



Board of Trustees' Special Board Meeting

Date: November 14th, 2011

Time: 6:00 p.m. *
* Committee of the Whole In Camera, if necessary, will precede or follow the Board Meeting, as appropriate.

Location: Board Room, Catholic Education Centre, 35 Weber Street, Kitchener

Attendees: **Board of Trustees:**
Joyce Anderson, Wayne Buchholtz, Manuel da Silva, Fr. Robert Héту, Janek Jagiellowicz, Anthony Piscitelli, Wendy Price, Peter Reitmeier, Greg Reitzel.

Student Representatives:
Marcus Cardoso, Colin Whaley

Senior Administration:
Roger Lawler, Rick Boisvert, Gerry Clifford, Maria Ivankovic, Shesh Maharaj, Paul Tratnyek.

Special Resource:
Fr. Fred Scinto, CR; John Shewchuk

Recording Secretary:
Barb Pilsner

ITEM	Who	Agenda Section	Method & Outcome
1. Call to Order	Board Chair		
1.1 Opening Prayer & Memorials	Board Pastoral Team		-----
1.2 Approval of Agenda	Board of Trustees		Approval
1.3 Declaration of Pecuniary Interest	Individual Trustees		
1.3.1 From the current meeting			
1.3.1 From a previous public or in-camera meeting			
2. Consent Agenda: Director of Education (eg: day –to –day operational matters from the Ministry of Education that the Board is required to do)			
2.1			

ITEM	Who	Agenda Section	Method & Outcome
3. Consent Agenda: Board (Minutes of meetings, staff report)			
3.1 Approval of Minutes of Regular and Special Meetings 3.1.1 Minutes of Board meeting of 3.1.2 Items for Action from Previous in-camera meeting of 3.1.3 Staff report of 3.1.4 Governance Committee meeting of 3.1.5 Pastoral Care Team Meeting of 3.1.6 Trustee Newsletter Meeting of 3.1.7 Audit Committee Meeting of 3.1.8 Elementary/Secondary Pathways Task Force 3.1.9 Accommodation Review Task Force Meetings of 3.1.10 SEAC Minutes – posted on board web page 3.1.11 CPIC Minutes – posted on board web page			
4. Delegations/Presentation			
4.1			
5. Ownership Linkage (Communication with the External Environment)			
5.1			
6. Actions from Board Committees/Task Forces			
6.1 Audit Committee Report: 2010-11 Financial Statements 6.2 Request to Use Continuing Education Reserve Fund	Anthony Piscitelli Shesh Maharaj	Pages 1-56 To be presented.	Approval Approval
7. Board Education (at the request of the Board)			
7.1			
8. Policy Discussion			
8.1			
9. Assurance of Successful Board Performance			
9.1			
10. Assurance of Successful Director of Education Performance			
10.1 Monitoring Reports & Vote on Compliance			
10.1.1			
10.2 Advice from the CEO			
10.2.1 Southeast Galt Accommodation Review* 10.2.2 Southeast Galt Partnership Update* 10.2.3 Consultation on bell times* 10.2.4 175 th Anniversary Proposal* 10.2.5 Early Learning Update*	Dave Bennett Dave Bennett Shesh Maharaj Roger Lawler Rick Boisvert	Pages 57-61 Pages 62-64 Pages 65-70 -- --	Approval Information Information Information Information
*These items are time sensitive.			
11. Potential Agenda Items			
11.1			

ITEM	Who	Agenda Section	Method & Outcome
12. Announcements			
12.1 The following reports are posted on the Board web page: www.wcdsb.ca a) Minutes of SEAC Meetings b) Minutes of Parent Involvement Committee Meetings			
12.2 Upcoming Meetings/Events (all scheduled for the Catholic Education Centre unless otherwise indicated):			
12.3 Pending Items: 12.3.1 Msgr. Gleason – surplus to our needs 12.3.2 Definition of Equity – Guiding Principles (AP) 12.3.3 Follow-up to Treatment of Staff Survey 12.3.4 Community involvement in local schools (Facilities process) 12.3.5 Supporting the use of data 12.3.6 Bright Link Technology (Patrick Eby) 12.3.7 Process for identifying EAs needs to serve students 12.3.8 Use of reserves 12.3.9 Board Policy IV 003 “Treatment of Students” 12.4 Pending Items for OCSTA Consideration 12.4.1 Special Education Funding 12.4.2 Funding for Supervised Alternative Learning 12.4.3 Long term financing to keep up with school maintenance	<u>Committee/Task Force</u> Board Board C of W. Board C of W. Board C. of W. Board C of W. Board C of W. Board C of W Board C of W Board C of W	<u>Due Date</u> Fall 2012 Apr 23/12 Nov 21/11 Feb 21/12 Jan 23/12 Feb 21/12 Nov 21/11 Mar 19/12 Feb 21/12	<u>Action Taken</u>
13. Items for the Next Meeting Agenda	Trustees		
14. Adjournment Confirm decisions made tonight Closing Prayer	Director of Education		
15. Motion to Adjourn	Board of Trustees	Motion	Approval

CLOSING PRAYER

O Risen Lord, you have entrusted us with the responsibility to help form a new generation of disciples and apostles through the gift of our Catholic schools.

As disciples of Christ, may we educate and nurture hope in all learners to realize their full potential to transform God’s world.

May our Catholic schools truly be at the heart of the community, fostering success for each by providing a place for all.

May we and all whom we lead be discerning believers formed in the Catholic faith community; effective communicators; reflective and creative thinkers; self-directed, responsible, life-long learners; collaborative contributors; caring family members; and responsible citizens.

Grant us the wisdom of your Spirit so that we might always be faithful to our responsibilities. We make this prayer through Christ our Lord.

