

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

For the year ended August 31, 2010



STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of the Halton Catholic District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements for the year ended August 31, 2010 have been reported on 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.

Michael Pautler
Director of Education
and Secretary of the Board

Paul McMahon
Superintendent of Business Services
and Treasurer of the Board

December 15, 2010



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AUDITORS' REPORT

To the Trustees of the
Halton Catholic District School Board:

We have audited the consolidated statement of financial position of the Halton Catholic District School Board as at August 31, 2010 and the consolidated statements of financial operations, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Halton Catholic District School Board as at August 31, 2010 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada
December 15, 2010

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2010, with comparative figures for August 31, 2009

	2010	2009 (Restated -note 2)
Financial Assets		
Cash and cash equivalents	\$ 3,407,165	\$ 13,654,643
Accounts receivable (note 3)	15,254,116	12,165,054
Long-term accounts receivable – Government of Ontario (note 4)	175,648,263	-
Total financial assets	194,309,544	25,819,697
Financial Liabilities		
Temporary borrowing (note 5)	10,057,109	10,054,513
Accounts payable and accrued liabilities	14,712,095	16,858,601
Deferred revenue (note 6)	10,920,319	11,034,742
Retirement and other employee future benefits payable (note 7)	39,300,100	37,769,063
Net long-term liabilities (note 8)	200,876,105	183,807,348
Total financial liabilities	275,865,728	259,524,267
Net debt	(81,556,184)	(233,704,570)
Non-Financial Assets		
Tangible capital assets (note 9)	428,629,352	396,716,076
	428,629,352	396,716,076
Accumulated surplus (note 10)	\$ 347,073,168	\$ 163,011,506

The accompanying notes are an integral part of these consolidated financial statements.



Michael Pautler, Director of
Education and Secretary of
the Board



Alice Anne LeMay, Chair
of the Board

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

For the year ended August 31, 2010, with comparative figures for the year ended August 31, 2009

	2009-10 Budget (Unaudited -note 16)	2009-10 Actual	2008-09 Actual (Restated -note 2)
Revenues:			
Local taxation	\$ 81,629,108	\$ 80,111,849	\$ 80,615,965
Provincial legislative grants	180,046,140	183,933,288	166,555,967
Provincial legislative grants – capital funding	-	175,648,263	-
Provincial grants – other	1,575,249	4,117,755	3,908,798
Federal grants and fees	2,091,010	2,222,694	1,760,137
Other fees and revenues	1,794,870	11,260,023	6,166,743
Investment income	1,065,000	1,064,965	1,336,816
School fundraising	10,000,000	10,563,554	9,664,416
Total revenue	278,201,377	468,922,391	270,008,842
Expenditures:			
Instruction	209,591,933	214,277,516	202,424,942
Administration	8,331,457	8,339,698	7,896,765
Transportation	5,872,681	5,721,987	5,973,869
Pupil accommodation	46,818,937	45,275,275	50,972,019
Other	386,000	735,379	554,766
School funded activities	9,800,000	10,510,874	9,709,723
Total expenditures (note 11)	280,801,008	284,860,729	277,532,084
Annual surplus (deficit)	(2,599,631)	184,061,662	(7,523,242)
Accumulated surplus, beginning of year	163,011,505	163,011,506	170,534,748
Accumulated surplus, end of year	\$ 160,411,874	\$347,073,168	\$ 163,011,506

The accompanying notes are an integral part of these consolidated financial statements.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

For the year ended August 31, 2010, with comparative figures for the year ended August 31, 2009

	2009-10	2008-09
Annual surplus (deficit)	\$ 184,061,662	\$ (7,523,242)
Acquisition of tangible capital assets	(44,805,751)	(44,108,047)
Amortization of tangible capital assets	11,616,035	10,767,754
(Gain)/loss on sale of tangible capital assets	(3,736,270)	7,008,135
Proceeds on sale of tangible capital assets	5,012,710	-
Change in net debt	152,148,386	(33,855,400)
Net debt, beginning of year	(233,704,570)	(199,849,170)
Net debt, end of year	\$ (81,556,184)	\$(233,704,570)

The accompanying notes are an integral part of these consolidated financial statements.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

For the year ended August 31, 2010, with comparative figures for the year ended August 31, 2009

