

Consolidated Financial Statements of

**WATERLOO CATHOLIC  
DISTRICT SCHOOL BOARD**

Year ended August 31, 2010



## MANAGEMENT REPORT

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

The accompanying consolidated 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 Canadian generally accepted accounting principles 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 consolidated financial statements. 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.

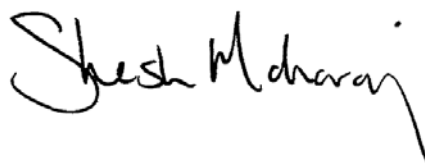
The Board meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



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Roger Lawler, Director of Education



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Shesh Maharaj, Superintendent of Corporate Services and Treasurer

October 22, 2010



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**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 consolidated financial position of Waterloo Catholic District School Board (the "Board") as at August 31, 2010 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Waterloo Catholic District School Board as at August 31, 2010 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Accountants, Licensed Public Accountants

Waterloo, Canada  
October 22, 2010

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2010, with comparative figures for 2009

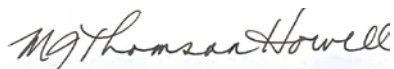
	2010	2009 Restated note 2
<b>Financial assets</b>		
Cash and short-term investments	\$ 1,821,973	\$ 4,723,802
Accounts receivable (note 3)	13,406,440	12,766,983
Accounts receivable - Government of Ontario approved capital (note 4)	105,617,363	-
<b>Total financial assets</b>	<b>120,845,776</b>	<b>17,490,785</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	10,538,505	12,911,690
Deferred revenue (note 5)	10,285,692	8,620,832
Retirement and other employee future benefits payable (note 6)	21,685,835	21,598,054
Long-term debt (note 7)	103,845,194	99,190,882
<b>Total financial liabilities</b>	<b>146,355,226</b>	<b>142,321,458</b>
<b>Net debt</b>	<b>(25,509,450)</b>	<b>(124,830,673)</b>
<b>Non-financial assets</b>		
Prepaid expenses	684,034	717,151
Tangible capital assets (note 8)	233,743,290	228,907,612
<b>Total non-financial assets</b>	<b>234,427,324</b>	<b>229,624,763</b>
Contractual obligations and contingencies (notes 12 and 14)		
<b>Accumulated Surplus (note 15)</b>	<b>\$ 208,917,874</b>	<b>\$ 104,794,090</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Roger Lawler, Director of Education



Marion Thomson Howell, Chair of the Board

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

Year ended August 31, 2010, with comparative figures for 2009

	2010 Budget Note 1 (j) and note 16	2010 Actual	2009 Actual Restated note 2
<b>Revenues</b>			
Local taxation	\$ 59,214,175	\$ 57,341,652	\$ 57,158,752
Provincial grants - grants for student needs	157,503,185	159,766,379	153,276,245
Provincial grants - Government of Ontario approved capital	-	105,617,363	-
Provincial grants - other	5,953,501	4,570,516	7,587,790
Provincial grant - Ontario Youth Apprenticeship Program	90,510	109,257	111,903
Federal grants and fees	1,503,685	1,400,978	1,621,271
Other revenues - school boards	67,000	67,786	63,591
Other fees and revenues	2,873,085	4,408,682	4,735,533
Investment income	102,028	118,923	195,422
School fundraising	5,595,428	5,369,913	5,269,825
<b>Total revenues</b>	<b>232,902,597</b>	<b>338,771,449</b>	<b>230,020,332</b>
<b>Expenses</b>			
Instruction	178,696,688	179,533,871	173,477,847
Administration	6,639,385	6,408,266	6,023,896
Transportation	6,685,947	6,285,346	6,169,716
Pupil accommodation	32,157,203	36,617,094	39,091,467
School funded activities	5,559,431	5,405,113	5,421,605
Other	397,975	397,975	397,975
<b>Total expenses</b>	<b>230,136,629</b>	<b>234,647,665</b>	<b>230,582,506</b>
<b>Annual surplus (deficit)</b>	<b>2,765,968</b>	<b>104,123,784</b>	<b>(562,174)</b>
Opening balance - accumulated surplus	101,446,042	104,794,090	105,356,264
<b>Closing balance - accumulated surplus</b>	<b>\$ 104,212,010</b>	<b>\$ 208,917,874</b>	<b>\$ 104,794,090</b>

