries, benefits and related supplies and services.
- *School Maintenance* includes all expenses related to the periodic work performed to maintain instructional buildings and sites in a good state of repair. These functions would normally be performed by building professionals such as maintenance electricians, mechanics, plumbers, etc.

**How are expenses incurred?**

- The costs in this category are typically incurred over 12 months but are also affected by certain seasonal anomalies such as weather.

**What is the variance at year-end?**

- This area has a deficit at year-end of approximately $604K. The bulk of the deficit occurred in the supplies category, with spending in areas such as electricity, groundskeeping, general maintenance, H.V.C., vehicle maintenance, hazardous material abatement and supplies exceeding budget.

## SCHOOL RENEWAL - OPERATING

**What does this category include?**

- The School Renewal allocation can fund both tangible capital assets as well as operating expenses. This category considers all expenses related to School Renewal projects that are not capitalized expenses, plus improvements to school sites. School renewal project expenses normally cost more than $10,000.
- This category also includes the financing costs associated with the Board's unsupported pupil-place debt until such time that the debt is repaid.

**How are expenses incurred?**

- The costs in this category follow no particular pattern as they are dependent on the nature of the planned projects and work to be completed. The timing of these expenses is unpredictable but controllable.

**What is the variance at year-end?**

- At 2011-12 year-end, certain School Renewal projects were not complete resulting in approximately $393K less spending on school renewal operating expenses compared to budget. As the use of the School Renewal allocation is restricted by legislation, the associated unspent grant was transferred to Deferred Revenue where it will remain until spent on its intended purpose in the next fiscal year.

## OTHER PUPIL ACCOMMODATION

**What does this category include?**

- This category includes operating type expenses relating to pupil accommodation, specifically the cost of all interest payments on outstanding debentures to finance various capital projects.

**How are expenses incurred?**

- The interest expenses are predictable but occur at varying points throughout the year depending on when the debenture was issued. Usually two payments of principal and interest are made annually for a debenture. These debenture payments are, for the most part, fully funded by the Ministry of Education.

**What is the variance at year-end?**

- A minor surplus of $22K was realized at year-end.

## AMORTIZATION AND WRITE DOWNS

**What does this category include?**

- Amortization expense is a non-cash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence. It is also known as depreciation, and represents an expense which is incurred over the period of the asset's useful life. Previously, the entire cost of a tangible capital asset was expensed in the year it was purchased, but now these assets are expensed, through an annual amortization charge, over the asset's expected lifetime which can range from 5 to 40 years depending on the type of asset.
- Write-downs result when the value of an asset is impaired which means that the asset can no longer contribute to the Board's ability to provide service at the previously anticipated level and that the impairment is permanent in nature.
- Included in this category is the amortization expense related to instructional, administrative and pupil accommodation assets.

**How are expenses incurred?**

- Amortization expense is calculated two times each year by the Board, once at March $31^{st}$ for consolidated reporting to the Ministry of Education and also at year-end.

**What is the variance at year-end?**

- There was a negative variance of $369K due to building amortization in excess of budgeted amounts. Additional Deferred Capital Contributions revenue was received to completely offset this difference, resulting in no net effect to the board at year-end.

## OTHER NON-OPERATING EXPENSE

**What does this category include?**

- This category includes the 55 School Board Trust, costs associated with the Board's wellness program, and expenses for miscellaneous claims or settlements, should they occur.
- The 55 School Board Trust includes the cost of principal and interest on debenture payments for capital debt outstanding at the time of amalgamation which had not yet been permanently financed (debentured).

**How are expenses incurred?**

- The 55 School Board Trust is the same amount each year ($1,612,745), and grant revenue is received to fully offset the cost.

**What is the variance at year-end?**

- A surplus of $73K is reported in this category at year-end. At budget development time this category contained a budget of $74K for costs associated with the Employee Wellness Plan. When actual expenses were incurred throughout the year, they were reported in the various expenditure categories described above.