	2009-10	2008-09 (Restated -note 2)
Cash provided by (used in):		
Operating Activities:		
Annual surplus (deficit)	\$184,061,662	\$ (7,523,242)
Items not involving cash:		
Amortization	11,616,035	10,767,754
(Gain) loss on sale of tangible capital assets	(3,736,270)	7,008,135
Change in employee benefits	1,531,037	2,247,479
Change in non-cash assets and liabilities:		
Accounts receivable	(178,737,325)	6,847,774
Accounts payable and accrued liabilities	(2,146,506)	1,484,869
Deferred revenue	(114,423)	101,507
Net change in cash from operating activities	12,474,210	20,934,276
Capital Activities:		
Proceeds on sale of tangible capital assets	5,012,710	-
Cash used to acquire tangible capital assets	(44,805,751)	(44,108,047)
Net change in cash from capital activities	(39,793,041)	(44,108,047)
Financing Activities:		
Long-term liabilities issued	24,222,255	27,247,335
Debt principal repayments and sinking fund contributions	(7,153,498)	(5,781,566)
Net change in cash from financing activities	17,068,757	21,465,769
Net change in cash and cash equivalents	(10,250,074)	(1,708,002)
Cash and cash equivalents, beginning of year	3,600,130	5,308,132
Cash and cash equivalents, end of year	\$ (6,649,944)	\$ 3,600,130

The components of cash and cash equivalents are as follows:

	2010	2009
Cash and cash equivalents	\$ 3,407,165	\$13,654,643
Temporary borrowings	(10,057,109)	(10,054,513)
	\$ (6,649,944)	\$ 3,600,130

The accompanying notes are an integral part of these consolidated financial statements.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies:

The consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

(a) Reporting entity:

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

- Foundation for Excellence in Catholic Education
- School Generated Funds

Proportionately consolidated entities:

- Halton Student Transportation Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Trust funds:

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

(c) Basis of accounting:

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

(d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand 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.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(e) 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.

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance and health care benefits, death benefit gratuity, workers' compensation, long-term disability and sick leave 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 death, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as death benefit gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Employee future benefits for sick leave that accumulate but do not vest have also been actuarially determined using the projected benefits method. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for 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.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(g) 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:

Land improvements with finite lives	15 years
Buildings	40 years
Furniture & equipment	5 to 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 10 years

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. Building permanently removed from service ceases to be amortized and the carrying value is written down to its residual value.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(h) Government transfers:

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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(i) Provincial legislative grants:

The legislative grant calculations are prepared annually by the Board and submitted to the Ministry of Education for final approval. Adjustments, if any, will be recorded in the year in which they are made.

(j) Investment income:

Investment income is reported as revenue in the period earned.

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

(k) Net long-term liabilities:

Net long-term liabilities is recorded net of related sinking fund balances.

(l) Budget figures:

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

(m) 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. Accounts subject to significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

2. Change in accounting policies:

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

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

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings were determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other assets classes are recorded at historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost. This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at August 31, 2008:	
Operating fund balance	\$ -
Capital fund balance	(35,499,769)
Reserve fund balance	32,990,468
School activities fund	2,171,463
Amounts to be recovered	(199,945,532)
Accumulated surplus (deficit), as previously reported	(200,283,370)
Net book value of tangible capital assets recorded	370,383,918
Adjustment to opening deferred revenue for disposed assets	434,200
Accumulated surplus (deficit), as restated	\$ 170,534,748

Annual surplus for the year ended August 31, 2009:	
Change in net liabilities, as previously reported	\$ (33,855,500)
Change in non-financial assets	-
Plus: Capital expenditure capitalized, previously expensed	44,108,047
Less: Loss on disposal of tangible capital assets	(7,008,135)
Less: Amortization	(10,767,754)
Less: Proceeds on disposal of tangible capital assets	-
Annual surplus (deficit), as restated	\$ (7,523,342)

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

3. Accounts receivable:

Accounts receivable consists of the following:

	2010	2009
Government of Canada	\$ 1,947,323	\$ 810,023
Government of Ontario	1,827,102	487,813
Local governments	9,749,698	9,641,088
Other	1,729,993	1,226,130
	<u>\$ 15,254,116</u>	<u>\$12,165,054</u>

4. Long-term accounts receivable – Government of Ontario:

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

The Board has an account receivable from the Province of Ontario of \$175,648,263 as at August 31, 2010 with respect to this one-time grant.

5. Temporary borrowing:

The Board has lines of credits available to the maximum of \$11,840,375 to address operating requirements and to bridge capital expenditures.