Amen

AUDIT

Waterloo Catholic District School Board

Audit Findings Report to the Audit Committee

For the year ended August 31, 2011

KPMG LLP, Chartered Accountants, Licensed Public
Accountants

kpmg.ca

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Executive Summary

Overview and Status

The purpose¹ of this Audit Findings Report is to assist the Audit Committee in your review of the consolidated financial statements of Waterloo Catholic District School Board for the period ended August 31, 2011.

We have completed the audit of the financial statements with the exception of the following remaining procedures:

- receipt of signed representation letter
- receipt of legal letters
- completing our discussions with the Audit Committee
- obtaining evidence of the Board's approval of the financial statements.

We will update the Audit Committee on any significant matters arising from the completion of the above procedures, as additional procedures or adjustments to the financial statements may be necessary.

Our audit report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the financial statements, including evidence that:

- all the statements that comprise the financial statements, including the related notes, have been prepared
- the Board has approved the financial statements.

Topics to Discuss

Below are topics identified from the audit that we have highlighted for discussion at the upcoming Audit Committee meeting. We believe these topics need to be brought to your attention, and we look forward to discussing our findings with you:

- Significant Audit, Accounting and Reporting Matters
- Significant Qualitative Aspects of Accounting Practices
- Misstatements
- Control Deficiencies

¹ This Audit Findings Report should not be used for any other purpose. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or any other purpose.

Audit Findings Report to the Audit Committee

Significant Audit, Accounting and Reporting Matters

The following are the significant audit, accounting and reporting matters arising from the audit:

Reporting Matters	Results	Misstatements and Control Deficiencies
<p>Retroactive restatement</p> <ul style="list-style-type: none"> • Public Sector handbook Section PS 3410- <i>Government transfers</i> was revised in February 2011. • The Ministry of Education (the “Ministry”) prescribed that the new standards be early adopted retroactively for fiscal 2011. • The result of the change in the accounting standards required the Board to record grants/revenue received for funding of capital purchases/construction as deferred capital contributions. • The deferred capital contributions will be recognized into income on the same basis as the amortization of the tangible capital assets which they fund. 	<ul style="list-style-type: none"> • These changes have been applied retroactively and prior periods have been restated. The restatement resulted in a decrease of the accumulated surplus of \$207,290,977, representing the opening value of the deferred capital contributions, the deferred revenue relating to proceeds of disposition and Ministry capital grant revenue recognized in the prior year. • The impact of these changes has been disclosed in the note 2 to the financial statements. 	<ul style="list-style-type: none"> • No audit misstatement or control deficiency.

Audit Findings Report to the Audit Committee

<p>Auditors' Report</p> <ul style="list-style-type: none"> As discussed in our Audit Planning Report in June, the Auditors' Report has changed from the prior year due to the implementation of new Canadian Auditing Standards (which conform to International Auditing and Reporting Standards). In addition, a special purpose Auditors' Report is to be used as a result of the Ministry requiring Boards to record deferred capital contributions for revenue received from property tax revenue (prior to 1998) which was used to acquire or construct depreciable tangible capital assets. This Ministry requirement is not in accordance with GAAP, necessitating a special purpose rather than a standard Auditors' Report. 	<ul style="list-style-type: none"> The Canadian Institute of Chartered Accountants Technical Committee advised the Ministry that property tax revenue used to fund tangible capital assets did not meet the definition of a liability under the <i>Government transfers</i> standard The Ministry decided to mandate the recording of the property tax revenue funding for capital assets as deferred capital contributions even though they do not meet the definition under GAAP. The description of the significant accounting policy that departs from GAAP is disclosed in note 1 (a) of the financial statements. The Auditors' Report directs the readers to this note. 	<ul style="list-style-type: none"> No audit misstatement or control deficiency.
<p>HST receivable</p> <ul style="list-style-type: none"> The Board has recorded a \$640,000 HST receivable. The receivable results from HST assessed as a result of transactions between Student Transportation Services of Waterloo Region Inc. and the Board. 	<ul style="list-style-type: none"> It is management's position that these amounts are refundable and it will be pursuing one of three options given by Canada Revenue Agency to recover these funds. Management has advised us the possible exposure that the full amount will not be refunded is less than \$25,000. Management and the consortium management committee are assessing which option they will choose. 	<ul style="list-style-type: none"> No audit misstatement or control deficiency.

Audit Findings Report to the Audit Committee

<p>Assets held for sale</p> <ul style="list-style-type: none"> Pursuant to PS 1202 – Financial Statement Presentation- assets held for sale are to be classified as financial assets rather than non-financial assets. 	<p>The assets held for sale met the following criteria for reclassification:</p> <ul style="list-style-type: none"> Appropriate level has committed to the sale; Asset is in condition to be sold; There is an active market; There is a plan to sell the asset; and It is reasonable that the asset will be sold within one year. <p>The accounting policy is described in note 1 (f) of the financial statements and further details of the assets held for sale is described in note 4 of the financial statements.</p>	<ul style="list-style-type: none"> No audit misstatement or control deficiency noted.
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Audit Findings Report to the Audit Committee

Significant Qualitative Aspects of Accounting Practices

The following are the significant qualitative aspects of accounting practices that we will discuss:

Significant Accounting Policies	<ul style="list-style-type: none"> • The significant change in accounting policy is discussed on page 4 of this report.
Significant Accounting Estimates	<p>Management's identification of accounting estimates:</p> <p>Employee future benefit assumptions (discount rate)</p> <ul style="list-style-type: none"> • Ontario School Boards' Co-operative Inc., management's actuarial expert is consulted with to determine the future retirement and other future benefits liability on an annual basis. The most recent valuation for accounting purposes was as at August 31, 2008 which has been extrapolated to August 31, 2011. • The significant assumptions in this extrapolation are as follows: <ul style="list-style-type: none"> ○ The discount rate for the obligation is 4%. ○ The discount rate for the benefit cost is 4.5%. • No management biases were noted.
Significant Disclosures	<p>The significant changes in note disclosures are as follows:</p> <ul style="list-style-type: none"> • Note 1 (a) - basis of accounting note has been revised • Note 1 (g) - government transfers • Note 2 - change in accounting policies • Note 7 - deferred capital contributions <p><i>All the changes are due to the implementation of the Government transfers revised standard.</i></p> <ul style="list-style-type: none"> • Note 19 – 55 School Board Trust