## III. <u>Revenue Highlights – Appendix C</u>

Actual revenue at August 31, 2012 exceeded budget by $1.35M, or 0.5% of the Board's gross revenue budget. Revenues received consist of $196.0M from legislative grants, $44.6M from municipal taxes, $4.6M from other provincial grants (EPOs), $8.3M of Deferred Capital Contributions and $2.8M from other revenue sources such as tuition revenue, rental revenue, fees, recovery of expenses, etc.

### PROVINCIAL GENERAL LEGISLATIVE GRANTS

The average daily enrolment (ADE) of total day school pupils of the board under 21 years of age (excluding Visa students) increased by 21.81 FTE relative to Revised Estimates, while the ADE of adult day school pupils over 21 years of age (excluding Visa students) decreased by 11.54 FTE. The net effect of the change in enrolment is a decrease in pupil-based general legislative operating grant revenue of approximately $284K at year-end.

Debt Servicing Grants increased by $407K relative to budget. $375K of this is due to increased Deferred Capital Contributions received to offset increased amortization expense described above, and the remaining $32K increase is additional funding for interest costs associated with debentures issued during the year.

### EPOs (EDUCATION PROGRAM – OTHER)

The Full-Day Kindergarten (FDK) Program is being funded by the Province outside of the regular Grants for Student Needs (GSN) through an EPO grant. At the time of Revised Budget development, the Board budgeted $2.2M in EPO operating funding in 2011-12 for this program. This included funding for incremental teacher costs, funding for special education costs, and funding for School Operations and other staff support and material costs.

While the Ministry of Education had also committed to provide FDK funding to recognize teacher and Early Childhood Educator qualification and experience as per the compensation grids, this amount was not known when the Revised Budget was being developed and was therefore excluded from the revenue budget. The Ministry of Education has subsequently announced these amounts along with a Transition Grant to help manage local FDK needs and implementation costs. These incremental FDK allocations total $638K for WECDSB.

### OTHER NON-GRANT REVENUE

Also included in other revenue is $316K for a Utility gas rebate, $170K of additional salary recovery revenue mainly attributable to a principal on secondment that was not accounted for in the budget and $107K of other miscellaneous revenue items not budgeted.

Therefore, considering the factors above, total revenues exceed budget by $1.354M [i.e. ($284K) + $407K + $638K + $316K + $170K + $107K].

**FINANCIAL IMPACT:**
The 2011-12 budget projected an in-year operating surplus of $2.48M at 2011-12 year-end which was necessary to eliminate the Board's accumulated deficit from the prior year and comply with the balanced budget provisions of the Education Act. As noted above, the Board ended the 2011-12 fiscal year with an in-year surplus of approximately $191K, which is $2.29M less than budget. Revenues were $1.3M higher than originally planned primarily resulting from additional Full-Day Kindergarten EPO funding in addition to unplanned utility rebates. Expenses exceeded budget by $3.6M largely due to higher than planned classroom absences during the year, increased school operations and maintenance costs and higher actual classroom teacher salaries compared to what was used in budget development. Once the prior year accumulated deficit is factored in, the accumulated deficit at 2011-12 year-end is $2.29M.

**TIMELINES:**
N/A.

**APPENDICES:**
- Appendix A: Dashboard Summary.
- Appendix B: Detailed Expenditures.
- Appendix C: Detailed Revenues.

**REPORT REVIEWED BY:**

| | | | |
|---|---|---|---|
| ☒ | EXECUTIVE COUNCIL: | Review Date: | December 3, 2012 |
| ☒ | EXECUTIVE SUPERINTENDENT: | Approval Date: | December 3, 2012 |
| ☒ | DIRECTOR OF EDUCATION: | Approval Date: | December 3, 2012 |

## APPENDIX A - SUMMARY DASHBOARD

**Windsor-Essex Catholic District School Board**
**2011-12 Final Financial Report**
**For the Period Ending August 31, 2012**

