

Financial Statements of

**WATERLOO CATHOLIC  
DISTRICT SCHOOL BOARD**

Year ended August 31, 2006



## **MANAGEMENT REPORT**


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

The accompanying financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's 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. The preparation of consolidated financial statements necessarily involves the use of estimates based on Management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



**Director of Education**



**Chief Financial Officer**

November 13, 2006



**KPMG LLP**  
**Chartered Accountants**  
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## AUDITORS' REPORT

To the Board of Trustees of Waterloo Catholic District School Board

We have audited the statement of financial position of Waterloo Catholic District School Board (the "Board") as at August 31, 2006 and the statements of financial activities and 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.

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 our opinion these financial statements present fairly, in all material respects, the financial position of Waterloo Catholic District School Board as at August 31, 2006 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

Waterloo, Canada  
November 13, 2006

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Financial Position


August 31, 2006, with comparative figures for 2005

	2006	2005
<b>Financial assets</b>		
Cash and short-term investments	\$ 3,120,454	\$ 16,157,582
Accounts receivable (note 2)	8,076,326	8,357,652
<b>Total financial assets</b>	<b>11,196,780</b>	<b>24,515,234</b>
<b>Financial liabilities</b>		
Bank indebtedness (note 3)	1,425,888	-
Accounts payable and accrued liabilities	13,151,435	11,788,639
Accounts payable - Government of Ontario	1,254,517	-
Deferred revenue – reserves (note 4)	12,027,533	11,902,469
Deferred revenue – other	1,338,880	1,478,313
Retirement and other employee future benefits payable (note 5)	13,951,639	13,179,841
Net debt (note 6)	99,071,751	101,450,428
<b>Total financial liabilities</b>	<b>142,221,643</b>	<b>139,799,690</b>
<b>Net financial liabilities</b>	<b>(131,024,863)</b>	<b>(115,284,456)</b>
<b>Non-financial assets</b>		
Prepaid expenses	330,999	124,805
<b>Total non-financial assets</b>	<b>330,999</b>	<b>124,805</b>
<b>Net liabilities</b>	<b>\$ (130,693,864)</b>	<b>\$ (115,159,651)</b>
<b>Financial position</b>		
Operating fund	\$ -	\$ -
Capital fund	(27,675,559)	(10,811,209)
Reserve fund	11,414,278	11,898,729
School Activities fund	1,317,359	1,236,191
<b>Total fund balances</b>	<b>(14,943,922)</b>	<b>2,323,711</b>
Amounts to be recovered (note 7)	115,749,942	117,483,362
<b>Net financial position</b>	<b>\$ (130,693,864)</b>	<b>\$ (115,159,651)</b>

See accompanying notes to financial statements.

On behalf of the Board:

 Chair of the Board

 Chief Executive Officer

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Financial Activities

August 31, 2006, with comparative figures for 2005

	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Local taxation	\$ 53,635,166	\$ 55,242,249	\$ 53,655,449
Provincial grants - grants for student needs	132,401,796	129,848,876	125,852,892
Provincial grants - other	683,338	3,322,041	2,562,488
Federal grants and fees	567,880	347,230	941,419
Other revenues - school boards	88,000	81,370	88,359
Other fees and revenues	5,396,125	4,251,713	5,587,688
Investment income	50,000	329,624	398,965
School fundraising	2,896,206	5,446,404	5,048,381
<b>Total revenues</b>	<b>195,718,511</b>	<b>198,869,507</b>	<b>194,135,641</b>
<b>Expenditures</b>			
Instruction	148,598,237	148,950,853	142,244,697
Administration	6,367,207	6,059,302	5,655,185
Transportation	6,690,100	6,466,061	6,286,747
School operations and maintenance	16,665,674	17,286,903	17,211,521
Pupil accommodation	22,006,989	30,083,584	21,664,745
Other	397,975	397,975	397,975
School funded activities	2,305,255	5,365,236	4,820,152
<b>Total expenditures</b>	<b>203,031,437</b>	<b>214,609,914</b>	<b>198,281,022</b>
<b>Net expenditures</b>	<b>(7,312,926)</b>	<b>(15,740,407)</b>	<b>(4,145,381)</b>
Increase (decrease) in non-financial assets	-	206,194	(30,519)
<b>Change in net liabilities</b>	<b>(7,312,926)</b>	<b>(15,534,213)</b>	<b>(4,175,900)</b>
<b>Financing transactions</b>			
Long-term financing issued	4,000,000	1,376,676	839,155
Debt repayments and sinking fund contributions	(3,484,600)	(3,755,353)	(3,406,926)
Increase in unfunded liabilities	233,680	645,257	394,970
<b>Change in amounts to be recovered</b>	<b>749,080</b>	<b>(1,733,420)</b>	<b>(2,172,801)</b>
<b>Change in fund balances</b>	<b>(6,563,846)</b>	<b>(17,267,633)</b>	<b>(6,348,701)</b>
Opening fund balances	(10,672)	2,323,711	8,672,412
<b>Closing fund balances</b>	<b>\$ (6,574,518)</b>	<b>\$ (14,943,922)</b>	<b>\$ 2,323,711</b>