Misstatements

Audit Misstatements – Identification

- Misstatements identified during the audit have been categorized as follows:
 - uncorrected audit misstatements, including disclosures
 - corrected audit misstatements, including disclosures

Uncorrected Audit Misstatements

- Management has represented to us that the uncorrected audit misstatements, individually and in the aggregate, are, in their judgement, not material to the financial statements.
- We concur with management's representation. Accordingly, the uncorrected audit misstatements have no effect on our audit report.
- Refer to Management's representation and the Summary of Uncorrected Audit Misstatements in Appendix 2 for all uncorrected audit misstatements.

Corrected Audit Misstatements

- Refer to the Summary of Corrected Audit Misstatements in Appendix 2.

Control Deficiencies

Background

- In planning and performing our audit of the financial statements, we considered internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.
- Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified.
- Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Identification

- We did not identify any control deficiencies that we consider to be significant deficiencies in internal control.

Appendices

Appendix 1 – Independence Letter



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PRIVATE & CONFIDENTIAL

Audit Committee
 Waterloo Catholic District School Board
 35 Weber St. W. Unit A
 Kitchener, Ontario N2H 3Z1

November 7, 2011

Dear Audit Committee:

We have been engaged to express an opinion on the financial statements of Waterloo Catholic District School Board ("the Entity") as at and for the period ended August 31, 2011.

Professional standards specify that we communicate to you in writing, at least annually, all relationships between the Entity (and its related entities) and our firm, that may reasonably be thought to bear on our independence.

In determining which relationships to report, we are required to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Ontario and any applicable legislation or regulation, covering such matters as:

- a) provision of services in addition to the audit engagement
- b) other relationships such as:
 - holding a financial interest, either directly or indirectly, in a client
 - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
 - personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
 - economic dependence on a client.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since the date of our last letter.



PROVISION OF SERVICES

The following summarizes the professional services rendered by us to the Entity (and its related entities) for the period ended August 31, 2011.

Description of Service
<p>Audit</p> <ul style="list-style-type: none"> • Audit of the Waterloo Catholic District School as August 31, 2011 - \$53,300 • Audit of the Waterloo Catholic District School Board Literacy and Basic Skills Statement of Revenue and Expenditures program for the year ended March 31, 2011 - \$3,600 • Specified audit procedures for the Province of Ontario seven month reporting March 31, 2011 - \$4,000 <p>All other</p> <ul style="list-style-type: none"> • Review of the Guidelines for the Apprenticeship Program - \$300

OTHER RELATIONSHIPS

We are not aware of any relationships between our firm and the Entity (and its related entities) that may reasonably be thought to bear on our independence during the period from September 1, 2010 to November 7, 2011.

CONFIRMATION OF INDEPENDENCE

Professional standards require that we confirm our independence to you in the context of the relevant ethical requirements regarding independence.

Accordingly, we hereby confirm that we are independent with respect to the Entity (and its related entities) within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of November 7, 2011.

OTHER MATTERS

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party for any other purpose.

Yours very truly,

Chartered Accountants, Licensed Public Accountants

tem/ga

Appendix 2 – Management Representation Letter

KPMG LLP
Chartered Accountants
115 King Street South, 2nd floor
Waterloo, Ontario N2J 5A3
Canada

November 14, 2011

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Waterloo Catholic District School Board ("the Entity") as at and for the period ended August 31, 2011.

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

GENERAL:

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 13, 2011 and September 12, 2011, for:
 - a) the preparation of the financial statements.
 - b) providing you with all relevant information and access.
 - c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
 - d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risks that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

COMMITMENTS & CONTINGENCIES:

- 4) There are no:
 - a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation.
 - b) other environmental matters that may have an impact on the financial statements.

SUBSEQUENT EVENTS:

- 5) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 6) We have disclosed to you the identity of the Entity's related parties and all the related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 7) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

ACCOUNTING POLICIES:

- 8) The accounting policies selected and applied are appropriate in the circumstances.
- 9) Retrospective application has been made to the prior period financial statements for changes in accounting policies in accordance with the relevant financial reporting framework.

EMPLOYEE FUTURE BENEFITS:

- 10) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 11) There are no arrangements (contractual or otherwise) by which programs have been established to provide employee future benefits.
- 12) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.
- 13) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.
- 14) The set of actuarial assumptions for each plan is individually consistent.
- 15) The discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.
- 16) The assumptions included in the actuarial valuation are those that management instructed Ontario School Boards' Co-operative Inc. to use in computing amounts to be used by us in determining obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

- 17) In arriving at these assumptions, management has obtained the advice of Ontario School Boards' Co-operative Inc., but has retained the final responsibility for them.
- 18) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 19) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.
- 20) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 21) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

MANAGEMENT'S USE OF SPECIALISTS:

- 22) We agree with the findings of Ontario School Boards' Co-operative Inc. as management's expert in preparing the employee future benefits obligation. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 23) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

MISSTATEMENTS:

- 24) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 25) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Yours very truly,

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

By: Roger Lawler, Director of Education

By: Shesh Maharaj, Superintendent of Corporate Services and Treasurer

By: Laura Isaac, Senior Manager of Financial Services

Attachment I – Definitions**MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Canadian accounting standards for the public sector (PSAB) *related party* is defined as:

- Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

In accordance with Canadian accounting standards for the public sector (PSAB) a *related party transaction* is defined as:

- A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.



