

Consolidated Financial Statements of

**THE UPPER CANADA DISTRICT  
SCHOOL BOARD**

Year ended August 31, 2007

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2007

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Management's Responsibility for the Financial Statements

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## **MANAGEMENT REPORT**

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

The accompanying financial statements of The Upper Canada District School Board are the responsibility of Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

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Director of Education

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Chief Financial Officer

November 6, 2007



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## AUDITORS' REPORT

To the Trustees of  
The Upper Canada District School Board

We have audited the consolidated statement of financial position of The Upper Canada District School Board as at August 31, 2007 and the consolidated statement of financial activities and consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, net revenue, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of The Upper Canada District School Board as at August 31, 2007 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

November 6, 2007

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

August 31, 2007, with comparative figures for 2006

	2007	2006 (note 2)
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 10,911,869	\$ 6,860,422
Accounts receivable:		
Municipalities	7,035,366	4,898,310
Other	3,033,392	3,566,057
Investments (note 4)	1,519,098	1,434,311
<b>Total financial assets</b>	<b>22,499,725</b>	<b>16,759,100</b>
<b>Financial liabilities:</b>		
Temporary borrowing (note 3)	12,650,000	6,300,000
Accounts payable and accrued liabilities	21,575,275	19,122,400
Net long-term liabilities (note 7)	64,743,110	61,217,412
Deferred revenue:		
Reserves (note 5)	297,245	-
Other	2,014,934	1,066,715
Employee benefits payable (note 6(g))	42,929,189	39,699,427
<b>Total financial liabilities</b>	<b>144,209,753</b>	<b>127,405,954</b>
<b>Net liabilities</b>	<b>\$ (121,710,028)</b>	<b>\$(110,646,854)</b>
<b>Financial position:</b>		
Operating Fund	\$ (8,215,731)	\$ (9,917,415)
Capital Fund	(12,972,937)	(5,125,913)
Reserves and reserve funds (schedule)	5,617,798	3,705,324
School Activities Fund	2,683,293	2,627,488
<b>Total Fund balance</b>	<b>(12,887,577)</b>	<b>(8,710,516)</b>
<b>Amounts to be recovered in future years (note 8):</b>		
Net long-term liabilities (note 7)	(64,743,110)	(61,217,412)
Employee benefit obligations (note 6(g))	(44,079,341)	(40,718,926)
	(108,822,451)	(101,936,338)
<b>Commitments and contingent liabilities (notes 11 and 12)</b>		
<b>Net financial position</b>	<b>\$ (121,710,028)</b>	<b>\$(110,646,854)</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_ Director of Education

\_\_\_\_\_ Chair of the Board

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Activities

Year ended August 31, 2007, with comparative figures for 2006

	2007	2006 (note 2)
<b>Revenue:</b>		
Local taxation	\$ 70,537,261	\$ 65,384,198
Provincial grants:		
Student focused funding	225,193,263	220,465,459
Other	4,629,099	6,904,603
Federal grants and fees	1,989,737	1,750,585
Other – school boards	706,567	814,493
Investment income	582,545	761,437
Other revenue	4,203,314	5,169,154
School – generated funds	9,542,867	9,392,238
Centre for Education and Training	1,148,572	837,242
	<b>318,533,225</b>	<b>311,479,409</b>
<b>Expenditure (note 10):</b>		
Instruction	231,373,900	232,775,524
Administration	8,821,034	9,254,865
Transportation	24,065,246	25,874,418
School operations and maintenance	29,643,067	29,901,009
Pupil accommodation	24,439,000	21,290,759
Other	491,766	360,700
School activities	9,487,062	9,181,841
Centre for Education and Training	1,275,324	764,247
	<b>329,596,399</b>	<b>329,403,363</b>
<b>Net expenditure</b>	<b>(11,063,174)</b>	<b>(17,923,954)</b>
<b>Financing and transfers:</b>		
Long-term financing issued	5,191,360	–
Debt principal repayments and sinking fund contributions	(1,661,634)	(1,514,765)
Change in unfunded interest accrual	–	(27,856)
Change in employee benefits payable	3,356,387	1,006,754
Change in amounts to be recovered	6,886,113	(535,867)
<b>Change in fund balances</b>	<b>(4,177,061)</b>	<b>(18,459,821)</b>
<b>Opening fund balances</b>	<b>(8,710,516)</b>	<b>9,749,305</b>
<b>Closing fund balances</b>	<b>\$ (12,887,577)</b>	<b>\$ (8,710,516)</b>