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Changes in Financial Position

August 31, 2006, with comparative figures for 2005

	2006	2005
<b>Operations</b>		
<b>Net expenditures</b>	\$ (15,740,407)	\$ (4,145,381)
<b>Sources and (uses)</b>		
Decrease in accounts receivable	281,326	711,277
Increase in accounts payable and accrued liabilities	2,617,313	2,836,433
Increase in deferred revenues – reserves	125,064	1,610,678
Increase (decrease) in deferred revenues – other	(139,433)	678,710
Increase in retirement and other employee future benefits payable	771,798	224,908
<b>Increase (decrease) in cash from operations</b>	<b>(12,084,339)</b>	<b>1,916,625</b>
<b>Financing</b>		
Bank indebtedness	1,425,888	-
Debt issued	1,376,676	839,155
Debt repaid and sinking fund contributions	(3,755,353)	(3,406,926)
Decrease in cash from financing	(952,789)	(2,567,771)
<b>Change in cash and cash equivalents</b>	<b>(13,037,128)</b>	<b>(651,146)</b>
Cash and cash equivalents, beginning of year	16,157,582	16,808,728
<b>Cash and cash equivalents end of year</b>	<b>\$ 3,120,454</b>	<b>\$ 16,157,582</b>

The components of cash and cash equivalents are as follows:

	2006	2005
Cash	\$ -	\$ 3,867,712
Short-term investments	3,120,454	12,289,870
	<b>\$ 3,120,454</b>	<b>\$ 16,157,582</b>

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Operating Fund

August 31, 2006, with comparative figures for 2005

	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Local taxation	\$ 53,635,166	\$ 55,242,249	\$ 53,655,449
Provincial grants - grants for student needs	132,401,796	129,848,876	125,852,892
Provincial grants - other	683,338	3,322,041	2,562,488
Federal grants and fees	567,880	347,230	941,419
Other revenues - school boards	88,000	81,370	88,359
Other fees and revenues	3,385,125	2,143,764	2,676,110
Investment income	50,000	137,864	84,040
<b>Total revenues</b>	<b>190,811,305</b>	<b>191,123,394</b>	<b>185,860,757</b>
<b>Expenditures</b>			
Instruction	148,049,195	146,939,636	140,806,280
Administration	6,334,334	6,030,876	5,629,488
Transportation	6,690,100	6,466,061	6,286,747
School operations and maintenance	16,665,674	17,214,345	17,159,861
Pupil accommodation	10,831,436	9,027,241	10,755,214
Other	397,975	397,975	397,975
<b>Total expenditures</b>	<b>188,968,714</b>	<b>186,076,134</b>	<b>181,035,565</b>
<b>Net revenues</b>	<b>1,842,591</b>	<b>5,047,260</b>	<b>4,825,192</b>
Increase (decrease) in non-financial assets	-	206,194	(30,519)
Debt principal repayments	(3,484,600)	(3,755,353)	(3,406,926)
Increase in unfunded liabilities	233,680	645,257	394,970
Change in amounts to be recovered	(3,250,920)	(3,110,096)	(3,011,956)
<b>Net transfers from (to) other funds</b>			
Transfers from Reserve Fund	862,294	2,420,241	1,285,896
Transfers (to) from Capital Fund	546,035	(4,563,599)	(3,068,613)
<b>Net transfers from (to) other funds</b>	<b>1,408,329</b>	<b>(2,143,358)</b>	<b>(1,782,717)</b>
<b>Change in Operating Fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
Opening balance - Operating Fund	-	-	-
<b>Closing balance - Operating Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Capital Fund