### Summary of Financial Results

| ($Thousands) | Budget | Actual | In-Year Change $ | In-Year Change % |
|---|---|---|---|---|
| **Revenue** | | | | |
| Operating | 230,588 | 230,305 | (284) | -0.1% |
| Capital | 18,197 | 18,603 | 407 | 2.2% |
| Other | 6,207 | 7,438 | 1,231 | 19.8% |
| **Total Revenue** | 254,992 | 256,346 | 1,354 | 0.5% |
| **Expenses** | | | | |
| Instruction | 194,432 | 197,063 | 2,631 | 1.4% |
| Other Operating | 15,772 | 16,246 | 473 | 3.0% |
| Pupil Accommodation & Other | 42,362 | 42,847 | 485 | 1.1% |
| **Total Expenses** | 252,566 | 256,156 | 3,590 | 1.4% |
| **In-Year Surplus/(Deficit)** | **2,426** | **191** | **(2,235)** | - |
| Prior Year Accumulated Surplus/(Deficit) | (2,426) | (2,480) | (54) | 2.2% |
| **Accumulated Surplus/(Deficit)** | **0** | **(2,289)** | **(2,289)** | |

*Note: Actual based on year end Ministry submitted compliance report.*

**Changes in Revenue**

- Revenue increased for the additional $638K of Full Day Kindergarten funding received through an EPO.
- Additional revenue from Utility rebate of $316K received at year end .
- Deferred Capital Contribution (DCC) revenue $375K higher than anticipated due to higher amortization costs.

**Change in Expenses**

- The majority of the increase in expenditures is due to higher than planned absences throughout the year ($1.3M) combined with an increase in school operations and maintenance expenditures of $604K. Also, amortization expense was $369K higher than budget and actual teacher salaries exceeded the average used in the budget.

**Change in Surplus/Deficit**

- The board realized a small in-year surplus of $191K in 2011-12. This reduced the accumulated deficit from $2.480M to $2.289M.

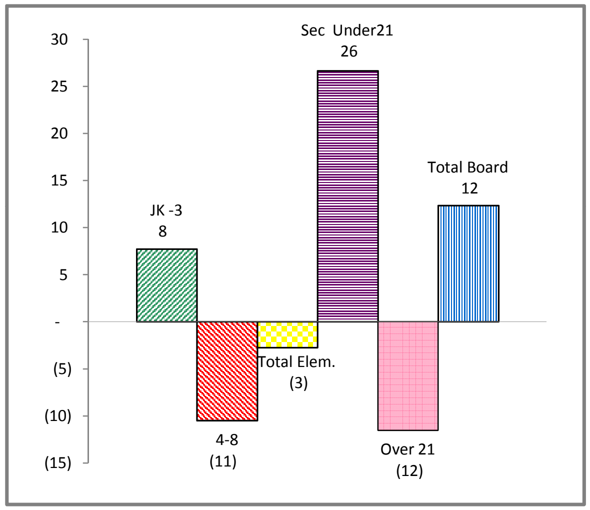
*** Note: Values have been rounded.

### Summary of Enrolment

| ADE | Budget | Actual | In-Year Change # | In-Year Change % |
|---|---|---|---|---|
| **Elementary** | | | | |
| JK -3 | 5,707 | 5,715 | 8 | *0.1%* |
| 4-8 | 8,219 | 8,209 | (11) | *-0.1%* |
| **Total Elementary** | **13,926** | **13,923** | **(3)** | ***0.0%*** |
| **Secondary < 21** | | | | |
| Grade 9 to 12 | 8,236 | 8,263 | 27 | *0.3%* |
| **Secondary < 21** | **8,236** | **8,263** | 27 | *0.3%* |
| **Secondary > 21** | 295 | 284 | (12) | *-3.9%* |
| **Total** | **22,458** | **22,470** | **12** | ***0.1%*** |