Interest on the operating facilities range from 1% to the bank's prime lending rate less 0.5%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

As at August 31, 2010, the amount drawn under the bankers' acceptance facility was \$10,000,000 (2009- \$10,000,000) at a rate of 2.25%.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

6. Deferred revenue:

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2010 is comprised of:

	Balance as at August 31, 2009 (Restated -note 2)	Externally restricted revenue and investment income	Revenue recognized in the period	Balance as at August 31, 2010
Classroom	\$ 1,239,419	\$ -	\$ 234,100	\$ 1,005,319
Proceeds of disposition	7,813,024	3,802,612	4,314,759	7,300,877
Energy efficiency grant	423,839	1,047,696	119,090	1,352,445
Other	1,558,460	55,078,461	55,375,243	1,261,678
	\$ 11,034,742	\$ 59,928,769	\$ 60,043,192	\$10,920,319

7. Retirement and other employee future benefits:

			2010	2009
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 20,903,193	\$ 14,075,938	\$ 34,979,131	\$32,517,313
Less: Unamortized actuarial (gain)/loss at August 31	(6,608,852)	2,287,883	(4,320,969)	(5,251,750)
Employee Future Benefits liability at August 31	\$ 27,512,045	\$ 11,788,055	\$ 39,300,100	\$37,769,063

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

7. Retirement and other employee future benefits (continued):

			2010	2009
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ 1,870,056	\$ 468,918	\$ 2,338,974	\$ 2,366,944
Interest on accrued benefit obligation	855,747	672,100	1,527,847	1,692,935
Employee future benefits expenses	\$ 2,725,803	\$ 1,141,018	\$ 3,866,821	\$ 4,059,879
Total payments made during the year			\$ 1,715,489	\$ 1,499,434

Pension plans:

(i) Ontario Teacher's Pension Plan:

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

(ii) Ontario Municipal Employees Retirement System:

All 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. Employee contribution rates are at levels up to 9.6% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2010, the Board contributed \$2,237,309 (2009 - \$2,145,697) 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.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

7. Retirement and other employee future benefits (continued):

Retirement benefits:

(i) Death benefit gratuities:

The Board provides a death benefit gratuity if an employee deceases prior to termination or retirement. The amount of the death benefit gratuity paid is based on the salary and accumulated sick days at death. 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) Retirement life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. These post-retirement benefits are available to management and non-union staff who may elect to continue coverage of life insurance, dental and health care benefits should they wish. With the exception of senior staff, the Board is reimbursed for the premium cost. 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 obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are accrued in the Board's consolidated financial statements.

The total amount of the future benefit obligation at year end, as actuarially determined is \$1,561,261 (2009 - \$1,331,344). Included in the obligation is \$1,292,118 to allow for pending charges assessed by the Workers' Safety and Insurance Board for claims prior to September 2010. Also included in the provision is \$269,143 for an actuarial estimate of contingent liabilities for future awards of claims currently being assessed by the Workers' Safety Insurance Board.

The Board contracted third party co-insurance coverage under which the Board receives reimbursement from the insurer for individual workers' compensation claims assessments over \$300,000 and less than \$10,000,000.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

7. Retirement and other employee future benefits (continued):

(ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date. The Board provides these benefits through group benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(iii) Sick leave benefits:

The Board has accrued for sick leave that accumulates but does not vest.

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on the actuarial valuation for accounting purposes as at August 31, 2010. 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:

	%
Inflation	0.0
Wage and salary escalation	2.35 – 3.00
Insurance and health care cost escalation	9.0 decreasing to 4.5 over 21 years
Dental cost escalation	6.0 decreasing to 4.5 over 5 years
Discount on accrued benefit obligations	4.75

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

8. Net long-term liabilities:

Net long-term liabilities reported on the statement of financial position includes debentures issued on behalf of the Board by the Regional Municipality of Halton prior to 1998, amortizing and sinking fund debentures issued on behalf of the Board by Ontario School Board Financial Corporation ("OSBFC") from 2000 to 2007 and Ontario Financing Authority ("OFA") since 2006. Details of the net debt are as follows:

	2010	2009
Approved capital debt, incurred prior to the new Student Focused Funding Model with interest ranging from 7.625% to 10%	\$ -	\$ 1,002,777
Amortizing debentures:		
OSBFC (2000) - A1, repayable in semi-annual installments of \$221,000 plus interest at 7.2% per annum, maturing June 9, 2025	17,421,455	18,051,170
OSBFC (2001) - A3, repayable in semi-annual installments of \$599,600 plus interest at 6.55% per annum, maturing October 19, 2026	50,281,719	51,936,767
OSBFC (2004) - A2, repayable in semi-annual installments of \$47,300 plus interest at 5.8% per annum, maturing November 7, 2028	4,255,338	4,381,133
OSBFC (2007) - A1, repayable in semi-annual installments of \$1,117,034 plus interest at 5.4% per annum, maturing June 25, 2032	30,004,825	30,705,460
OFA (2006), repayable in semi-annual installments of \$23,381 plus interest at 4.6% per annum, maturing November 15, 2031	636,513	653,662
OFA (2008), repayable in semi-annual installments of \$17,597 plus interest at 4.9% per annum, maturing March 3, 2033	479,999	491,257
OFA (2008), repayable in semi-annual installments of \$26,107 plus interest at 4.8% per annum, maturing March 3, 2033	716,843	733,817
OFA (2009), repayable in semi-annual installments of \$908,987 plus interest at 5.06% per annum, maturing March 13, 2034	24,998,429	25,530,692
OFA (2009), repayable in semi-annual installments of \$61,119 plus interest at 5.06% per annum, maturing March 13, 2034	1,680,854	1,716,643
OFA (2010), repayable in semi-annual installments of \$738,166 plus interest at 5.23% per annum, maturing April 13, 2035	20,422,256	-
Toronto-Dominion Bank (2010), repayable in monthly installments of \$39,454 plus interest at 4.54% per annum, maturing September 21, 2019	3,518,872	-
	154,417,103	134,200,601

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

8. Net long-term liabilities (continued):

Sinking fund debentures:

OSBFC (2000) - A2, repayable in semi-annual installments of \$385,600 plus interest at 6.3% per annum, maturing September 22, 2010	36,808,000	36,808,000
OSBFC (2001) - A1, repayable in semi-annual installments of \$208,400 plus interest at 5.9% per annum, maturing October 19, 2011	19,889,010	19,889,010
OSBFC (2004) - A1, repayable in semi-annual installments of \$26,300 plus interest at 5.3% per annum, maturing November 7, 2013	3,842,030	3,842,030
	<u>60,539,040</u>	<u>60,539,040</u>
Less: Sinking fund assets	(14,080,038)	(11,935,070)
	46,459,002	48,603,970
	<u>\$ 200,876,105</u>	<u>\$ 183,807,348</u>

Principal payments relating to net debt of \$200,876,105 are due as follows:

	Principal and sinking fund contributions	Interest	Total
2010/11	\$ 5,931,807	\$ 11,538,063	\$ 17,469,870
2011/12	5,445,374	9,507,098	14,952,472
2012/13	5,331,072	8,617,946	13,949,018
2013/14	5,652,245	8,194,962	13,847,207
2014/15	5,940,797	7,752,042	13,692,839
Thereafter	172,574,810	64,187,976	236,762,786
	<u>\$ 200,876,105</u>	<u>\$ 109,798,087</u>	<u>\$ 310,674,192</u>

Included in net long-term liabilities are outstanding sinking fund debentures of \$60,539,040 (2009 - \$60,539,040) secured by sinking fund assets with a carrying value of \$14,080,038 which approximates market. Sinking fund assets are comprised of short-term notes and deposits, government and government guaranteed bonds and debentures.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