August 31, 2006, with comparative figures for 2005

	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Educational development charges	\$ -	\$ 363,920	\$ 473,123
Other revenues	2,011,000	1,744,029	2,438,455
<b>Total revenues</b>	2,011,000	2,107,949	2,911,578
<b>Expenditures</b>			
Instruction	549,042	2,011,215	1,438,417
Administration	32,873	28,426	25,697
School operations and maintenance	-	72,558	51,660
Pupil accommodation	11,175,553	21,056,345	10,909,531
<b>Total expenditures</b>	11,757,468	23,168,544	12,425,305
<b>Net expenditures</b>	(9,746,468)	(21,060,595)	(9,513,727)
Debt issued	4,000,000	1,376,676	839,155
<b>Net transfers from (to) other funds</b>			
Transfers from (to) Operating Fund	(546,035)	4,563,599	3,068,613
Transfers to (from) Reserve Fund	7,045,028	(1,744,030)	-
<b>Net transfers from other funds</b>	6,498,993	2,819,569	3,068,613
<b>Change in Capital Fund balance</b>	752,525	(16,864,350)	(5,605,959)
Opening balance - Capital Fund	(10,749,113)	(10,811,209)	(5,205,250)
<b>Closing balance - Capital Fund</b>	\$ (9,996,588)	\$ (27,675,559)	\$ (10,811,209)

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of Reserve Fund

August 31, 2006, with comparative figures for 2005

	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
Investment income	\$ -	\$ 191,760	\$ 314,925
<b>Net transfers from (to) other funds</b>			
Transfers to Operating Fund	(862,294)	(2,420,241)	(1,285,896)
Transfers from (to) Capital Fund	(7,045,028)	1,744,030	-
<b>Net transfers to other funds</b>	<b>(7,907,322)</b>	<b>(676,211)</b>	<b>(1,285,896)</b>
<b>Change in Reserve Fund balance</b>	<b>(7,907,322)</b>	<b>(484,451)</b>	<b>(970,971)</b>
Opening balance - Reserve Fund	9,969,318	11,898,729	12,869,700
<b>Closing balance - Reserve Fund</b>	<b>\$ 2,061,996</b>	<b>\$ 11,414,278</b>	<b>\$ 11,898,729</b>

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Statement of School Activities Fund

August 31, 2006, with comparative figures for 2005

	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
School fundraising and other revenues	\$ 2,896,206	\$ 5,446,404	\$ 5,048,381
<b>Expenditures</b>			
School funded activities	2,305,255	5,365,236	4,820,152
<b>Change in School Activities Fund balance</b>	590,951	81,168	228,229
Opening balance - School Activities Fund	769,123	1,236,191	1,007,962
<b>Closing balance - School Activities Fund</b>	\$ 1,360,074	\$ 1,317,359	\$ 1,236,191

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Financial Statements

Year ended August 31, 2006

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With the gift of the Catholic faith, the mission of the Waterloo Catholic District School Board (the "Board") is: Learning, growing, and transforming the world together as faithful disciples of the Risen Lord.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants (PSAB). The financial statements are the representation of management.

#### (a) Reporting entity:

The 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.

#### (b) Trust funds:

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

#### (c) Basis of accounting:

Revenues and expenditures are reported using 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 short-term investments:

Cash and cash equivalents consist 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 maturity term of less than 90 days. As at August 31, 2006 the Board has a Government of Canada Treasury Bill with a cost of \$1,488,020 which has a face value of \$1,545,000, due December 28, 2006. The market value of the Treasury Bill as at August 31, 2006 is \$1,524,436.

#### (e) Capital assets:

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

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## 1. Significant accounting principles (continued):

(f) Deferred revenue:

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

(g) Retirement and other employee future benefits payable:

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

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

For self-insured retirement and other employee future benefits that vest or accumulated 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 past service of employees are amortized over the expected average remaining service life of the employee group;

Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

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;

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## 1. Significant accounting principles (continued):

(g) Retirement and other employee future benefits payable (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; and
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(h) 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.

(i) Government transfer payments:

Government transfer payments, which include legislative grants, are recognized in the 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.