See accompanying notes to consolidated financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009
		Restated note 2
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 104,123,784	\$ (562,174)
Sources and (uses):		
<b>Items not involving cash:</b>		
Amortization	9,571,039	9,190,022
Loss (gain) on sale of tangible capital assets	4,945	(6,300)
Increase in retirement and other employee future benefits payable	87,781	1,808,125
	9,663,765	10,991,847
<b>Changes in non-cash assets and liabilities:</b>		
Increase in accounts receivable	(106,256,820)	(2,388,464)
Increase (decrease) in accounts payable and accrued liabilities	(2,373,185)	2,560,845
Increase (decrease) in deferred revenues	1,664,860	(30,507)
Decrease (increase) in prepaid expenses	33,117	(108,271)
	(106,932,028)	33,603
<b>Cash provided by operating activities</b>	6,855,521	10,463,276
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	8,000	6,300
Cash used to acquire tangible capital assets	(14,419,662)	(10,335,781)
<b>Cash applied to capital activities</b>	(14,411,662)	(10,329,481)
<b>Financing activities</b>		
Long-term debt advanced	9,833,350	2,207,021
Debt repaid and sinking fund contributions	(5,179,038)	(4,718,829)
<b>Cash provided by financing activities</b>	4,654,312	(2,511,808)
Change in cash and short-term investments	(2,901,829)	(2,378,013)
Cash and short-term investments, beginning of year	4,723,802	7,101,815
<b>Cash and short-term investments, end of year</b>	<b>\$ 1,821,973</b>	<b>\$ 4,723,802</b>

The components of cash and short-term investments are as follows:

	2010	2009
Cash	\$ 1,319,600	\$ 4,174,402
Short-term investments	502,373	549,400
	\$ 1,821,973	\$ 4,723,802
<hr/>		
	2010	2009
Cash paid for interest	\$ 6,878,220	\$ 6,330,654
Cash received for interest	118,923	195,422

See accompanying notes to consolidated financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Changes in Net Debt

August 31, 2010, with comparative figures for 2009

	2010 Actual	2009 Actual Restated note 2
Annual surplus (deficit)	\$ 104,123,784	\$ (562,174)
<b>Tangible capital asset activity</b>		
Acquisition of tangible capital assets	(14,419,662)	(10,335,781)
Amortization of tangible capital assets	9,571,039	9,190,022
Loss (gain) on sale of tangible capital assets	4,945	(6,300)
Proceeds on sale of tangible capital assets	8,000	6,300
<b>Total tangible capital asset activity</b>	<b>(4,835,678)</b>	<b>(1,145,759)</b>
<b>Other non-financial asset activity</b>		
Acquisition of prepaid expenses	(684,034)	(717,151)
Use of prepaid expenses	717,151	608,880
<b>Total other non-financial asset activity</b>	<b>33,117</b>	<b>(108,271)</b>
Decrease (increase) in net debt	99,321,223	(1,816,204)
Net debt, beginning of year	(124,830,673)	(123,014,469)
<b>Net debt, end of year</b>	<b>\$ (25,509,450)</b>	<b>\$ (124,830,673)</b>

See accompanying notes to financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

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As disciples of Christ, the mission of the Waterloo Catholic District School Board (the Board) is to educate and to nurture hope in every learner to achieve their full potential to transform God's world.

## 1. SIGNIFICANT ACCOUNTING POLICIES:

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

### (a) 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.

Student Transportation Services of Waterloo Region (STSWR) is a transportation consortium operated through a partnership agreement between the Board and the Waterloo Region District School Board whereby certain costs are shared. As a result, the proportionate amount of STSWR's assets and liabilities have been consolidated with the Board's financial statements.