*Note: Forecast based on actual October 31, 2011 and March 31, 2012 count date*

**Changes in Enrolment: Budget v. Actual**




**Highlights of Changes in Enrolment:**

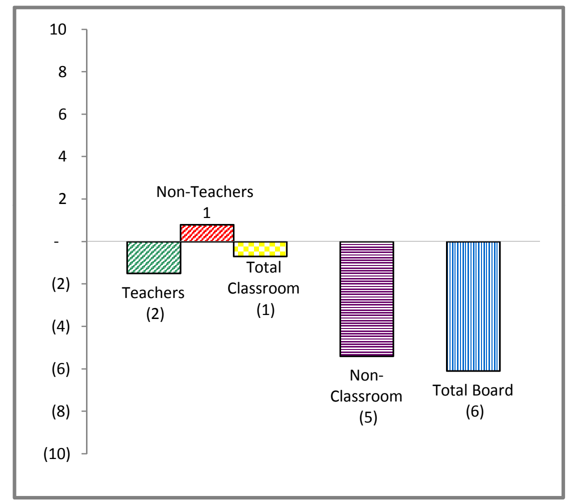
- Elementary ADE decreased by 3.0 FTE
- Secondary ADE < 21 years increased by 27.0 FTE mainly resultant from an increase in enrolment at St. Michael's Victoria.
- Secondary ADE > 21 years (adult pupils) decreased by 12.0 FTE.
- Pupil numbers include FDK students funded through the EPO.
- Included in Elementary total above are 7.5 FTE Visa students (budget = 7.0 FTE).
- Included in Secondary total above are 17.6 FTE Visa students

### Summary of Staffing

| FTE | Budget | Actual | In-Year Change # | In-Year Change % |
|---|---|---|---|---|
| **Classroom** | | | | |
| Teachers | 1,400 | 1,399 | (2) | *-0.1%* |
| Non-Teachers | 593 | 594 | 1 | *0.1%* |
| **Total Classroom** | **1,993** | **1,992** | **(1)** | ***0.0%*** |
| **Non-Classroom** | **283** | **278** | **(5)** | ***-1.9%*** |
| **Total** | **2,276** | **2,270** | **(6)** | ***-0.3%*** |

*Note: Actual as of count date of August 31, 2012*

**Changes in Staffing: Budget v. Actual**




**Highlights of Changes in Staffing:**

- No significant variance in Teachers
- No significant variance in Non-Teachers
- Non-classroom decrease due to decrease in Custodial staff

## APPENDIX B - DETAILED EXPENDITURES

**Windsor-Essex Catholic District School Board**
**2011-12 Final Financial Report**
**For the Period Ending August 31, 2012**
**($ thousands)**

| | Budget Assessment | | | |
|---|---|---|---|---|
| | a | b | c = b - a | d = c/a |
| | Current Year: 2011-12 | | | |
| | | | Change | |
| | Budget Revised Estimates (Dec 2011) | Actual Aug 31, 2012 | $ Increase (Decrease) | % Increase (Decrease) |
| **EXPENSES** | | | | |
| **Instruction** | | | | |
| Teachers | 138,038 | 139,037 | 999 | 0.7% |
| Supply Teachers | 3,855 | 5,145 | 1,290 | 33.5% |
| Educational Assistants / ECEs | 17,407 | 17,160 | (246) | (1.4%) |
| Classroom Computers | 1,053 | 823 | (230) | (21.9%) |
| Textbooks and Supplies | 5,008 | 4,297 | (711) | (14.2%) |
| Professionals and Paraprofessionals | 5,804 | 5,513 | (291) | (5.0%) |
| Library and Guidance | 3,391 | 3,206 | (185) | (5.5%) |
| Staff Development | 380 | 1,282 | 902 | 237.3% |
| Department Heads | 638 | 580 | (58) | (9.1%) |
| Principal and Vice-Principals | 9,630 | 10,334 | 704 | 7.3% |
| School Office | 5,816 | 6,140 | 324 | 5.6% |
| Co-ordinators and Consultants | 3,060 | 3,119 | 59 | 1.9% |
| Continuing Education | 299 | 368 | 68 | 22.8% |
| Amortization and Write-downs | 53 | 60 | 7 | 12.8% |
| **Total Instruction** | **194,432** | **197,063** | **2,631** | **1.4%** |
| **Administration** | | | | |
| Trustees | 151 | 149 | (2) | (1.3%) |
| Director/Supervisory Officers | 1,702 | 1,756 | 53 | 3.1% |
| Board Administration | 6,674 | 6,933 | 258 | 3.9% |
| Amortization and Write-downs | 13 | 12 | (1) | (8.1%) |
| **Total Administration** | **8,541** | **8,849** | **309** | **3.6%** |
| **Transportation** | **7,232** | **7,396** | **165** | **2.3%** |
| **Pupil Accommodation** | | | | |
| School Operations & Maintenance | 21,875 | 22,479 | 604 | 2.8% |
| School Renewal | 1,495 | 1,102 | (393) | (26.3%) |
| Other Pupil Accommodation | 8,744 | 8,722 | (22) | (0.3%) |
| Amortization and Write-downs | 8,561 | 8,931 | 369 | 4.3% |
| **Total Pupil Accommodation** | **40,675** | **41,234** | **558** | **1.4%** |
| **Other** | **1,687** | **1,614** | (73) | **(4.3%)** |
| **TOTAL EXPENSES** | **252,566** | **256,156** | **3,590** | **1.4%** |