Waterloo Catholic District School Board
 Summary of Uncorrected Audit Misstatements
 For Year Ended
 Amounts in
 Method Used to Quantify Audit Misstatements

31-Aug-11
Currency Unit
Income Statement

ID	Description of misstatement	Type of misstatement	Indicative of fraud?	Impact on Nature, Timing, Extent of Procedures?	Rationale if no Control Deficiency or reference to the control deficiency in the Tracker	Correcting Entry Required at Current Period End			Income Statement - Debit (Credit)			Financial Position Effect - Debit (Credit)		
						Accounts	Debit	(Credit)	Income effect of correcting balance sheet in prior period (carry forward from prior period)	Income effect of correcting the current period balance sheet	Income effect according to Rollover (Income Statement) method	Accumulated surplus	Financial Assets	Non-Financial Assets
							A	B (Only Income Statement accounts)	C=A (Only Income Statement accounts)	C-B				
	Accrued Health & Dental (Greenshield) expenses relating to the prior fiscal year	Factual	No	No	This is a prior year audit misstatement. The error on the financial position has been corrected in the current year.	Accumulated Surplus		(622,387.00)	(622,387.00)	622,387	622,387			
	Teachers expense						622,387.00							
	(insert rows above this row as necessary)													

Aggregate effect of uncorrected audit misstatements:	622,387	622,387	-	-	-
Financial statement amounts (per final financial statements):	(243,953,234)	353,865	122,832,631	239,843,684	(363,030,180)
Uncorrected audit misstatements as a percentage of financial statement amounts:	-0.3%	175.9%	0.0%	0.0%	0.0%



atholic District School Board
Corrected Audit Misstatements
ed 31-Aug-11

dollars

Description of misstatement	Type of misstatement	Identified During	Indicative of Fraud	Impact on Nature, Timing, Extent of Procedures?	Rationale if no Control Deficiency or reference to the control deficiency in the Tracker	Accounts	Debit	(Credit)	Income Statement Effect - Debit (Credit)	Financial Position Effect - Debit (Credit)				
									Income Statement Debit (Credit)	Accumulated surplus	Financial Assets	Non-Financial Assets	Financial Liabilities	
Misstatements - Final														
Entry booked incorrectly to correct prior year Greenshield issue <i>(insert rows above this row as necessary)</i>	Factual	YE	No	No	Clerical error	Accounts payable	729,528							729,528
						Teachers expense		(729,528)	(729,528)					
Total effect of corrected audit misstatements - Final									(729,528)	-	-	-	729,528	

Audit Findings Report to the Audit Committee

Appendix 3 – Definitions

Terminology	Definition
Deficiency in Internal Control	A Deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.
Significant Deficiency in Internal Control	A significant deficiency in internal control is a deficiency or combination of deficiencies in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Appendix 4 – Engagement Letter (amendment)



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Mr. Manuel da Silva
 Chair of the Board of Trustees
 Waterloo Catholic District School Board
 35 Weber St. W. Unit A
 Kitchener, Ontario N2H 3Z1

September 12, 2011

Dear Sirs:

Except as specified herein, all provisions of the most recent Engagement Letter between KPMG and Waterloo Catholic District School Board (the "Entity") dated June 13, 2011 continue in effect from period to period unless amended or terminated in writing.

This letter amends the following terms of our engagement:

The Ministry of Education along with the Accounting Firm Task Force updated the prescribed Auditors' Report to reflect the change in its presentation due to the adoption of the new Government Transfers Handbook Section of the Public Sector Accounting Standards. The updated expected Auditors' Report is attached in Appendix A. This report replaces the expected Auditors' Report (Appendix B) in our previous engagement letter dated June 13, 2011.

We are available to discuss these amendments to the terms of our engagement with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign the copy in the space provided and return it to us.

Yours very truly,

KPMG LLP

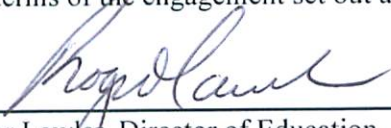
Tom Mennill, CA
 Partner responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
 (519) 747-8221

Enclosure

c.c: Audit Committee



The terms of the engagement set out are as agreed:



Roger Lawler, Director of Education

30/9/11

Date (DD/MM/YY)



Manuel da Silva, Chair of the Board of Trustees

30/09/11

Date (DD/MM/YY)



APPENDIX B – EXPECTED FORM OF REPORTS

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 statement of financial position as at August 31, 2011, and the consolidated statements of operations, change 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 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 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 the auditor's 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 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.

Note 1 to the financial statements may read:

(a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, directive was provided by the Ontario Ministry of Education within 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 (CICA).

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in Note XXX to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in Note XXX. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

Appendix 5 – Future Accounting Standard Changes

Tax Revenue

- This standard sets out revenue recognition principles for tax revenue.
- Provides principles for recognition of taxes collected on behalf of others.
- Tax revenue recorded by the government that imposes the tax, except in a purely flow-through arrangement.
- Tax revenue levied by the municipalities at the request of the Province would not be recognized as tax revenue by the school boards.
- Effective for fiscal years commencing on or after April 1, 2012.

Contaminated Sites

- A school board has a liability when the standard exists, the contamination in question exceeds an authoritative environmental standard and the entity is directly responsible or accepts responsibility.
- Voluntary compliance with a non-authoritative policy or guidelines may create a liability.
- If quoted market price to settle liability not available, liability is measured using a discounted cash flow approach that would be reviewed at each reporting date.
- Measurement of the liability can include recoveries if likely to be realized and a reasonable estimate can be made under an appropriate basis of measurement.
- Effective for Fiscal years commencing on or after April 1, 2012.