(j) 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 those for classroom and special education, is added to the fund balance and forms part of the respective deferred revenue balances.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the preliminary budget approved by the Board of Trustees in August of 2005. 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 the differences between the funding model and PSAB, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements. The budget figures are unaudited.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## 1. Significant accounting principles (continued):

### (l) 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 amounts 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. Significant items subject to such estimates and assumptions include valuation allowances for receivables and obligations related to employee future benefits. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

## 2. Accounts receivable:

Accounts receivable consists of the following:

	2006	2005
Government of Ontario	\$ -	\$ 309,756
Local governments	6,706,482	6,024,464
Other school boards	272,647	671,944
Other	1,097,197	1,351,488
	<u>\$ 8,076,326</u>	<u>\$ 8,357,652</u>

## 3. Bank indebtedness:

Bank indebtedness is due on demand and bears interest at the bank prime rate less 2%.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

## 4. Deferred revenue:

The use of certain reserve funds is restricted by provincial government regulations. It is a requirement of PSAB 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:

	Balance at Aug 31, 2005	Interest	Transfers to Reserve Fund	Balance at Aug 31, 2006
Classroom	\$ 2,912,952	\$ 37,255	\$ -	\$ 2,950,207
Site disposition	8,774,872	112,224	-	8,887,096
Special education	214,645	2,746	27,161	190,230
	<b>\$ 11,902,469</b>	<b>\$ 152,225</b>	<b>\$ 27,161</b>	<b>\$ 12,027,533</b>

## 5. Retirement and other employee future benefits:

	2006		2005	
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 1,691,932	\$ 12,259,707	\$ 13,951,639	\$ 13,179,841
Current year benefit cost	\$ 125,289	\$ 865,687	\$ 990,976	\$ 853,495
Plan amendment	-	390,000	390,000	-
Interest on accrued benefit obligation	97,990	621,747	719,737	691,529
Employee future benefits expenses	\$ 223,279	\$ 1,877,434	\$ 2,100,713	\$ 1,545,024

The unamortized actuarial gain of \$1,377,918 (2005-nil) is being amortized over 14 years. During the year, benefit payments of \$1,328,915 were made.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## 5. Retirement and other employee future benefits (continued):

Pension plans:

(i) Ontario Teacher's Pension Plan:

Teachers and certain other employees are eligible to be members of Ontario Teacher's Pension Plan (OTPP). 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 financial statements.

(ii) Ontario Municipal Employees Retirement System:

Most 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 rates of pay. Board contributions equal the employee contributions to the plan. During the year ended August 31, 2006, the Board contributed \$1,528,802 (2005 - \$1,396,980) 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 financial statements.

Retirement benefits:

(i) Retirement gratuities:

The retirement gratuity plan entitles employees to a cash payment upon retiring into an OMERS or OTPP pension with 15 years of service. The gratuity is the lesser of (i) \$4,000 and (ii) \$40/day up to a maximum of 50% of unused sick leave days. 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.

(ii) Post-employment insurance coverage:

The Board offers its permanent employees the opportunity to continue their life insurance, accidental death and dismemberment, dental and health care benefits upon retirement. Benefits can be continued until the retiree reaches the age of 65. 100% of the premiums are paid at the Board's group rate by the retiree. 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.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## Other Employee Future Benefits:

### (i) Workplace Safety and Insurance Board Obligation:

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 benefit costs, assets, and liabilities related to this plan are included in the Board's financial statements.

### (ii) Long-term disability benefits:

The Board provides long-term disability benefits during the period an employee is unable to work or until their normal retirement date. 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.

### (iii) Sick leave benefits:

Under the sick leave benefit plans, employees are allocated a certain number of days each year for use as paid absences due to illness or injury. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum in their employment agreements. Accumulated credits may be used in future years to the extent that the duration of the employee's illness or injury exceeds the current year's allocation of credits. Sick leave credits are paid out at the salary in effect at the time of usage. The use of accumulated sick days for sick leave compensation ceases on termination of employment. 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.

## Assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2006 are based on actuarial valuations for accounting purposes as at August 31, 2006. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2006	2005
Inflation	2%	3%
Wage escalation	3%	3%
Health and dental insurance premium escalation	4-8%	5-10%
Discount on accrued benefit obligations	5%	6%

At August 31, 2006, the Board has designated reserves totaling \$694,840 (2005 - \$644,109) for certain of these employee future benefit obligations in the Reserve Fund.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

## 6. Net debt:

Net debt reported on the Statement of Financial Position is comprised of the following:

	2006	2005
Long-term bank debt (a)	\$ -	\$ 29,078
Debenture #1 (b)	3,411,680	3,493,892
Debenture #2 (c)	35,055,915	35,852,155
Debentures #3 (d)	6,969,992	7,745,749
Debenture #4 - Sinking Fund Debenture (e)	3,872,000	3,872,000
Debenture #5 – Sinking Fund Debenture (f)	12,382,500	12,382,500
Capital lease obligation (g)	13,941,170	14,709,442
Debenture #6 (h)	22,681,554	23,438,585
Capital lease obligations (i)	1,834,423	738,708
Less: Sinking Fund Assets (book value)	(1,077,483)	(811,681)
<b>Balance as at August 31</b>	<b>\$ 99,071,751</b>	<b>\$ 101,450,428</b>

- (a) Long-term debt is unsecured, bears interest at a rate of 6.25%, matured December 1, 2005.
- (b) Debenture held by CIBC Mellon, bears interest at a rate of 7.2%, matures June 9, 2025.
- (c) Debenture held by CIBC Mellon, bears interest at a rate of 6.55%, matures October 19, 2026.
- (d) Debentures held by Royal Trust and the Regional Municipality of Waterloo, mature from 2008 to 2015, and bear interest ranging from 5.487% to 9.875%.
- (e) Sinking fund debenture held by CIBC World Markets, bears interest at a rate of 6.3%, matures September 22, 2010.
- (f) Sinking fund debenture held by CIBC World Markets, bears interest at a rate of 5.9%, matures October 19, 2011.
- (g) The Board leases a school under a 20 year lease bearing interest of 7.86%, with an option to purchase the property for \$1 at the end of the lease term. The term ends on August 1, 2017.
- (h) Debenture held by the Regional Municipality of Waterloo, bears interest at a rate of 5.487%, matures November 5, 2023.
- (i) Capital leases were issued starting fiscal 2005 for classroom computers and maintenance vehicles bearing interest ranging from 4.52% to 6%. These leases contain purchase options at the end of their term (maturing between November 2007 to July 2011).

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

## 6. Net debt (continued):

Principal payments relating to net debt of \$83,894,734 and sinking fund payments of \$1,281,092 are due as follows:

	Principal and sinking fund contributions	Interest	Total
2006/07	\$ 4,099,036	\$ 6,524,712	\$ 10,623,748
2007/08	4,357,629	6,257,761	10,615,390
2008/09	4,076,819	5,987,134	10,063,953
2009/10	4,237,759	5,717,693	9,955,452
2010/11	4,438,760	5,308,719	9,787,479
Thereafter	63,965,823	30,867,926	94,833,749
	<b>\$ 85,175,826</b>	<b>\$ 60,663,945</b>	<b>\$145,839,771</b>

Included in net debt are outstanding debentures of \$16,254,500 (2005 - \$16,254,500) secured by sinking fund assets with a carrying value of \$1,077,483 (market value - \$1,128,193). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

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

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

	2006	2005
Capital outlay to be recovered in future years:		
Net debt (note 6)	\$ 99,071,751	\$ 101,450,428
Amounts to be financed in future years:		
Retirement and other employee future benefits payable (note 5)	13,951,639	13,179,841
Vacation earned at August 31 but not yet taken	674,064	737,649
Interest accrued at August 31 but not yet due	2,052,488	2,115,444
	<b>\$ 115,749,942</b>	<b>\$ 117,483,362</b>

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

## 8. Expenditures for long-term liabilities, capital lease and operating leases and sinking fund contributions:

The principal and interest payments for long-term liabilities, capital lease, operating leases, and sinking fund contributions are as follows:

	2006	2005
Principal payments on long-term liabilities including contributions to sinking funds	\$ 2,662,655	\$ 2,563,801
Principal payments on capital leases	1,049,236	810,827
Payments on operating leases	585,125	580,099
Interest payments on long-term liabilities	5,543,838	5,700,466
Interest payments on capital leases	1,177,727	1,205,080
	<b>\$ 11,018,581</b>	<b>\$ 10,860,273</b>