### (b) Basis of accounting:

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

### (c) Cash and short-term investments:

Cash and short-term investments 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.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 1. SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

### (d) 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.

### (e) 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 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 past service of employees are amortized over the expected average remaining service life of the employee group;

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 1. SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

### (e) Retirement and other employee future benefits payable (continued):

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;

(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

### (f) Tangible capital assets:

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

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

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

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 1. SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

(f) Tangible capital assets (continued):

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

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

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

(g) Government transfer payments:

Government transfer payments, 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.

(h) Investment income:

Investment income is reported as revenue in the period earned.

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

(i) Long-term debt:

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

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 1. SIGNIFICANT ACCOUNTING PRINCIPLES (continued):

(j) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the preliminary budget approved by the Board of Trustees in June of 2009 as is required by PSAB's recommendations for local governments. These budget figures have been restated to align with the PSAB implementation as per note 16. The Board submits a revised budget to the Ministry of Education in the fall and uses this revised budget to manage spending during the fiscal year. The revised budget has not been provided to ensure consistency and compliance with PSAB's recommendations for local government. The budget figures are unaudited.

(k) Use of estimates:

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation allowances for receivables, estimating provisions for accrued liabilities and obligations related to employee future benefits.

In addition, the Board's implementation of PSAB Handbook section PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. For the year ended August 31, 2010, these amounts and the related estimation techniques have been disclosed in note 8.

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.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 2. CHANGE IN ACCOUNTING POLICIES:

The Board has implemented PSAB sections 1200 "Financial Statement Presentation" and 3150 "Tangible Capital Assets". Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings were determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other assets classes are recorded as historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

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### Accumulated surplus at August 31, 2009:

Operating fund balance	\$ -
Capital fund balance	(18,575,591)
Reserve fund balance	13,612,686
School activities fund balance	1,351,007
Amounts to be recovered: employee future benefits and vacation accrual	(22,512,961)
Amounts to be recovered: long-term debt and interest	(97,743,914)
Accumulated deficit, as previously reported	(123,868,773)
Net book value of tangible capital assets recorded	228,907,612
Deferred revenue transferred to accumulated surplus	3,164,698
Capital lease obligation (note 8)	(3,409,447)
Accumulated surplus, as restated	\$ 104,794,090

### Annual deficit for the year ended August 31, 2009:

Change in net liabilities, as previously reported	\$ (1,863,927)
Plus: capital expenditures capitalized, previously expensed	10,335,781
Plus: capital lease principal payments, previously expensed	155,994
Less: amortization expense not previously recorded	(9,190,022)
Annual deficit, as restated	\$ (562,174)

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# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

### 3. ACCOUNTS RECEIVABLE:

Accounts receivable consists of the following:

	2010	2009
Local governments	\$ 6,933,948	\$ 6,629,773
Government of Ontario	2,667,948	2,313,927
Other school boards	262,264	212,900
Other	3,542,280	3,610,383
	<u>\$ 13,406,440</u>	<u>\$ 12,766,983</u>

### 4. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO APPROVED CAPITAL:

The Province of Ontario (The Province) has replaced variable capital funding with a one-time debt support grant. The Board will receive a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant over the remaining term of the existing capital debt instruments.

The Board has an accounts receivable balance from The Province of \$105,617,363 as at August 31, 2010 with respect to this one-time grant.

### 5. DEFERRED REVENUE:

Revenues received which 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, 2010 is comprised of:

	Balance at August 31, 2009 Restated (note 2)	Externally restricted revenue and interest	Revenue recognized	Balance at August 31, 2010
Proceeds of disposition	\$ 5,932,254	\$ 2,984	\$ -	\$ 5,935,238
Education development charges	751,707	503,699	-	1,255,406
Special education	151,268	50	19,290	132,028
Green schools pilot	-	235,709	185,191	50,518
Other	1,785,603	2,912,502	1,785,603	2,912,502
	<u>\$ 8,620,832</u>	<u>\$ 3,654,944</u>	<u>\$ 1,990,084</u>	<u>\$ 10,285,692</u>

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS:

(a) Employee future benefits liabilities:

			2010	2009
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	\$ 2,168,605	\$ 24,933,974	\$ 27,102,579	\$ 27,407,360
Unamortized actuarial losses	126,248	5,290,496	5,416,744	5,809,306
Employee future benefits liabilities	\$ 2,042,357	\$ 19,643,478	\$ 21,685,835	\$ 21,598,054

(b) Employee future benefits expenses:

Current year benefit cost	\$ 144,589	\$ 1,303,228	\$ 1,447,817	\$ 1,481,122
Amortization of actuarial loss	9,221	381,842	391,063	391,063
Plan amendment	-	-	-	726,093
Interest on accrued benefit obligation	93,215	1,029,425	1,122,640	1,112,664
Employee future benefit expenses	\$ 247,025	\$ 2,714,495	\$ 2,961,520	\$ 3,710,942

Actuarial losses are being amortized over 12.44 to 15.54 years. During the year, benefit payments of \$2,876,298 (2009 - \$1,902,817) were made.

Pension plans:

(i) Ontario Teacher's Pension Plan:

Teachers and certain other employees are eligible to be members of the Ontario Teacher's Pension Plan (OTPP). Employer contributions for these employees are provided directly by the Province. 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.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued):

Pension plans (continued):

### (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, 2010, the Board contributed \$1,944,919 (2009 - \$1,768,817) 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.

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 consolidated 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 consolidated financial statements.

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 consolidated financial statements.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued):

### (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 consolidated 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 consolidated financial statements.

### Assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2010 are based on actuarial valuations for accounting purposes as at August 31, 2008, extrapolated to August 31, 2010. The next actuarial valuation will be performed as at August 31, 2011. 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:

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	2010	2009
Inflation	2%	2%
Wage escalation	3-7%	3-7%
Dental insurance premium escalation (thereafter down linearly by 0.5% per annum until 3.5% is reached)	6.5%	7%
Health insurance premium escalation (thereafter down linearly by 0.5% per annum until 4.5% is reached)	10.5%	11%
Discount on accrued benefit obligations	4.5%	4.5%

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# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 7. LONG-TERM DEBT:

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

	2010	2009
		Restated (note 8)
Debenture #1 (a)	\$ 3,018,025	\$ 3,127,129
Debenture #2 (b)	31,304,396	32,334,796
Debentures #3 (c)	4,082,000	4,680,000
Debenture #4 - Sinking Fund Debenture (d)	3,872,000	3,872,000
Debenture #5 – Sinking Fund Debenture (e)	12,382,500	12,382,500
Capital lease obligation #1 (f)	9,965,617	10,993,612
Capital lease obligation #2 (g)	3,235,814	3,409,447
Debenture #6 (h)	19,208,268	20,148,312
Capital lease obligations (i)	1,238,400	1,514,120
Debenture #7 (j)	5,037,459	5,172,678
Debenture #8 (k)	1,604,770	1,642,912
Debenture #9 (l)	1,832,855	1,871,880
Debenture #10 (m)	7,708,583	-
Debenture #11 (n)	1,624,737	-
Less: Sinking Fund Assets (book value)	(2,270,230)	(1,958,504)
<b>Balance as at August 31</b>	<b>\$ 103,845,194</b>	<b>\$ 99,190,882</b>

- (a) Debenture held by CIBC Mellon, bears interest at a rate of 7.2%, matures June 9, 2025.
- (b) Debenture held by CIBC Mellon, bears interest at a rate of 6.55%, matures October 19, 2026.
- (c) Debentures held by Royal Trust, bear interest at a rate of 9.875%, matures March 15, 2015.
- (d) Sinking fund debenture held by CIBC World Markets, bears interest at a rate of 6.3%, matures September 22, 2010.
- (e) Sinking fund debenture held by CIBC World Markets, bears interest at a rate of 5.9%, matures October 19, 2011.
- (f) 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.
- (g) The Board leases a school under a 25 year lease bearing interest of 10.761%. The lease reverts to the owner at the end of the lease. The term ends September 1, 2020.
- (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 for classroom computers and maintenance vehicles bearing interest ranging from 4.52% to 6%. These leases contain bargain purchase options at the end of their terms. The leases mature between June 2011 and November 2013.
- (j) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.56%, matures November 15, 2031.
- (k) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.85%, matures March 3, 2033.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 7. LONG-TERM DEBT (continued):

- (l) Debenture held by the Ontario Financing Authority, bears interest at a rate of 5.062%, matures March 13, 2034.
- (m) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.762%, matures November 15, 2029.
- (n) Debenture held by the Ontario Financing Authority, bears interest at a rate of 5.23%, matures March 15, 2035.

