

Consolidated Financial Statements of

**WATERLOO CATHOLIC
DISTRICT SCHOOL BOARD**

Year ended August 31, 2011



KPMG LLP
Chartered Accountants
115 King Street South, 2nd Floor
Waterloo ON N2J 5A3

Telephone 519-747-8800
Fax 519-747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Waterloo Catholic District School Board

We have audited the accompanying consolidated financial statements of Waterloo Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions described in note 1 (a) to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements of Waterloo Catholic District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of Waterloo Catholic District School Board at as August 31, 2011, and its consolidated results of operations and changes in its consolidated net debt and consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to note 1 (a) to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Waterloo Catholic District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

November 14, 2011
Waterloo, Canada



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 the financial reporting provisions described in note 1(a) to the consolidated financial statements.

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.

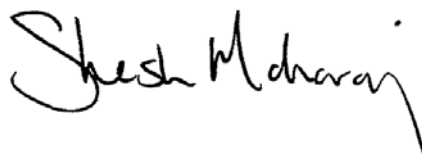
Board Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

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.



Roger Lawler, Director of Education



Shesh Maharaj, Superintendent of Corporate Services and Treasurer

November 14, 2011

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2011, with comparative figures for 2010

	2011	2010
		Restated note 2
Financial assets		
Cash and short-term investments	\$ 4,270,517	\$ 1,821,973
Accounts receivable (note 3)	9,835,861	13,406,440
Assets held for sale (note 4)	638,913	-
Accounts receivable - Government of Ontario approved capital (note 5)	108,087,340	105,502,367
Total financial assets	122,832,631	120,730,780
Financial liabilities		
Accounts payable and accrued liabilities	14,116,051	10,538,505
Deferred revenue (note 6)	17,057,347	13,450,390
Deferred capital contributions (note 7)	206,115,962	204,011,283
Retirement and other employee future benefits payable (note 8)	22,685,571	21,685,835
Net debenture and capital leases (note 9)	103,055,249	103,845,194
Total financial liabilities	363,030,180	353,531,207
Net debt	(240,197,549)	(232,800,427)
Non-financial assets		
Prepaid expenses	836,406	684,034
Tangible capital assets (note 11)	239,007,278	233,743,290
Total non-financial assets	239,843,684	234,427,324
Contractual obligations and contingencies (notes 14 and 16)		
Accumulated surplus (deficit)	\$ (353,865)	\$ 1,626,897

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Roger Lawler, Director of Education



Manuel DaSilva, Chair of the Board

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

Year ended August 31, 2011, with comparative figures for 2010

	2011 Budget (unaudited) Note 1 (j)	2011 Actual	2010 Actual Restated note 2
Revenues			
Local taxation	\$ 57,783,556	\$ 56,756,513	\$ 57,341,652
Provincial grants - grants for student needs	159,801,409	159,299,541	144,650,111
Provincial grants - other	6,978,970	6,528,792	4,570,516
Provincial grant - Ontario Youth Apprenticeship Program	109,257	110,404	109,257
Federal grants and fees	2,150,520	1,520,324	1,400,978
Other revenues - school boards	84,528	-	67,786
Other fees and revenues	2,432,480	5,462,487	4,408,682
Investment income	40,000	298,300	118,923
School fundraising	5,688,319	4,698,923	5,369,913
Grants recognized for deferred capital contributions	8,918,981	9,277,950	9,031,810
Total revenues	243,988,020	243,953,234	227,069,628
Expenses			
Instruction	190,395,426	190,963,395	179,533,871
Administration	6,694,294	6,865,871	6,408,266
Transportation	6,466,080	5,783,355	6,285,346
Pupil accommodation	35,145,926	37,295,218	36,617,094
School funded activities	5,688,319	4,628,182	5,405,113
Other	397,975	397,975	397,975
Total expenses	244,788,020	245,933,996	234,647,665
Annual deficit	(800,000)	(1,980,762)	(7,578,037)
Accumulated surplus, beginning of year	1,626,897	1,626,897	9,204,934
Accumulated surplus (deficit), end of year	\$ 826,897	\$ (353,865)	\$ 1,626,897

See accompanying notes to consolidated financial statements.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2011, with comparative figures for 2010