See accompanying notes to consolidated financial statements.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Consolidated Statement of Changes in Financial Position

Year ended August 31, 2007, with comparative figures for 2006

	2007	2006
Operations:		
Net expenditure	\$ (11,063,174)	\$ (17,923,954)
Cash provided by (used in):		
Decrease (increase) in accounts receivable	(1,581,068)	3,018,910
Decrease in other financial assets	(108,110)	(680,335)
Increase (decrease) in accounts payable and accrued liabilities	2,448,847	(9,424,141)
Increase (decrease) in deferred revenue - reserves	297,245	(684,541)
Increase (decrease) in deferred revenue - other	948,219	(1,689,210)
Decrease in employee benefits payable	3,229,762	1,030,635
	5,234,895	(8,428,682)
Net decrease in cash from operations	(5,828,279)	(26,352,636)
Financing:		
Long-term liabilities issued	5,191,360	-
Debt repayment	(1,661,634)	(1,514,765)
Net increase (decrease) in cash from financing	3,529,726	(1,514,765)
Decrease in cash and cash equivalents	(2,298,553)	(27,867,401)
Cash and cash equivalents, beginning of year	560,422	28,427,823
Cash and cash equivalents, end of year	\$ (1,738,131)	\$ 560,422

See accompanying notes to consolidated financial statements.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2007

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### 1. Significant accounting policies:

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

#### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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. Interdepartmental and interorganizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include the Upper Canada Leger Centre for Education and Training, which was incorporated under the Corporations Act of Ontario. The Centre was created to enhance the development, implementation and advancement of community educational and training programs which are not funded by the Ministry of Education.

#### (b) 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.

#### (c) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

#### (d) Cash and cash equivalents:

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

#### (e) Investments:

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



# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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## 1. Significant accounting policies (continued):

### (e) Investments (continued):

Investments are recorded at cost plus or minus amortization of bond discounts or premiums. Interest on the investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of sale. Amortization of bond discounts or premiums are accrued over the term of the investment.

### (f) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported. Capital assets are reported as expenditures on the Consolidated Statement of Financial Activities in the year of acquisition.

### (g) Deferred revenue:

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

### (h) Retirement and other employee future benefits:

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

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

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

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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## 1. Significant accounting principles (continued):

### (h) Retirement and other employee future benefits (continued):

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

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

### (i) Reserves and reserve funds:

Certain amounts, as approved by the Board of Trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

### (j) Government transfers:

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

### (k) Investment income:

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds are reported as revenue in the period earned.

Investment income earned on externally restricted funds such as proceeds of disposition and special education is added to the fund balance and forms part of the respective deferred revenue balances.

### (l) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements.

The Upper Canada District School Board reviews its operating and capital budgets annually. The approved operating and capital budgets for 2007 are reflected on the Schedules of Operating and Capital Fund Operations. Budget figures have not been audited and are presented for information purposes.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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## 1. Significant accounting principles (continued):

### (l) Budget figures (continued):

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

### (m) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenditures in the periods in which they become known.

Significant estimates include assumptions used in estimating the collectibility of amounts receivable to determine the allowance for doubtful accounts and in estimating provisions for accrued liabilities and employee benefits payable.

### (n) Financial instruments:

The statement of financial position value for accounts receivable, accounts payable and accrued liabilities and deferred revenue approximates fair value because of their limited term. The statement of financial position value of the long-term liabilities approximates fair value because the Board's current rate of borrowing for similar debt instruments of comparable maturity is not materially different.

## 2. Changes in accounting policies for employee benefits:

During 2007, the Board has included Workplace Safety and Insurance Board obligations with comparative figures in the financial statements restated to conform with the accounting standards adopted for the current year. Key elements of the changes to the balances reported include:

- Recording a liability on the Board's accounts for Workplace Safety and Insurance Board obligations:

The restated Consolidated Statement of Financial Activities includes the cost of providing these benefits in the period earned, in the amount of \$1,304,347 in 2006 and the restated Consolidated Statement of Financial Position includes the accrued benefit payable of \$1,287,805 (2006 - \$1,304,347).

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

### 3. Temporary borrowing:

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

Facility (1): The Board has a revolving demand loan of up to \$25,000,000 to finance operations, with no balance drawn as at August 31, 2007.