## APPENDIX C - DETAILED REVENUES

**Windsor-Essex Catholic District School Board**
**2011-12 Final Financial Report**
**For the Period Ending August 31, 2012**
**($ thousands)**

| | Budget Assessment | | | |
|---|---|---|---|---|
| | a | | c = b - a | d = c/a |
| | Current Year: 2011-12 | | | |
| | | | Change | |
| | Budget Revised Estimates (Dec 2011) | Actual Aug 31, 2012 | $ Increase (Decrease) | % Increase (Decrease) |
| **REVENUES** | | | | |
| **Operating Grants** | | | | |
| Pupil Foundation | 114,978 | 115,112 | 134 | 0.1% |
| School Foundation | 15,657 | 15,662 | 5 | 0.0% |
| Special Education | 27,941 | 27,509 | (432) | -1.5% |
| French as a Second Language | 2,805 | 2,798 | (7) | -0.3% |
| English as a Second Language | 2,081 | 2,007 | (74) | -3.5% |
| Learning Opportunities | 4,324 | 4,330 | 6 | 0.1% |
| Continuing Education | 429 | 509 | 80 | 18.7% |
| Adult Education | 952 | 915 | (37) | -3.9% |
| Teacher Q&E | 20,433 | 20,544 | 111 | 0.5% |
| Transportation | 8,081 | 8,276 | 195 | 2.4% |
| Admin and Governance | 6,216 | 6,221 | 5 | 0.1% |
| School Operations | 20,679 | 20,567 | (112) | -0.5% |
| Program Enhancement | 483 | 483 | - | 0.0% |
| First Nation, Métis and Inuit | 181 | 218 | 37 | 20.7% |
| Safe Schools Supplement | 650 | 651 | 0 | 0.1% |
| Community Use of Schools Grant | 301 | 301 | - | 0.0% |
| New Teacher Induction Program | 89 | 103 | 13 | 14.6% |
| Declining Enrolment | 2,053 | 1,992 | (62) | -3.0% |
| Temporary Accommodation | 218 | 245 | 27 | 12.2% |
| Green School Pilot | - | - | - | 0.0% |
| School Renewal - Operating Portion | 2,125 | 1,952 | (173) | -8.1% |
| Omers Contribution Supplement | - | - | - | 0.0% |
| Restraint Savings | (89) | (89) | - | 0.0% |
| **Total Operating Grants** | **230,588** | **230,305** | **(284)** | **-0.1%** |
| **Debt Servicing Grants** | | | | |
| Permanent Financing of NPF | 1,613 | 1,613 | - | 0.0% |
| Amortization of DCC | 7,906 | 8,281 | 375 | 4.7% |
| Capital Debt Support Payment - Interest | 8,678 | 8,710 | 32 | 0.4% |
| Short Term Interest | - | | - | 0.0% |
| **Total Debt Servicing Grants** | **18,197** | **18,603** | **407** | **2.2%** |
| **Total Legislative Grants** | **248,785** | **248,908** | **123** | **0.0%** |
| **Other (EPOs & Non-Grant Revenue)** | **6,207** | **7,438** | **1,231** | **19.8%** |
| **TOTAL REVENUE** | **254,992** | **256,346** | **1,354** | **0.5%** |