	2011	2010
		Restated note 2
Operating activities		
Annual deficit	\$ (1,980,762)	\$ (7,578,037)
Sources and (uses):		
Items not involving cash:		
Amortization of tangible capital assets	10,059,640	9,571,039
Grants recognized for deferred capital contributions	(9,277,950)	(9,031,810)
Assets held for sale	638,913	-
Loss (gain) on sale of tangible capital assets	(2,035)	4,945
Proceeds on sale of tangible capital assets allocated to deferred revenue	(4,138,478)	-
Increase in retirement and other employee future benefits payable	999,736	87,781
Transfer from deferred revenue to deferred capital contributions	50,518	-
	(1,669,656)	631,955
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	985,606	(106,141,824)
Increase (decrease) in accounts payable and accrued liabilities	3,577,546	(2,373,185)
Increase in deferred revenue	3,606,957	1,664,860
Increase in assets held for sale	(638,913)	-
Decrease (increase) in prepaid expenses	(152,372)	33,117
	7,378,824	(106,817,032)
Cash provided by operating activities	3,728,406	(113,763,114)
Capital activities		
Proceeds on sale of tangible capital assets	4,669,890	8,000
Cash used to acquire tangible capital assets	(16,491,918)	(14,419,662)
Cash applied to capital activities	(11,822,028)	(14,411,662)
Financing activities		
Disposal of funded tangible capital assets (DCC reduction)	(465,158)	-
Capital grants received	11,797,269	120,618,635
Debenture and capital lease advances	8,525,958	9,833,350
Debt repaid and sinking fund contributions	(9,315,903)	(5,179,038)
Cash provided by financing activities	10,542,166	125,272,947
Change in cash and short-term investments	2,448,544	(2,901,829)
Cash and short-term investments, beginning of year	1,821,973	4,723,802
Cash and short-term investments, end of year	\$ 4,270,517	\$ 1,821,973
The components of cash and short-term investments are as follows:		
	2011	2010
Cash	\$ 3,674,021	\$ 1,319,600
Short-term investments	596,496	502,373
	\$ 4,270,517	\$ 1,821,973
	2011	2010
Cash paid for interest	\$ 6,924,122	\$ 6,878,220
Cash received for interest	243,695	118,923

See accompanying notes to consolidated financial statements.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Changes in Net Debt

Year ended August 31, 2011, with comparative figures for 2010

	2011 Actual	2010 Actual Restated note 2
Annual deficit	\$ (1,980,762)	\$ (7,578,037)
Tangible capital asset activity		
Acquisition of tangible capital assets	(16,491,918)	(14,419,662)
Amortization of tangible capital assets	10,059,640	9,571,039
Loss (gain) on sale of tangible capital assets	(2,035)	4,945
Proceeds on sale allocated to deferred revenue	(4,138,478)	-
Transfer of assets held for sale	638,913	-
Proceeds on sale of tangible capital assets	4,669,890	8,000
Total tangible capital asset activity	(5,263,988)	(4,835,678)
Other non-financial asset activity		
Acquisition of prepaid expenses	(836,406)	(684,034)
Use of prepaid expenses	684,034	717,151
Total other non-financial asset activity	(152,372)	33,117
Increase in net debt	(7,397,122)	(12,380,598)
Net debt, beginning of year	(232,800,427)	(220,419,829)
Net debt, end of year	\$ (240,197,549)	\$ (232,800,427)

See accompanying notes to financial statements.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

As disciples of Christ, the mission of the Waterloo Catholic District School Board (the Board) is to educate and to nurture hope in all learners 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 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) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 "Grants for Student Needs", which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, direction was provided by the Ontario Ministry of Education through memorandum 2004:B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 called "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B8. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in note 2 to the financial statements.

The Ministry direction requires school boards to record a liability called a deferred capital contributions (DCC) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been funded through Ministry approvals. As a result, property tax revenue which was used to acquire or construct depreciable tangible capital assets prior to 1998, when school boards had taxing authority, is afforded the same treatment as government capital treatment, which is to recognize related revenue over the remaining useful life of the asset as is disclosed in note 2. Under the Public Sector Accounting Standard PS 3510, "Tax Revenue" should be recorded as revenue when received.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(b) Reporting entity:

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

School generated funds, which include 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, a proportionate amount of STSWR's assets and liabilities have been consolidated with the Board's financial statements.