Facility (2): The Board has a revolving term loan of up to \$15,000,000 (2006 - \$10,000,000) to finance capital expenditures under the Ministry of Educations Good Places to Learn Program, with \$11,500,000 (2006 - \$4,000,000) utilized with interest at 4.93% (2006 - 4.52%) per annum plus acceptance fee of 0.13% per annum as at August 31, 2007.

Facility (3): The Board has a revolving facility by way of a series of term loans of up to \$4,000,000 (2006 - \$6,000,000) for the acquisition of capital assets with \$1,150,000 (2006 - \$2,300,000) utilized with interest at 4.89% as at August 31, 2007.

### 4. Investments:

Investments consist of marketable securities and are comprised as follows:

	2007		2006	
	Cost	Market value	Cost	Market value
Fixed income securities	\$ 1,519,098	\$ 1,519,098	\$ 1,434,311	\$ 1,434,311

### 5. Deferred revenue:

The use of certain reserve funds is restricted by the provincial government regulations and referred to as an obligatory reserve. It is a requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants that these reserve funds be reported as deferred revenue.

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

	2007	2006
Proceeds of disposition	\$ 297,245	\$ -

The proceeds of disposition deferred revenue is composed of proceeds from the sale of land, surplus schools, and administration buildings.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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## 6. Employee benefits payable:

Retirement benefits:

### (a) Ontario Teachers' Pension Plan:

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

### (b) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board that meet the OMERS/Board approval criteria are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2007, the Board contributed \$2,761,119 (2006 - \$2,590,993) 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 required to be included in the Board's financial statements.

### (c) Accrued vacation pay:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Board's benefit plans for vacation time. Vacation credits earned as of August 31, 2007 amount to \$1,150,150 (2006 - \$1,019,494) and are reported as part of the accounts payable and accrued liabilities.

### (d) Retirement gratuities and other employee future benefits:

Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements. Employees who were employed by one of the predecessor boards and continuously employed in the Board after amalgamation retain entitlement to the retirement gratuity provisions in the predecessor board's collective agreement.

The amount of the accrued benefit payable for retirement gratuities has been actuarially determined using the Projected Unit Credit Actuarial Cost Method pro-rated on services as at August 31, 2007 and is \$27,711,133 (2006 - \$25,428,797).

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 6. Employee benefits payable (continued):

### (d) Retirement gratuities and other employee future benefits (continued):

#### Retirement gratuities (continued):

For teachers, principals, and vice-principals hired by the Upper Canada District School Board since amalgamation, the amount of the gratuity depends on the salary at retirement, accumulated sick days at retirement, and years of service at retirement. The collective agreements provide for lump sum payments in cases where employees cease to be employed because of age or ill health and where the employee will be receiving a pension.

CUPE employees hired after amalgamation also have a retiring allowance provision where the Board allocates \$500 each year for five years, upon successful completion of two years of service. The benefit to the employee is dependent on the value of the allocation plus interest at the time of retirement.

#### Accumulated sick leave:

The Board provides accumulated sick leave benefits to certain groups of employees. Under the plan, employees can accumulate unused sick leave days available for use in future years. The Board provides these benefits through an unfunded defined benefit plan. The amount of the accrued benefit payable for accumulated sick leave that does not vest has, however, been actuarially determined using the Projected Unit Credit Actuarial Cost Method as at August 31, 2007 and is \$13,712,803 (2006 - \$12,966,283).

The significant assumptions adopted in estimating the Board's accrued employee future benefits payable are as follows:

	2007	2006
	%	%
Rate of return on plan assets	6.25	6.25
Wage and salary escalation	3.75	3.75 <sup>1</sup>
Discount on accrued benefit obligations	4.75	4.75
Accumulated sick leave usage rate	3.0-9.5	3.00-9.5

<sup>1</sup> Salary growth 3.75% per annum for five years; 3.5% per annum plus experience-related increases for members of the Ontario Teachers' Pension Plan.

As detailed on the Schedule of Reserves and Reserve Funds, the Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totalled \$828,788 at August 31, 2007 (2006 - \$599,405).

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 6. Employee benefits payable (continued):

### (d) Retirement gratuities and other employee future benefits (continued):

#### Post-retirement benefits:

Senior administration members may elect to continue coverage of health insurance and/or dental insurance and life insurance if they wish. The board will pay 100% of the cost for a 5 year period after retirement but no later than age 65. The amount of the accrued benefit payable for post retirement benefits has been actuarially determined using the Projected Unit Credit Actuarial Cost Method pro-rated on services as at August 31, 2007 and is \$217,448 (2006 - \$206,861).