Financial Instruments

- Sets out principles to be used in establishing an accounting standard with respect to financial instruments and derivative instruments.
- Fair value measurement proposed for derivatives and portfolio investments that are equity instruments quoted in an active market. Fair value can be applied to non-equity instruments through an accounting policy choice.
- This standard is effective for fiscal years beginning on or after April 1, 2012.

Audit Findings Report to the Audit Committee**Appendix 6 – KPMG's Audit Committee Resources**

- *Focus on Financial Reporting – 2010 Annual Update*
<http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/Pages/FOCUS-ON-FINANCIAL-REPORTING-2010-ANNUAL-UPDATE.aspx>
- *Audit Committee Update*, Issue 2010-01, Audit Committee Institute
<http://www.kpmg.ca/auditcommittee/update.html>
- Audit Committee Roundtables held each spring and fall, Audit Committee Institute
<http://www.kpmg.ca/auditcommittee/roundtables.html>
- *Shaping the Canadian Audit Committee Agenda* (2006 edition), Audit Committee Institute
<http://www.kpmg.ca/auditcommittee/shaping.html>
- *Accountability e-Lert* – periodic electronic newsletter. Subscribe at
www.kpmg.ca/accountability
- Audit Committee Institute Web site – www.kpmg.ca/auditcommittee

Consolidated Financial Statements of

**WATERLOO CATHOLIC
DISTRICT SCHOOL BOARD**

Year ended August 31, 2011

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.

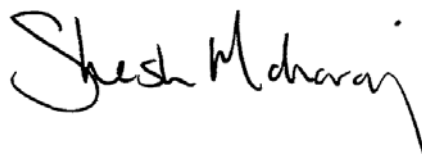
Board Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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

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 the auditors' 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.

Chartered Accountants, Licensed Public Accountants

November 14, 2011

Waterloo, Canada

DRAFT

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
Debtenture 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.

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

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.

(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. 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
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
	\$ 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
POD	\$ 9,099,936	\$ 4,436,570	\$ 14,564	\$ -	\$ 13,521,942
EDC	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, 2010

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, 2010

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.

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

14. CONTRACTUAL OBLIGATIONS:

At August 31, 2011, the Board is committed to the following contracts for construction:

Canadian Martyrs Catholic Elementary School	\$ 139,524
Holy Rosary Catholic Elementary School	637,328
John Sweeney Catholic Elementary School	279,585
Monsignor Doyle Catholic Elementary School	49,020
Resurrection Catholic Secondary School	42,265
St. Anne (K) Catholic Elementary School	2,505,918
St. Agnes Catholic Elementary School	141,438
St. Aloysius Catholic Elementary School	51,579
St. Ambrose Catholic Elementary School	40,609
St. Boniface Catholic Elementary School	166,195
St. John Catholic Elementary School	5,690,092
St. Paul Catholic Elementary School	138,721
St. Teresa (K) Catholic Elementary School	702,666
Other contractual obligations	401,706
	\$ 10,986,646

At August 31, 2011, the Board is committed to contractual operating leases for portables of \$627,442 (2010 - \$707,736).

15. 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. 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 2006 to June 2011 claims history.

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.

Date: November 14, 2011
To: Committee of the Whole
From: Director of Education
Subject: Southeast Galt Accommodation Review – Review Initiation

Type of Report: Decision-Making
 Monitoring
 Incidental Information

Type of Information: Information for Decision Making
 Monitoring Information
 Information Only

Origin:

WCDSB Capital Plan, January 2008

Policy Statement:

Executive Limitation IV 008, “Financial Conditions and Activities” ... “the CEO shall not:

9. Acquire, encumber or dispose of real property

Executive Limitation IV 010, “Facilities/Accommodations” ... “the CEO shall not:

1. “Allow material changes to facilities, boundary changes, or the closure of existing facilities to occur without established procedures.”
2. “Fail to present to the board an annual report on current enrolment status, future demographic trends and a list of potential schools being considered for boundary changes or closure”.

Background/Comments:

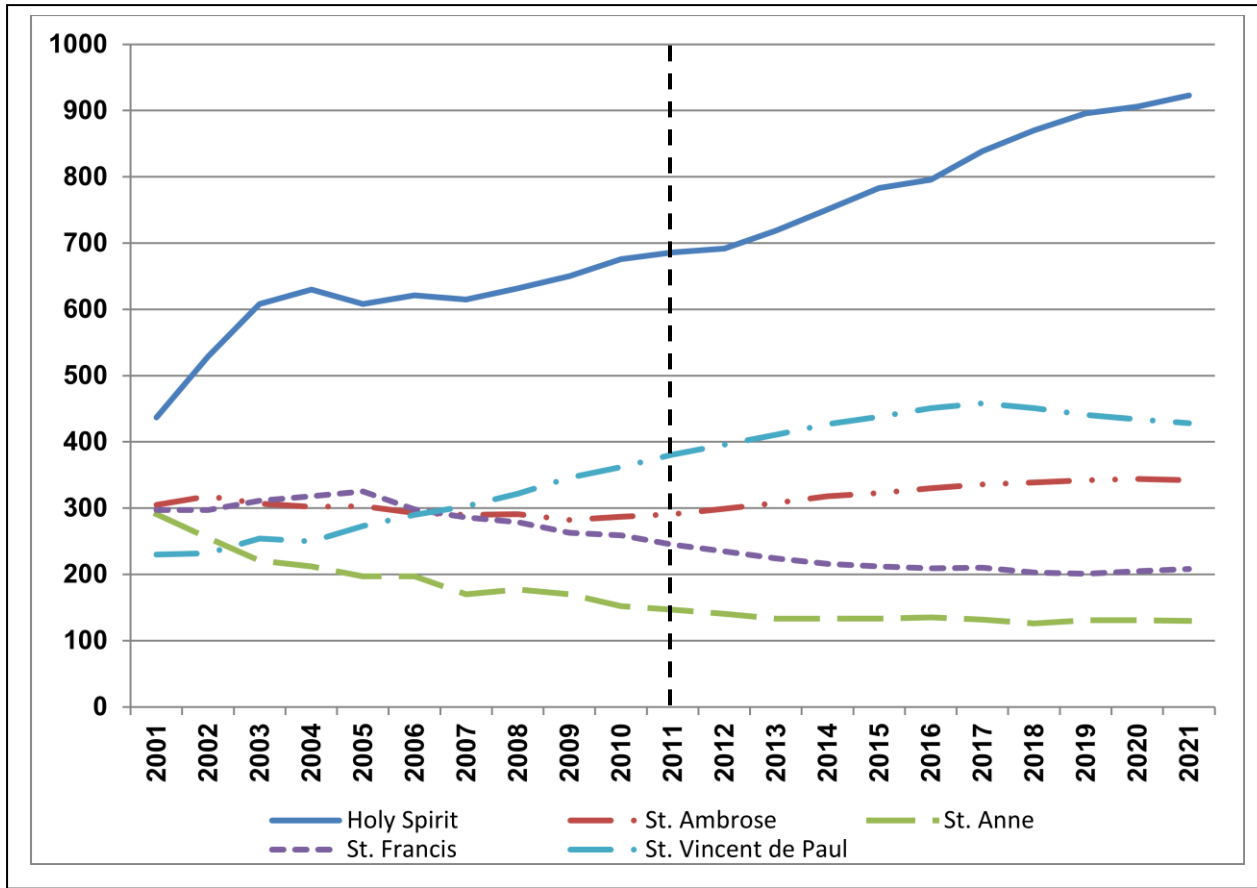
- An accommodation review was conducted in 2000 to identify school boundaries for the new Holy Spirit elementary school and to rebalance enrolment at the other schools in the southeast Galt review area.
- Since that time southeast Galt has experienced significant residential growth with the majority of that growth occurring south of Myers Road.
- A new residential community has begun to develop to the east of Dundas Street (Highway 8) which is expected to contribute substantial enrolment over the next 10 to 15 years. It is projected that a new elementary school will be needed to accommodate enrolment growth from this new community as early as 2015.
- An accommodation review of the Southeast Galt area is proposed to address the enrolment pressures resulting from the existing and proposed residential development in the area and to address declining enrolment at other area schools.
- The proposed study area is shown on Appendix A.

Enrolment / Utilization:

- Residential growth within the Holy Spirit, St. Vincent de Paul and St. Francis attendance areas has led to increases in enrolment at these schools.
- In comparison, enrolment at St. Anne in the north end of the study area has been declining for a number of years.
- St. Ambrose has experienced relatively steady enrolment due in large part to students from Neighbourhood One being directed to this school. Without the new residential growth, enrolment at St. Ambrose would be in decline.

- The graph below illustrates the historic and predicted enrolment trends for the five schools:

Historic & Predicted Enrolment – Southeast Galt



- When enrolment is compared against the available capacity of the school a utilization rate can be calculated. A utilization rate below 60% for any single school or below 70% for a group of schools has been used in the past as an indicator for the initiation of an accommodation review.
- The tables below show the utilization rates for the schools in southeast Galt. The data shows that overall their total enrolment is approximately equal to total amount of capacity available (98.2% utilization). The data also shows that Holy Spirit and St. Vincent de Paul are operating well above capacity while St. Ambrose, St. Anne and St. Francis operate below capacity. There are currently 6 portable classrooms at both Holy Spirit and St. Vincent de Paul.

Utilization Rates for Southeast Galt Schools

	Cap.	2011			2016			2021		
		Total	FTE	Utiliz.	Total	FTE	Utiliz.	Total	FTE	Utiliz.
Holy Spirit	506	686	608	120.2%	796	722	142.7%	923	838	165.6%
St. Ambrose	348	291	257	73.9%	330	295	84.8%	342	304	87.4%
St. Anne	247	147	134	54.3%	135	121	49.0%	130	116	47.0%
St. Francis	259	245	228	88.0%	209	186	71.8%	208	185	71.4%
St. Vincent de Paul	233	381	338	145.1%	451	409	175.5%	428	388	166.5%
Total	1593	1750	1565	98.2%	1921	1733	108.8%	2031	1831	114.9%

- The enrolment projections for these schools suggest that the imbalance between enrolment and capacity will increase in the future as enrolment growth continues at Holy Spirit and St. Vincent de Paul and enrolment declines further at St. Ambrose, St. Anne and St. Francis.

- This imbalance results in added costs to the system in terms of portable lease costs and higher operating costs (utilities, custodial, maintenance, etc). It also places pressures on in-school resources (libraries, computer labs, gymnasiums, special education rooms, meeting spaces, etc) where schools are expected to accommodate more students than they were originally designed for.