(c) 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.

(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 expenditures 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, workers' 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

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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 workers' compensation, long-term disability, and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise;

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System 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, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(f) Tangible capital assets (continued):

Asset	Estimated Useful Life in Years
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. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

(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.

Government transfers for capital that meet the definition of a liability are referred to as DCC. Amounts are recognized into revenue as the liability is depreciated over the useful life of the tangible capital asset. DCC and tangible capital assets will differ by land, which is not depreciated, and items which are not directly supported by the Ministry, such as computer purchases. These unsupported tangible capital assets are funded through operating dollars.

(h) Investment income:

Investment income is reported as revenue in the period earned.

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

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued):

(i) Net debenture debt and capital leases:

Net debenture debt and capital leases are recorded net of related sinking fund balances.

(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 2010, as is required by PSAB's recommendations for local governments. 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. As the Board only budgets the Statement of Operations, the budget figures in the consolidated Statement of Change in Net Debt have not been provided. 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 the carrying amount of tangible capital assets, valuation allowances for receivables, estimating provisions for accrued liabilities and obligations related to employee future benefits.

In addition, as a result of the Board's implementation of the Public Sector Accounting Standard PS 3410 and the Ministry's directive 2011:B08, the Board was required to record previous capital grants as DCC. For the year ended August 31, 2011, these amounts and the related estimation techniques have been disclosed in note 2.

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, 2011

2. CHANGE IN ACCOUNTING POLICIES:

In fiscal 2011, the Board adopted Public Sector Accounting Handbook section 3410 Government Transfers as described in note 1(g). This change has been applied retroactively and prior periods have been restated.

At the direction of the Ministry, the Board has calculated the opening DCC balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of the Board's outstanding debt that is not supported by Ministry funding. This allows the Board to determine the opening balance so the standard can be implemented retroactively. Retroactive implementation results in a set of financial statements that is relevant, understandable to the user and comparable over periods and amongst school boards in Ontario.

This change in accounting policy has changed amounts reported in the prior year as follows:

Accumulated surplus at August 31, 2010:	
Accumulated surplus, as previously reported	\$ 208,917,874
Transfer to deferred capital contributions	(204,011,283)
Transfer to deferred revenue	(3,164,698)
Ministry adjustment to approved capital funding	(114,996)
Accumulated surplus, as restated	\$ 1,626,897
<hr/>	
Annual surplus for the year ended August 31, 2010:	
Annual surplus, as previously reported	\$ 104,123,784
Add: amounts recognized in revenue	9,031,810
Less: Ministry adjustment to approved capital funding	(114,996)
Less: In-year capital contributions	(120,618,635)
Annual deficit, as restated	\$ (7,578,037)

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

3. ACCOUNTS RECEIVABLE:

Accounts receivable consists of the following:

	2011	2010
Local governments	\$ 6,112,184	\$ 6,933,948
Government of Ontario	345,504	2,667,948
Other school boards	181,487	262,264
Other	3,196,686	3,542,280
	<hr/>	<hr/>
	\$ 9,835,861	\$ 13,406,440

4. ASSETS HELD FOR SALE:

As of August 31, 2011, \$638,913 (2010 - \$ nil) related to land was recorded as assets held for sale.

5. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO APPROVED CAPITAL:

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

The Board has an accounts receivable from the Province of Ontario of \$108,087,340 as at August 31, 2011 (2010 - \$105,502,367) with respect to capital grants.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

6. 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, 2011, is comprised of:

	Balance at August 31, 2010 Restated	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2011
Proceeds of disposition	\$ 9,099,936	\$ 4,436,570	\$ 14,564	\$ -	\$ 13,521,942
Education development charge	1,255,406	477,242	1,873,055	-	(140,407)
Special education accommodation	132,028	-	50,240	-	81,788
Special education equipment	-	173,351	-	-	173,351
Green schools	50,518	-	-	50,518	-
Energy efficiency	-	943,876	411,005	-	532,871
Extra programming other grants	2,912,502	2,887,802	2,912,502	-	2,887,802
	<u>\$ 13,450,390</u>	<u>\$ 8,918,841</u>	<u>\$ 5,261,366</u>	<u>\$ 50,518</u>	<u>\$17,057,347</u>

7. DEFERRED CAPITAL CONTRIBUTIONS:

Government transfers for capital that meet the definition of a liability are referred to as DCC. Amounts are recognized into revenue as the liability is depreciated over the useful life of the asset. The Ministry provided direction to the school boards on the establishment of the opening balance of the deferred capital contributions as disclosed in note 2.