#### Retirement gratuities and other employee future benefits:

			2007	2006
	Retirement Gratuities	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued benefit liability, September 1	\$ 25,428,797	\$ 12,966,283	\$ 38,395,080	\$ 38,668,792
Current year benefit cost	2,652,897	1,234,630	3,887,527	2,855,709
Net amortization of actuarial losses (gains)	698,585	496,981	1,195,566	328,974
Interest on accrued benefit obligation	1,635,771	911,367	2,547,138	2,122,049
Benefits paid for the period	(2,704,917)	(1,679,010)	(4,383,927)	(5,580,444)
Accrued benefit liability, August 31	\$ 27,711,133	\$ 13,930,251	\$ 41,641,384	\$ 38,395,080
Net employee future benefit expenses <sup>1</sup>	\$ 2,282,336	\$ 963,968	\$ 3,246,304	\$ 273,712

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described above.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 6. Employee benefits payable (continued):

### (d) Retirement gratuities and other employee future benefits (continued):

The accrued benefit liability at August 31 includes the following components:

	2007	2006
Accrued benefit obligation	\$ 53,972,514	\$ 51,928,416
Unamortized actuarial losses	(12,331,130)	(13,533,336)
	<u>\$ 41,641,384</u>	<u>\$ 38,395,080</u>

Employee benefits obligations:

Employee benefits obligations are comprised of:

	2007	2006
Retirement gratuities	\$ 34,720,608	\$ 33,136,857
Accumulated sick leave – non-vesting and other post-retirement benefits	19,251,906	18,791,559
	<u>\$ 53,972,514</u>	<u>\$ 51,928,416</u>

Other employee future benefits:

### (e) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board recognizes WSIB payments on a claim basis rather than on a premium basis and reports such claims as expenditures in the year in which the payments are made. The Board carries catastrophic risk insurance and has a reserve fund established for these liabilities which amounted to \$1,519,098 as at August 31, 2007 (2006 - \$1,474,254).

The amount of liability for WSIB that was actuarially determined as at August 31, 2007 is \$1,287,805 (2006 - \$1,304,347).

### (f) Long-term disability life insurance:

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



# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 6. Employee benefits payable (continued):

(g) Employee benefits payable:

Employee benefits payable are comprised of:

	2007	2006
Retirement gratuities	\$ 27,711,133	\$ 25,428,797
Other employee future benefits	13,930,251	12,966,283
Workplace Safety and Insurance Board obligations	1,287,805	1,304,347
	42,929,189	39,699,427
Accrued vacation pay	1,150,150	1,019,499
	\$ 44,079,339	\$ 40,718,926

## 7. Net long-term liabilities:

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

	2007	2006
Debentures	\$ 63,618,544	\$ 60,088,815
Interest accrual	1,124,566	1,128,597
	\$ 64,743,110	\$ 61,217,412

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 7. Net long-term liabilities (continued):

The debentures totalling \$63,618,544 (2006 - \$60,088,815) consist of the following:

	2007	2006
Series 2004-A1 amortizing debenture payable, bearing interest at 5.483% blended principal and interest payments of \$1,005,845 payable semi-annually starting May 26, 2005, principal payable November 26, 2029	\$ 25,825,909	\$ 26,397,933
Series 2003-A1 10 year sinking fund debenture payable, bearing interest at 5.30% payable semi-annually starting May 4, 2004, sinking fund annual contributions of \$149,302 starting November 7, 2004, principal payable November 7, 2013	10,436,325	10,604,175
Series 2003-A2 amortizing debenture payable, bearing interest at 5.80%, blended principal and interest payments of \$537,077 payable semi-annually starting May 7, 2004, principal payable November 7, 2028	13,102,665	13,403,707
No. GFR96 – 001 Global instalment debenture, bearing interest ranging from 3.625% to 7.75% for 1997 to 2016, payable December 5 and June 5, principal payments December 5 every year in variable instalments based on debenture agreement dated December 5, 1996	1,980,000	2,112,000
No. FRG1998 – 001 Global instalment debenture, bearing interest ranging from 5.4% to 6.95% for 1999 to 2018, payable March 13 and September 13, principal payments March 13 every year in variable instalments based on debenture agreement dated March 13, 1998	7,139,000	7,571,000
Amortizing debenture payable, bearing interest at 4.56% payable semi-annually starting May 15, 2007, principal payable November 15, 2031	5,134,645	–
	<b>\$ 63,618,544</b>	<b>\$ 60,088,815</b>

These debentures are secured by sinking fund assets of \$478,535 (2006 - \$310,685).