Principal payments relating to long-term debt of \$103,845,194 and sinking fund payments of \$391,720 are due as follows:

	Debenture Principal and sinking fund contributions	Capital lease principal payments	Interest payments	Total
2010/11	\$ 7,465,190	\$ 1,920,009	\$ 6,518,614	\$ 15,903,813
2011/12	16,152,925	1,835,631	5,667,833	23,656,389
2012/13	3,846,988	1,712,586	4,921,853	10,481,427
2013/14	4,112,270	1,705,382	4,523,853	10,341,505
2014/15	4,417,528	1,817,607	4,099,050	10,334,185
Thereafter	56,072,415	5,448,613	23,333,710	84,854,738
	<b>\$ 92,067,316</b>	<b>\$ 14,439,828</b>	<b>\$ 49,064,913</b>	<b>\$ 155,572,057</b>

Included in long-term debt are outstanding debentures of \$16,254,500 (2009 - \$16,254,500) secured by sinking fund assets with a book value of \$2,270,230 (market value - \$2,448,924). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 8. TANGIBLE CAPITAL ASSETS:

<b>Cost</b>	Balance at August 31, 2009	Additions and transfers	Disposals and transfers	Balance at August 31, 2010
Land	\$ 18,776,253	\$ 374,768	\$ -	\$ 19,151,021
Land improvements	559,213	1,119,100	-	1,678,313
Buildings	222,564,495	10,440,666	-	233,005,161
Portable structures	9,134,447	28,296	-	9,162,743
First-time equipping	3,676,215	97,732	-	3,773,947
Equipment – 5 years	140,045	177,958	-	318,003
Equipment – 10 years	1,022,432	1,309,885	26,328	2,305,989
Equipment – 15 years	-	11,264	-	11,264
Furniture	-	17,657	-	17,657
Computer hardware	1,506,689	335,645	-	1,842,334
Computer software	222,967	30,688	-	253,655
Vehicles	483,629	98,847	-	582,476
Leasehold improvements	9,264,082	235,344	-	9,499,426
Leased buildings	28,334,360	-	-	28,334,360
Leased computers	3,747,349	380,799	-	4,128,148
Leased vehicles	230,417	-	25,930	204,487
Pre-acquisition costs	-	40,173	-	40,173
Construction in progress	478,019	224,788	478,019	224,788
	<b>\$ 300,140,612</b>	<b>\$ 14,923,610</b>	<b>\$ 530,277</b>	<b>\$ 314,533,945</b>

<b>Accumulated Amortization</b>	Balance at August 31, 2009	Additions and transfers	Disposals and transfers	Balance at August 31, 2010
Land improvements	\$ 53,374	\$ 75,485	\$ -	\$ 128,859
Buildings	49,420,877	6,262,505	-	55,683,382
Portable structures	5,185,101	414,060	-	5,599,161
First-time equipping	2,629,261	361,176	-	2,990,437
Equipment – 5 years	61,730	43,079	-	104,809
Equipment – 10 years	354,533	164,552	13,384	505,701
Equipment – 15 years	-	375	-	375
Furniture	-	883	-	883
Computer hardware	758,248	300,469	-	1,058,717
Computer software	120,810	42,055	-	162,865
Vehicles	396,175	61,194	-	457,369
Leasehold improvements	1,368,022	320,202	-	1,688,224
Leased buildings	8,481,891	796,115	-	9,278,006
Leased computers	2,321,857	700,956	-	3,022,813
Leased vehicles	81,121	46,084	18,151	109,054
	<b>\$ 71,233,000</b>	<b>\$ 9,589,190</b>	<b>\$ 31,535</b>	<b>\$ 80,790,655</b>