	2011	2010 Restated
Deferred capital contributions, beginning of year	\$ 204,011,283	\$ 92,424,458
Add: capital contributions received	11,797,269	120,618,635
Add: transfers from deferred revenue	50,518	-
Less: revenue recognized in the year	(9,277,950)	(9,031,810)
Less: disposals of tangible capital assets	(465,158)	-
Deferred capital contributions, end of year	<u>\$ 206,115,962</u>	<u>\$ 204,011,283</u>

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS:

(a) Employee future benefits liabilities:

			2011	2010
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	\$ 2,366,601	\$ 26,105,437	\$ 28,472,038	\$ 27,102,579
Unamortized actuarial losses	(226,750)	(5,559,717)	(5,786,467)	(5,416,744)
Employee future benefits liabilities	\$ 2,139,851	\$ 20,545,720	\$ 22,685,571	\$ 21,685,835

(b) Employee future benefits expenses:

Current year benefit cost	\$ 151,696	\$ 1,321,428	\$ 1,473,124	\$ 1,447,817
Amortization of actuarial loss	9,221	381,776	390,997	391,063
Interest on accrued benefit obligation	97,382	1,036,289	1,133,671	1,122,640
Employee future benefit expenses	\$ 258,299	\$ 2,739,493	\$ 2,997,792	\$ 2,961,520

Actuarial losses are being amortized over 12.44 to 15.54 years. During the year, benefit payments of \$2,001,127 (2010 - \$2,876,298) 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 to OTPP 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, 2011

8. 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, 2011, the Board contributed \$2,307,895 (2010 - \$1,944,919) 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, 2011

8. 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, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2008, extrapolated to August 31, 2011. The next actuarial valuation will be available for the year ended August 31, 2012. 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:

	2011	2010
Inflation	2%	2%
Wage escalation	3-7%	3-7%
Dental insurance premium escalation (thereafter down linearly by 0.5% per annum until 3.0% is reached)	6.0%	6.5%
Health insurance premium escalation (thereafter down linearly by 0.5% per annum until 4.0% is reached)	10.0%	10.5%
Discount on accrued benefit obligations	4.0%	4.5%

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

9. NET DEBENTURE DEBT AND CAPITAL LEASES:

Net debenture and capital lease debt are reported on the Consolidated Statement of Financial Position is comprised of the following:

	2011	2010
Debenture #1 (a)	\$ 2,900,941	\$ 3,018,025
Debenture #2 (b)	30,205,399	31,304,396
Debentures #3 (c)	3,422,000	4,082,000
Debenture #4 (d)	-	3,872,000
Debenture #5 (e)	12,382,500	12,382,500
Debenture #6 (f)	18,215,935	19,208,268
Debenture #7 (g)	4,895,480	5,037,459
Debenture #8 (h)	1,565,264	1,604,770
Debenture #9 (i)	1,791,830	1,832,855
Debenture #10 (j)	7,461,532	7,708,583
Debenture #11 (k)	1,591,868	1,624,737
Debenture #12 (l)	3,026,800	-
Debenture #13 (m)	3,864,732	-
Capital lease obligation #1 (n)	8,853,845	9,965,617
Capital lease obligation #2 (o)	3,042,546	3,235,814
Capital lease obligation #3 (p)	1,956,143	1,238,400
Less: sinking fund asset (book value)	(2,121,566)	(2,270,230)
Balance as at August 31	\$ 103,055,249	\$ 103,845,194

- (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 9.87%, mature March 15, 2015.
- (d) Sinking fund debenture held by CIBC World Markets, bears interest at a rate of 6.3%, matured 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) Debenture held by the Regional Municipality of Waterloo, bears interest at a rate of 5.487%, matures November 5, 2023.
- (g) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.560%, matures November 15, 2031.
- (h) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.85%, matures March 3, 2033.
- (i) Debenture held by the Ontario Financing Authority, bears interest at a rate of 5.062%, matures March 13, 2034.
- (j) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.762%, matures November 15, 2029.
- (k) Debenture held by the Ontario Financing Authority, bears interest at a rate of 5.232%, matures April 13, 2035.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