Existing Facilities:

- Each school in the review area has facility-related issues which would be considered through the accommodation review. These issues are summarized below:
 - a) Holy Spirit
 - School is above capacity with 6 portables on site;
 - Building was expanded in 2006 with an 8 classroom addition;
 - A further addition is required to implement the full day kindergarten program (2 additional kindergarten rooms required);
 - A new elementary school east of Dundas Street would provide a neighbourhood school for the new community and would relieve enrolment pressures at Holy Spirit.
 - b) St. Anne
 - Original school was built in 1965 and expanded in 1998 with a 6 classroom addition and gymnasium;
 - Enrolment is steadily declining with building utilization currently at 54%;
 - Enrolment is below 150 students which may impact on curriculum delivery;
 - Full day kindergarten program has been implemented using surplus space within the school;
 - Existing facility partnership with the City of Cambridge and Allison Park Neighbourhood Association.
 - c) St. Ambrose
 - Original school was built in 1955 with additions in 1960, 1964, and 1968. In 1973 the WCDSB entered into a partnership with the City of Cambridge for the construction of Dolson Pool as an addition to the school;
 - School is located on a very small site (2.7 acres) and the majority of the site is used as shared parking for Dolson Pool and the adjacent St. Ambrose Parish. There is very little playfield space available at this school.
 - Full day kindergarten program has been implemented using surplus space within the school;
 - d) St. Francis
 - Original school was built in 1968;
 - School is located on a very small site (3.2 acres);
 - The school is deficient in administrative space (the main office, staff room and meeting space is all below current standards), has insufficient special education space and was constructed with two wings of open concept classroom space with 6 classrooms in each;
 - Full day kindergarten implementation will require an additional kindergarten room to be constructed which will be problematic on the existing site.
 - e) St. Vincent de Paul
 - The school built was built in 1988 with modular construction. The building was designed around a central corridor structure with modular classroom components attached to each side. The structure is considered “relocatable” however the exterior envelope has been sheathed in masonry making relocation improbable. A gymnasium was added in 1991 but built with “permanent” construction techniques.
 - The school site is 6.2 acres in size which is an adequate size for a school up to 600 students;
 - Full day kindergarten implementation will require 2 additional kindergarten rooms to be constructed;
 - Given the non-permanent nature of the original school construction there is some hesitation to adding another permanent structure onto the existing building.

Conclusion:

- Enrolment pressures are increasing at Holy Spirit and St. Vincent de Paul. The enrolment increases at these schools are not sustainable in the long term and place considerable pressure on the operation of these schools.
- Enrolment is expected to continue to decline at St. Anne and St. Ambrose resulting in increasing amounts of surplus classroom space.
- Full day kindergarten has been implemented at St. Anne and St. Ambrose but has been delayed at Holy Spirit, St. Vincent de Paul and St. Francis due to a lack of existing space to run the program and/or an inability to expand the existing building. The final year for full day kindergarten implementation is 2014.

- Site and facility issues exist at St. Ambrose, St. Francis and St. Vincent de Paul which need to be resolved in order to properly plan for the future accommodation needs of this area.
- It is recommended that an accommodation review be initiated for the Southeast Galt area under Part B: Closure Review Process of the board's Pupil Accommodation Review Process policy (APF008) and that St. Anne, St. Ambrose, St. Francis, St. Vincent de Paul and Holy Spirit be included in this review.

Recommendation:

THAT the Board of Trustees authorizes Senior Administration to initiate the Southeast Galt Accommodation Review following Part B: Closure Review Process of the board's Pupil Accommodation Review Process policy (APF008).

Prepared/Reviewed By: Roger D. Lawler
Director of Education

Shesh Maharaj
Superintendent of Corporate Services and Treasurer

Dave Bennett
Senior Manager of Capital Planning

*Bylaw 5.2 "where the Board of Trustees receives from the Director of Education a monitoring report that flows from a responsibility delegated to the Director under Board Policy – *except where approval is required by the Board of Trustees on a matter delegated by policy to the Board* - the minutes of the Meeting at which the Report is received shall expressly provide that the Board has received and approved of the Report as an action consistent with the authority delegated to the Director, subject in all instances to what otherwise actually occurred."

Date: November 14, 2011
To: Committee of the Whole
From: Director of Education
Subject: Southeast Galt Joint Venture Project – Update Report

Type of Report: Decision-Making
 Monitoring
 Incidental Information

Type of Information: Information for Decision Making
 Monitoring Information
 Information Only

Origin:

Board Report, March 27, 2006 – “Southeast Galt School Site – Joint Venture Agreement

Policy Statement:

Executive Limitation IV 008, “Financial Conditions and Activities” ... “the CEO shall not:
 9. Acquire, encumber or dispose of real property

Executive Limitation IV 010, “Facilities/Accommodations” ... “the CEO shall not:

1. “Allow material changes to facilities, boundary changes, or the closure of existing facilities to occur without established procedures.”
4. “Fail to engage in partnerships only with board approval.”

Background/Comments:

- A new residential community is planned for the area east of Dundas Street (Highway 8). This area is currently within the attendance boundary for Holy Spirit elementary school.
- The City of Cambridge is proposing a community centre in this area which may include gymnasium space, a swimming pool and community meeting rooms. Cambridge Libraries foresees the need for a 14,000 square foot community library branch and both school boards foresee the need for elementary schools.
- In January 2005 the City of Cambridge requested a meeting with the WCDSB, the WRDSB and Cambridge Libraries to discuss the potential for a joint facility development in southeast Galt.
- Meetings were attended by staff of the various organizations throughout 2005 leading to the conclusion that a joint venture partnership in Southeast Galt could have financial benefits for the participants.
- A report was presented to the Committee of the Whole on March 27, 2006 and the following motions were passed:

“THAT the Board of Trustees authorizes Administration to negotiate an agreement for the purchase of up to 6.5 acres of land for a school site in southeast Cambridge (Galt) as part of a joint venture that may include the City of Cambridge, the Waterloo Region District School Board and the Cambridge Public Library.”

“THAT the Board of Trustees approves in principle the consideration of a joint school-community development and authorizes Administration to enter into discussions with the City of Cambridge, the Waterloo Region District School Board and the Cambridge Public Library for the potential joint design

and development of a Catholic elementary school in southeast Galt, subject to Board-developed criteria for participation.”