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 8. TANGIBLE CAPITAL ASSETS (continued):

Net book value	Balance at August 31, 2009 Restated	Balance at August 31, 2010	Change
Land	\$ 18,776,253	\$ 19,151,021	\$ 374,768
Land improvements	505,839	1,549,456	1,043,617
Buildings	173,143,618	177,321,778	4,178,160
Portable structures	3,949,346	3,563,582	(385,764)
First-time equipping	1,046,954	783,509	(263,445)
Equipment – 5 years	78,315	213,194	134,879
Equipment – 10 years	667,899	1,800,290	1,132,391
Equipment – 15 years	-	10,888	10,888
Furniture	-	16,774	16,774
Computer hardware	748,441	783,617	35,176
Computer software	102,157	90,789	(11,368)
Vehicles	87,454	125,106	37,652
Leasehold improvements	7,896,060	7,811,202	(84,858)
Leased buildings	19,852,469	19,056,353	(796,116)
Leased computers	1,425,492	1,105,335	(320,157)
Leased vehicles	149,296	95,435	(53,861)
Pre-acquisition costs	-	40,173	40,173
Construction in progress	478,019	224,788	(253,231)
	\$ 228,907,612	\$ 233,743,290	\$ 4,835,678

Assets under construction having a value of \$224,788 (2009 - \$478,019) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The opening net book value of tangible capital assets has been adjusted to increase the amount by \$1,661,461 from that disclosed in the notes to the 2009 financial statements. The adjustment reflects the recording of a leased building with a net book value of \$1,654,800 and the Board's proportionate share of the Student Transportation Services of Waterloo Region Inc.'s tangible capital assets of \$6,661.

Long-term debt for 2009 was increased to reflect the unrecorded capital lease obligation of \$3,409,447.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 9. DEBT CHARGES, CAPITAL LOANS AND LEASE INTEREST:

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

	2010	2009
		Restated (note 8)
Principal payments on long-term debt including contributions to sinking funds	\$ 3,320,880	\$ 2,980,848
Principal payments on capital leases	1,858,158	1,737,981
Payments on operating leases	661,848	587,414
Interest payments on long-term debt	5,456,278	5,367,695
Interest payments on capital leases	1,259,214	1,360,434
	<u>\$ 12,556,378</u>	<u>\$ 12,034,372</u>

Included in debt repayment and sinking fund contributions on the Consolidated Statement of Cash Flows in total of \$5,179,038 (2009 - \$4,718,829) are principal payments on long-term debt of \$5,089,653 (2009 - \$4,626,158) and sinking fund interest revenue of \$89,385 (2009 - \$92,671).

## 10. TEMPORARY BORROWING:

The Board has lines of credits available to the maximum of \$20 million to address operating requirements and/or to bridge capital expenditures.

Interest on the operating facilities are based on the bank's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 11. EXPENSES BY OBJECT:

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

	2010 Budget Restated (note 16)	2010 Actual	2009 Actual Restated (notes 2 and 8)
<b>Current expenses:</b>			
Salaries and wages	\$ 161,845,465	\$ 163,290,265	\$ 154,714,093
Employee benefits	20,155,624	20,331,287	20,842,006
Staff development	1,763,316	1,141,034	1,173,877
Supplies and services	8,545,209	14,234,539	13,981,078
Debt charges and interest	6,152,782	6,786,810	6,178,838
Rental expenditures	1,132,525	1,228,164	1,257,691
Fees and contract services	14,786,230	12,157,045	16,647,576
Other	505,934	497,424	1,182,020
School funded activities	5,559,431	5,405,113	5,421,605
Amortization and disposals	9,690,113	9,575,984	9,183,722
	<b>\$ 230,136,629</b>	<b>\$ 234,647,665</b>	<b>\$ 230,582,506</b>

## 12. CONTRACTUAL OBLIGATIONS:

At August 31, 2010, the Board has committed to the following construction and renewal contract balances:

Canadian Martyrs Catholic Elementary School	\$ 13,142
Catholic Education Centre	28,629
Holy Family Catholic Elementary School	11,713
John Sweeney Catholic Elementary School	2,029,023
Monsignor Doyle Catholic Secondary School	91,954
Our Lady of Grace Catholic Elementary School	19,970
Pope John Paul II Catholic Elementary School	367,358
Sir Edgar Bauer Catholic Elementary School	61,303
St. Benedict Catholic Secondary School	102,171
St. David Catholic Secondary School	289,650
St. Elizabeth Catholic Elementary School	24,521
St. John Catholic Elementary School	7,921,570
St. Louis Adult Learning Centre	107,869
St. Paul Catholic Elementary School	277,032
Other contractual obligations	718,355
	<b>\$ 12,064,260</b>

At August 31, 2010, the Board is committed to contractual operating leases for portables of \$707,736 (2009 - \$712,133).

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 13. 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. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20 million per occurrence.

The premiums over a five year period are based on the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The rolling five year term is based on July 2005 to June 2010 claims history.

## 14. 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 \$nil (2009 - \$197,893) for possible new WSIB claims that are highly likely to occur based on an actuarially determined assessment and that 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 consolidated financial statements.

## 15. ACCUMULATED SURPLUS:

At August 31, accumulated surplus consists of the following:

	2010	2009
<b>Surplus (deficit):</b>		
Invested in tangible capital assets	\$ 233,743,290	\$ 228,907,612
Receivable from The Province	105,617,363	-
Amounts restricted for future use:		
Long-term debt	(103,845,194)	(99,190,882)
Employee future benefits	(21,685,835)	(21,598,054)
Not permanently financed	(17,762,925)	(18,575,591)
Pupil accommodation debt reserve	4,109,941	7,517,154
Proceeds of disposition of tangible capital assets	3,164,698	3,164,698
School generated funds	1,315,807	1,351,007
Other internally restricted reserves	4,260,729	3,218,146
	<b>\$ 208,917,874</b>	<b>\$ 104,794,090</b>

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

## 16. BUDGET DATA:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board in June 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2010 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As the Consolidated Statement of Changes in Net Debt is a new statement in the 2009-10 financial statements, the budget figures in that statement have not been provided.

### Consolidated Statement of Operations for the year ended August 31

	2010 Budget	Change	Restated 2010 Budget
<b>Revenue</b>	\$ 232,902,597	\$ -	\$ 232,902,597
<b>Expenses</b>			
Total 2010 budgeted expenses	233,425,916	-	233,425,916
Less: tangible capital assets purchased	-	(12,979,400)	(12,979,400)
Plus: amortization	-	9,690,113	9,690,113
	233,425,916	(3,289,287)	230,136,629
Annual deficit	(523,319)	3,289,287	2,765,968
Accumulated surplus, beginning of year	101,446,042	-	101,446,042
Accumulated surplus, end of year	\$ 100,922,723	\$ 3,289,287	\$ 104,212,010

# WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2010

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## 17. FUTURE ACCOUNTING FOR CONTRIBUTIONS USED FOR CAPITAL:

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

## 18. STUDENT TRANSPORTATION SERVICES OF WATERLOO REGION INC.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2010, the Board has proportionally consolidated 38.1% (2009 – 39.6%) of STSWR's assets and liabilities. The proportionate percentage incorporated into the consolidated financial statements are based on the ridership of each board. The consolidated financial statements include the Board's share of the following:

	2010	2009
		Restated (note 2)
Financial position:		
Financial assets	\$ 515,703	\$ 599,405
Financial liabilities	594,488	695,671
Non-financial assets	16,663	34,144
Accumulated deficit	\$ (62,122)	\$ (62,122)
Operations:		
Revenues	\$ 21,677,536	\$ 20,947,518
Expenses	21,677,536	20,930,212
Annual deficit	\$ -	\$ 17,306

The Board has guaranteed the line of credit of STSWR Inc. up to a maximum of \$2,700,000.