9. NET DEBENTURE DEBT AND CAPITAL LEASES (continued):

- (l) Debenture held by the Ontario Financing Authority, bears interest at a rate of 3.942%, matures September 19, 2025.
- (m) Debenture held by the Ontario Financing Authority, bears interest at a rate of 4.833%, matures March 11, 2036.
- (n) 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.
- (o) 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 on September 1, 2020.
- (p) Capital leases were issued for classroom computers and maintenance vehicles bearing interest ranging from 2.65% to 6%. These leases contain bargain purchase options at the end of their terms. The leases mature between June 2012 and July 2015.

Principal payments relating to net debenture debt and capital leases of \$103,055,249 and sinking fund payments of \$169,381 are due as follows:

	Principal and sinking fund contributions	Capital lease payments	Interest	Total
2011/12	\$ 16,396,617	\$ 2,213,348	\$ 6,009,122	\$ 24,619,087
2012/13	4,101,139	2,102,495	5,240,025	11,443,659
2013/14	4,377,333	2,107,890	4,818,034	11,303,257
2014/15	4,693,977	1,980,185	4,372,226	11,046,388
2015/16	3,908,765	1,975,102	3,897,702	9,781,569
Thereafter	58,015,831	3,473,514	22,063,067	83,552,412
	\$ 91,493,662	\$ 13,852,534	\$ 46,400,176	\$ 151,746,372

Included in net debenture debt and capital leases are outstanding debentures of \$12,382,500 (2010 - \$16,254,500) secured by sinking fund assets with a book value of \$2,121,566 (market value - \$2,263,684). 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, 2011

10. DEBT CHARGES, CAPITAL LOANS AND LEASE INTEREST:

The principal and interest payments for net debentures, capital leases, operating leases, and sinking fund contributions are as follows:

	2011	2010
Principal payments on net debenture debt including contributions to sinking funds	\$ 7,172,101	\$ 3,320,880
Principal payments on capital leases	2,143,803	1,858,158
Payments on operating leases	705,744	661,848
Interest payments on net debenture debt	5,504,644	5,456,278
Interest payments on capital leases	1,152,478	1,259,214
	\$ 16,678,770	\$ 12,556,378

11. TANGIBLE CAPITAL ASSETS:

Cost	Balance at August 31, 2010	Additions and transfers	Disposals and transfers	Balance at August 31, 2011
Land	\$ 19,151,021	\$ 260,719	\$ 703,130	\$ 18,708,610
Land improvements	1,678,313	365,843	-	2,044,156
Buildings	233,005,161	6,921,778	881,048	239,045,891
Portable structures	9,162,743	-	-	9,162,743
First-time equipping	3,773,947	258,821	1,434,478	2,598,290
Equipment – 5 years	318,003	77,977	47,963	348,017
Equipment – 10 years	2,305,989	3,200,799	126,487	5,380,301
Equipment – 15 years	11,264	-	-	11,264
Furniture	17,657	-	-	17,657
Computer hardware	1,842,334	207,915	522,155	1,528,094
Computer software	253,655	-	103,225	150,430
Vehicles	582,476	78,441	28,662	632,255
Leasehold improvements	9,499,426	23,921	-	9,523,347
Construction in progress	224,788	3,437,038	-	3,661,826
Pre-acquisition costs	40,173	-	40,173	-
Leased buildings	28,334,360	102,160	-	28,436,520
Leased computers	4,128,148	1,556,506	2,342,900	3,341,754
Leased vehicles	204,487	-	-	204,487
	\$ 314,533,945	\$ 16,491,918	\$ 6,230,221	\$ 324,795,642