- Some concerns were raised by the Board of Trustees with regard to joint Catholic and Public school facilities and the potential for the loss of identity that could result from these partnerships.
- On April 24, 2006 the Board of Trustees passed the following motions as part of the Education Development Charges By-law review which required a statement from the board regarding “Alternative Accommodation Arrangements”:

“THAT the Board of Trustees adopt the following statement with regard to alternative accommodation arrangements; that is,

THAT the Board of Trustees will consider possible arrangements with municipalities, school boards or other persons or bodies in the public or private sector, including arrangements of a long-term or cooperative nature, which would provide accommodation for the new elementary school pupils and new secondary school pupils who are resident pupils of the board, subject to the following:

- a) The arrangement must be proven to be cost effective and advantageous for the board compared to other possible arrangements including acquisition of a school site and the construction of a free standing structure.
- b) The arrangement shall comply with any guidelines issued by the Ministry of Education.
- c) The Board shall retain sufficient governance authority over the facility to ensure that it is able to deliver the appropriate educational program to its pupils.

While the Board will consider possible alternative accommodation arrangements, this statement is not a commitment of the Board to any specific project(s).”

- This motion may contain some of the elements of the future criteria to be developed by the Board. Other criteria could be developed with the objective of supporting a strong, independent identity for the Waterloo Catholic District School Board in this, or any, joint development.
- On the basis of the “in principle” approval, the City of Cambridge proceeded to negotiate the purchase of 32.5 acres of land from one of the land owners in southeast Galt. The 32.5 acres represented the estimated land needs of the various participants – City of Cambridge & Cambridge Libraries – 18 acres; WRDSB – 8 acres; and WCDSB – 6.5 acres.
- At the June 25, 2007 meeting of the Committee of the Whole the Board passed the following motion:

“THAT the Committee of the Whole Board agrees in-principle with the acquisition of 6.5 acres of land in southeast Galt at a purchase price of \$122,500 per acre as part of a proposed joint venture project with the City of Cambridge – and that the Board understands the final acquisition cost of this land will include the Board’s proportionate share of the overall servicing costs, financial carrying costs and various soft costs in addition to the land cost component.”

- The City of Cambridge purchased the 32.5 acre property on July 10, 2007. The purchase of the land by the City of Cambridge does not obligate the WCDSB to purchasing any portion of this land from the City. Rather, the City of Cambridge is “holding” these lands on behalf of the WCDSB and the WRDSB until such time as the boards can commit to an elementary school in this area and an agreement can be signed to enter into a joint venture.
- The southeast Galt elementary school site was included in the recent Education Development Charge (EDC) by-law update and 100% of the property is EDC eligible. EDC charges can be used to acquire the land and to fund any expenditures required to prepare the site for development including area grading, extension of underground services, storm water management, etc.

Southeast Galt Joint Venture Development

- The expected development of the southeast Galt community has not proceeded as quickly as was originally anticipated. The development has been delayed by the need to extend services into the area, the need to acquire a second means of access from Dundas Street and by the recent economic downturn.
- The servicing and access issues have now been resolved and it is expected that development applications will be submitted by the land owners in 2012. The best case scenario assumes construction of the creek crossing in

2013 and housing starts in 2014. A new elementary school would be ready for occupancy by September 2015.

- No decisions have been reached on the form of the potential joint venture development. A number of options will be explored and these may include any of the following, or variations thereof:
 - A fully integrated multi-occupant building with a full sharing of common spaces (gymnasiums, libraries, meeting rooms, etc), mechanical systems, play fields, parking, etc;
 - A semi-integrated multi-occupant building with some sharing of common spaces, mechanical systems, play fields, parking, etc but with separate entrances and municipal addresses for each occupant;
 - A limited sharing of facilities with relatively little sharing of interior spaces, with the opportunity to book facilities of other occupants as the need arises, but with sharing of play fields and parking; or
 - A traditional elementary school development with a standalone building on a solely owned property.
- A draft memorandum of understanding has been prepared outlining how the organizations propose to proceed. The memorandum of understanding would act as a guiding document until formal agreements are reached.
- The next steps in the project would include:
 - Retaining a consultant to prepare preliminary development options which can be presented to the respective councils and boards of the partners for feedback and decision-making;
 - Conducting tours of similar facilities for members of the various councils and boards;
 - To enter into agreements, as appropriate, for a) the purchase of land and sharing of costs related to the servicing of the land; b) the development of the joint community campus; and c) the operation of the joint community campus.

Recommendation:

THAT the Board of Trustees receives the Southeast Galt Joint Venture Project – Update Report as information.

Prepared/Reviewed By: Roger D. Lawler
 Director of Education

Shesh Maharaj
 Superintendent of Corporate Services and Treasurer

Dave Bennett
 Senior Manager of Capital Planning

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Bell Time Review

WCDSB

November, 2011



Bell Time Review

- The WRDSB is considering significant changes to the bell time for all schools
- Researches are demonstrating that teenagers would benefit from a later start time
- The feedback received last year suggested elementary schools should start earlier



Model used

- Data used
 - Current runs
 - Grouped by geographical areas
 - No change in ridership,
- Model counts concurrent runs to estimate the number of vehicle required at any given time



Based hypothesis

- No School starts before 8:00am
- No Student picked-up before 7:00am
- Target Student morning dropped off at
 - 15 to 20 minutes before bell time for high schools
 - 10 minutes before bell time for elementary schools
- Bus at school at bell time in afternoon at elementary schools and within 15 minutes at secondary schools



Bell time window

- High schools start between 9:15 & 9:45
- Elementary Schools start between 8:00-9:00
 - Would reduce the number of buses required by up to 80 and would provide a range of for the elementary schools bell time earlier
 - Substantial saving (\$1,800,000+ system wide) (or \$600,000+ for WCDSB)



Need to align with WRDSB

- Since the transportation network is highly integrated between the WRDSB and WCDSB there is a need to somewhat align the school bell times between the 2 boards.
- Significant cost increase could occur if runs can no longer be integrated in routes shared with the partner board.