## 9. Expenditures by object:

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

	2006 Budget	2006 Actual	2005 Actual
<b>Current expenditures:</b>			
Salary and wages	\$ 134,092,510	\$ 134,086,515	\$ 127,606,005
Employee benefits	17,018,508	15,656,398	15,926,729
Staff development	1,090,596	1,620,338	1,563,967
Supplies and services	11,436,586	12,910,002	11,801,371
Replacement of furniture and equipment	357,674	403,856	1,010,866
Debt charges and interest	6,926,292	6,737,089	6,906,094
Rental expenditures	2,674,053	2,432,049	2,394,576
Fees and contract services	14,857,240	11,730,372	13,326,242
Other	515,255	499,515	499,715
School funded activities	2,305,255	5,365,236	4,820,152
<b>Capital expenditures</b>	<b>11,757,468</b>	<b>23,168,544</b>	<b>12,425,305</b>
	<b>\$ 203,031,437</b>	<b>\$ 214,609,914</b>	<b>\$ 198,281,022</b>

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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

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

## 11. Contractual obligations:

At August 31, 2006, the Board is committed to the following contracts for construction:

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Blessed Kateri Catholic Elementary School	36,074
Blessed Sacrament Catholic Elementary School	36,703
Canadian Martyrs Catholic Elementary School	17,845
Christ The King Catholic Elementary School	49,609
John Sweeney Catholic Elementary School	59,000
Monsignor Doyle Catholic Secondary School	530,901
Monsignor Gleason Catholic Elementary School	107,513
Monsignor Haller Catholic Elementary School	2,696
Our Lady of Fatima Catholic Elementary School	91,987
Our Lady of Grace Catholic Elementary School	12,898
St. Aloysius Catholic Elementary School	80,696
St. Ambrose Catholic Elementary School	186,583
St. Anne (Cambridge) Catholic Elementary School	186,583
St. Anne (Kitchener) Catholic Elementary School	260,950
St. Bernadette Catholic Elementary School	260,950
St. Boniface Catholic Elementary School	82,657
St. Clement Catholic Elementary School	295,840
St. Daniel Catholic Elementary School	103,206
St. David Catholic Secondary School	1,007,137
St. John Catholic Elementary School	261,291
St. Joseph Catholic Elementary School	169,141
St. Louis Adult Learning Centre (Cambridge)	66,575
St. Louis Adult Learning Centre (St. Francis)	234,509
St. Louis Adult Learning Centre (St. Joseph)	499,373
St. Mark Catholic Elementary School	59,581
St. Matthew Catholic Elementary School	36,505
St. Michael Catholic Elementary School	50,623
St. Patrick Catholic Elementary School	56,895
St. Paul Catholic Elementary School	290,081
St. Peter Catholic Elementary School	180,701
St. Teresa (Elmira) Catholic Elementary School	122,069
St. Teresa (Kitchener) Catholic Elementary School	183,655
St. Timothy Catholic Elementary School	13,051

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\$ 5,633,878

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# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Financial Statements, continued

Year ended August 31, 2006

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## **11. Contractual obligations (continued):**

At August 31, 2006, the Board is committed to contractual operating leases for computer equipment and vehicles of \$30,639 in 2007.

## **12. Subsequent event:**

Subsequent to year end, the Board financed capital to be recovered in future years by obtaining long-term debt of \$5,487,877 with the Ontario Financing Authority. The long-term debt bears interest at 4.56% per annum, repayable in semi-annual installments of \$185,044, maturing November 17, 2031.

## **13. Contingencies:**

The Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board ("WSIB") insurance policy of \$10,000,000 per accident, per employee, aggregate for disease, with a \$1,000,000 deductible per employee, per accident. The Board brings this deductible down to \$300,000 by participating in the School Boards' Cooperative Inc.'s Assistance Program. The Board has accrued \$264,162 (2005 - \$275,603) for possible WSIB claims that are highly probable to occur based on an actuarial determined assessment and are in excess of the Board's deductible on its loss insurance policy.

The Board is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Board believes it has valid defenses. In Administration's judgment, no material exposure exists on the eventual settlement of such litigation, and accordingly, no provision has been made in the accompanying financial statements.