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

11. TANGIBLE CAPITAL ASSETS (continued):

Accumulated Amortization	Balance at August 31, 2010	Additions and transfers	Disposals and transfers	Balance at August 31, 2011
Land improvements	\$ 128,859	\$ 125,606	\$ -	\$ 254,465
Buildings	55,683,382	6,547,046	456,061	61,774,367
Portable structures	5,599,161	414,767	-	6,013,928
First-time equipping	2,990,437	312,679	1,434,478	1,868,638
Equipment – 5 years	104,809	63,877	47,963	120,723
Equipment – 10 years	505,701	380,697	126,487	759,911
Equipment – 15 years	375	751	-	1,126
Furniture	883	1,766	-	2,649
Computer hardware	1,058,717	302,609	522,155	839,171
Computer software	162,865	34,801	103,225	94,441
Vehicles	457,369	46,306	28,662	475,013
Leasehold improvements	1,688,224	329,434	-	2,017,658
Construction in progress	-	-	-	-
Pre-acquisition costs	-	-	-	-
Leased buildings	9,278,006	798,007	-	10,076,013
Leased computers	3,022,813	660,397	2,342,900	1,340,310
Leased vehicles	109,054	40,897	-	149,951
	\$ 80,790,655	\$ 10,059,640	\$ 5,061,931	\$ 85,788,364

Net Book Value	Balance at August 31, 2010	Balance at August 31, 2011	Change
Land	\$ 19,151,021	\$ 18,708,607	\$ (442,414)
Land improvements	1,549,456	1,789,693	240,237
Buildings	177,321,778	177,271,524	(50,254)
Portable structures	3,563,582	3,148,815	(414,767)
First-time equipping	783,509	729,652	(53,857)
Equipment – 5 years	213,194	227,294	14,100
Equipment – 10 years	1,800,290	4,620,392	2,820,102
Equipment – 15 years	10,888	10,137	(751)
Furniture	16,774	15,008	(1,766)
Computer hardware	783,617	688,924	(94,693)
Computer software	90,789	55,988	(34,801)
Vehicles	125,106	157,242	32,136
Leasehold improvements	7,811,202	7,505,689	(305,513)
Construction in progress	224,788	3,661,826	3,437,038
Pre-acquisition costs	40,173	-	(40,173)
Leased buildings	19,056,353	18,360,507	(695,846)
Leased computers	1,105,335	2,001,444	896,109
Leased vehicles	95,435	54,536	(40,899)
	\$ 233,743,290	\$ 239,007,278	\$ 5,263,988

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

11. TANGIBLE CAPITAL ASSETS (continued):

Assets under construction having a value of \$3,661,826 (2010 - \$224,788) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The grants recognized for deferred capital contributions for the year ended August 31, 2011 were \$9,277,950 (2010 - \$9,031,810) and the amortization of tangible capital assets was \$10,059,640 (2010 - \$9,571,039). The difference between these amounts is reflective of tangible capital assets purchases funded by non-restricted revenues.

12. 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.

13. EXPENSES BY OBJECT:

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

	2011 Budget (Unaudited) Restated notes1 (j) and 2	2011 Actual	2010 Actual
Current expenditures:			
Salaries and wages	\$ 170,469,100	\$ 171,492,856	\$ 163,290,265
Employee benefits	21,739,951	23,602,298	20,331,287
Staff development	1,236,056	1,166,361	1,141,034
Supplies and services	13,376,121	14,413,884	14,234,539
Debt charges and interest	6,583,525	6,579,912	6,786,810
Rental expenditures	755,269	711,127	1,228,164
Fees and contract services	14,306,142	12,785,164	12,157,045
Other	976,526	494,572	497,424
School funded activities	5,688,319	4,628,182	5,405,113
Amortization and loss on disposals	9,657,011	10,059,640	9,575,984
	\$ 244,788,020	\$ 245,933,996	\$ 234,647,665

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

16. 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 (2010 - \$nil) for possible 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 excess of 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.

17. STUDENT TRANSPORTATION SERVICES OF WATERLOO REGION INC.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2011, the Board has proportionally consolidated 33.0% (2010 – 38.1%) of STSWR's assets and liabilities. A 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:

	2011	2010
Financial position:		
Financial assets	\$ 435,206	\$ 515,703
Financial liabilities	450,418	594,488
Non-financial assets	15,212	16,663
Accumulated deficit	\$ -	\$ (62,122)
Operations:		
Revenues	\$ 20,437,140	\$ 21,677,536
Expenses	20,375,018	21,677,536
Annual surplus	\$ 62,122	\$ -

The Board has guaranteed the line of credit of Student Transportation Services of Waterloo Region Inc. up to a maximum of \$2,700,000.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2011

18. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING:

On June 1, 2003, the Board received \$5,341,898 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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