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

## 7. Net long-term liabilities (continued):

Principal and interest payments relating to the Board's debentures outstanding as at August 31, 2007 are due as follows:

	Principal and sinking fund contributions	Interest	Total
2007-2008	\$ 1,640,914	\$ 3,603,289	\$ 5,244,203
2008-2009	1,738,643	3,505,393	5,244,036
2009-2010	1,842,591	3,401,005	5,243,596
2010-2011	1,952,937	3,289,433	5,242,370
Thereafter	56,921,994	26,643,093	83,565,089
	64,097,079	40,442,213	104,539,294
Less: equity in sinking fund	(478,535)	-	(478,535)
	\$ 63,618,544	\$ 40,442,213	\$ 104,060,759

## 8. Amounts to be recovered in future years:

The amounts to be recovered in future years, reported on the Consolidated Statement of Financial Position, are comprised of:

	2007	2006
Capital outlay to be recovered in future years:		
Net long-term debt (note 6)	\$ (63,618,544)	\$ (60,088,815)
Interest accrual	(1,124,566)	(1,128,597)
Amounts to be financed in future years:		
Retirement and other employee future benefits liability (note 6)	(42,929,189)	(39,699,427)
Accrued vacation pay	(1,150,152)	(1,019,499)
	\$ (108,822,451)	\$ (101,936,338)

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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

The expenditure for debt principal repayments and interest payments on long-term liabilities as recorded in pupil accommodation is:

	2007	2006
Principal payments on long-term liabilities (includes sinking fund contributions)	\$ 1,643,085	\$ 1,514,765
Interest payments on long-term liabilities	2,909,627	3,594,813
	<b>\$ 4,552,712</b>	<b>\$ 5,109,578</b>

## 10. Expenditures by object:

The following is a summary of the operating and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	2007 Actual	2006 Actual
Operating fund expenditures by object:		
Salary and wages	\$ 202,121,329	\$ 202,491,111
Employee benefits	33,110,432	29,868,643
Staff development	1,267,039	1,433,984
Supplies and services	22,372,681	23,920,135
Replacement furniture and equipment	1,343,024	3,801,046
Interest	3,764,315	3,576,201
Rental expenditures	1,108,284	975,558
Fees and contract services	29,640,313	31,990,378
Other	805,971	573,201
Capital expenditures	23,300,625	20,827,018
School activities	9,487,062	9,181,841
Centre for Education and Training	1,275,324	764,247
	<b>\$ 329,596,399</b>	<b>\$ 329,403,363</b>

## 11. Ontario School Board Insurance Exchange (OSBIE):

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2007

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## 12. Commitments and contingent liabilities:

### (a) Litigation:

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

### (b) Education Improvement Commission:

On December 22, 1998, the Education Improvement Commission issued its order for the division of assets and liabilities. In regard to this order, the Board is required to convey \$250,000 annually until January 1, 2008 to Le Conseil scolaire des écoles publiques de l'est de l'Ontario.

### (c) Construction:

The Upper Canada District School Board has entered into contract commitments related to the construction of Russell High School for a total estimated contract price of \$8,800,000 with expenditures of \$1,181,793, incurred as of August 31, 2007 (2006 - \$678,727).

## 13. Comparative figures:

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2007.

## 14. Trust funds:

Trust funds administered by the Board amounting to \$2,530,795 (2006 - \$2,517,928) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Schedule of Operating Fund

Year ended August 31, 2007, with comparative figures for 2006

	2006-2007 Budget (unaudited)	2006-2007 Actual	2005-2006 Actual (note 2)
<b>Revenues:</b>			
Local taxation	\$ 66,389,466	\$ 70,537,261	\$ 65,384,198
Provincial legislative grants	228,723,882	225,193,263	220,465,459
Provincial grants – other	826,000	4,629,099	6,904,603
Federal grants and fees	1,722,261	1,989,737	1,750,585
Other revenues – school boards	844,655	706,567	814,493
Other fees and revenues	267,519	4,105,584	3,799,244
Investment income	20,579	499,725	738,238
Centre for Education and Training	–	1,148,572	837,242
	298,794,362	308,809,808	300,694,062
<b>Expenditures:</b>			
Instruction	221,008,040	229,010,735	229,806,608
Administration	8,783,930	8,626,782	9,196,465
Transportation	25,754,428	24,065,246	25,872,859
School operations and maintenance	29,360,960	29,548,226	29,817,424
Pupil accommodation	3,891,761	3,790,633	3,576,201
Other	–	491,766	360,700
Centre for Education and Training	–	1,275,324	764,247
	288,799,119	296,808,712	299,394,504
<b>Net revenues</b>	<b>9,995,243</b>	<b>12,001,096</b>	<b>1,299,558</b>
Increase (decrease) in unfunded interest accrual included in net long-term liabilities	–	–	(27,856)
Increase (decrease) in unfunded expense for employee benefit obligations	(29,060)	3,356,387	1,006,754
Debt principal repayments	(1,606,950)	(1,661,634)	(1,514,765)
Change in amounts to be recovered	(1,636,010)	1,694,753	(535,867)
<b>Net transfers from (to) other funds:</b>			
Capital fund	(7,654,637)	(10,164,511)	(12,480,538)
Reserve funds	–	(1,829,654)	7,854,363
Net transfers from (to) other funds	(7,654,637)	(11,994,165)	(4,626,175)
<b>Change in operating fund balance</b>	<b>704,596</b>	<b>1,701,684</b>	<b>(3,862,484)</b>
<b>Opening balance – operating fund</b>	<b>(10,958,331)</b>	<b>(9,917,415)</b>	<b>(6,054,931)</b>
<b>Closing balance – operating fund</b>	<b>\$ (10,253,735)</b>	<b>\$ (8,215,731)</b>	<b>\$ (9,917,415)</b>

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Schedule of Capital Fund

Year ended August 31, 2007, with comparative figures for 2006

	2006-2007 Budget (unaudited)	2006-2007 Actual	2005-2006 Actual
Revenue:			
Other	\$ -	\$ 97,730	\$ 1,369,910
Expenditures:			
Instruction	976,254	2,363,165	2,968,916
Administration	20,300	194,252	58,400
Transportation	-	-	1,559
School operations and maintenance	14,824,664	94,841	83,585
Pupil accommodation	-	20,648,367	17,714,558
	15,821,218	23,300,625	20,827,018
Net expenditures	15,821,218	(23,202,895)	(19,457,108)
Long-term financing	-	5,191,360	-
Change in amounts to be recovered	-	5,191,360	-
Net transfers from other funds:			
Operating fund	7,654,637	10,164,511	12,480,538
Reserve funds	-	-	359,671
Net transfers from other funds	7,654,637	10,164,511	12,840,209
Change in capital fund balance	(8,166,581)	(7,847,024)	(6,616,899)
Opening balance – capital fund	99,272	(5,125,913)	1,490,986
Closing balance – capital fund	\$ (8,067,309)	\$ (12,972,937)	\$ (5,125,913)

# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Schedule of Reserves and Reserve Funds

Year ended August 31, 2007

	Classroom reserve	Pupil accommodation	Working funds	Retirement gratuities	Workplace safety insurance	Other capital	Total
Opening balance	\$ 1,534,346	\$ 3,372	\$ -	\$ 599,405	\$ 1,474,254	\$ 93,947	\$ 3,705,324
Transfer to reserves	1,552,825	-	1,619,125	226,499	-	-	3,398,449
Transfer from reserves	(1,534,346)	(3,372)	-	(31,077)	-	-	(1,568,795)
Interest on reserves	-	-	-	33,961	44,844	4,015	82,820
Ending balance	\$ 1,552,825	\$ -	\$ 1,619,125	\$ 828,788	\$ 1,519,098	\$ 97,962	\$ 5,617,798



# THE UPPER CANADA DISTRICT SCHOOL BOARD

## Consolidated Schedule of School Activities Fund

Year ended August 31, 2007, with comparative figures for 2006

	2006-2007 Actual	2005-2006 Actual
Revenues	\$ 9,542,867	\$ 9,392,238
Expenditures:		
School funded activities	9,487,062	9,181,841
Change in school activities fund	55,805	210,397
Opening balance – school activities fund	2,627,488	2,417,091
Closing balance – school activities fund	\$ 2,683,293	\$ 2,627,488