9. Tangible capital assets:

Year ended August 31, 2010

	Cost			Accumulated Amortization			Disposals write offs and adjustment	Balance at August 31, 2010	Net book value August 31, 2010	Net book value August 31, 2009
	Balance at August 31, 2009	Additions and transfers	Disposals	Balance at August 31, 2010	Balance at August 31, 2009	Amortization				
Land	\$ 77,775,761	\$ 11,052,259	\$ (149,313)	\$ 88,678,707	\$ -	\$ -	\$ -	\$ -	\$ 88,678,707	\$ 77,775,761
Land improvements	6,623,249	5,655,435	-	12,278,684	247,759	639,523	-	887,282	11,391,402	6,375,490
Buildings	361,462,389	3,926,202	(1,820,200)	363,568,391	60,739,485	9,025,380	(693,073)	69,071,792	294,496,599	300,722,904
Construction in progress	5,105,996	21,599,790	-	26,705,786	-	-	-	-	26,705,786	5,105,996
Furniture and equipment	9,542,631	672,228	(576,587)	9,638,272	4,705,409	963,339	(576,587)	5,092,161	4,546,111	4,837,222
Computer hardware	2,467,630	219,839	(563,491)	2,123,978	1,297,919	459,161	(563,491)	1,193,589	930,389	1,169,711
Computer software	844,732	156,505	(119,379)	881,858	367,769	172,659	(119,379)	421,049	460,809	476,963
Vehicles	56,998	37,534	-	94,532	22,975	15,153	-	38,128	56,404	34,023
Pre-acquisition costs (PAC)	218,006	5,148	-	223,154	-	-	-	-	223,154	218,006
Portables	-	1,194,784	-	1,194,784	-	326,519	-	326,519	868,265	-
Leasehold Improvements	1,454,370	286,027	-	1,740,397	1,454,370	14,301	-	1,468,671	271,726	-
	\$ 465,551,762	\$ 44,805,751	\$ (3,228,970)	\$ 507,128,543	\$ 68,835,686	\$ 11,616,035	\$(1,952,530)	\$78,499,191	\$428,629,352	\$ 396,716,076

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

9. Tangible capital assets (continued):

Year ended August 31, 2009

	Cost			Accumulated Amortization						
	Balance at August 31, 2008	Additions and transfers	Disposals	Balance at August 31, 2009	Balance at August 31, 2008	Amortization	Disposals write offs and adjustment	Balance at August 31, 2009	Net book value August 31, 2009	Net book value August 31, 2008
Land	\$ 66,627,317	\$ 11,148,444	\$ -	\$ 77,775,761	\$ -	\$ -	\$ -	\$ -	\$ 77,775,761	\$ 66,627,317
Land improvements	403,907	6,219,342	-	6,623,249	13,464	234,295	-	247,759	6,375,490	390,443
Buildings	348,733,140	21,431,849	(8,702,600)	361,462,389	53,564,286	9,015,677	(1,840,478)	60,739,485	300,722,904	295,168,854
Construction in progress	1,451,328	3,654,668	-	5,105,996	-	-	-	-	5,105,996	1,451,328
Furniture and equipment	9,242,196	1,138,966	(838,531)	9,542,631	4,598,366	903,648	(796,605)	4,705,409	4,837,222	4,643,830
Computer hardware	2,924,473	390,715	(847,558)	2,467,630	1,606,264	454,455	(762,800)	1,297,919	1,169,711	1,318,209
Computer software	770,914	225,065	(151,247)	844,732	357,452	146,440	(136,123)	367,769	476,963	413,462
Vehicles	138,729	-	(81,731)	56,998	87,262	13,239	(77,526)	22,975	34,023	51,467
Pre-acquisition costs (PAC)	319,008	(101,002)	-	218,006	-	-	-	-	218,006	319,008
Leasehold Improvements	1,454,370	-	-	1,454,370	1,454,370	-	-	1,454,370	-	-
	\$ 432,065,382	\$ 44,108,047	\$(10,621,667)	\$465,551,762	\$61,681,464	\$10,767,754	\$(3,613,532)	\$68,835,686	\$396,716,076	\$ 370,383,918

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

9. Tangible capital assets (continued):

(a) Assets Under Construction:

Assets under construction having a value of \$26,705,786 (2009 - \$5,105,996) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of Tangible Capital Assets:

The write-down of tangible capital assets during the year was nil (2009 - \$8,702,600).

(c) Asset inventories for resale (assets permanently removed from service):

The board has identified no land or building properties that qualify as "assets permanently removed from service".

10. Accumulated Surplus:

	2010	2009
Non-designated surplus	\$ -	\$ 88,048
Amounts restricted for future use of the Board:		
Working funds	601,173	775,685
Student success	371,701	152,201
PDSS	100,604	60,351
School budgets	1,212,321	1,174,145
Capital for new pupil places	20,480,356	19,130,181
School renewal program	9,777,217	9,377,824
All weather turf	1,809,252	1,174,512
Learning environmental improvement program	319,930	496,681
	<u>34,672,554</u>	<u>32,341,580</u>
Amounts to be recovered:		
Employee future benefit	(37,738,839)	(36,437,719)
Interest accrual	(4,114,359)	(3,900,822)
Vacation accrual	(561,821)	(290,668)
Net long-term liabilities	(200,876,105)	(183,807,348)
Amounts not permanently financed	(52,475,353)	(44,257,998)
	<u>(295,766,477)</u>	<u>(268,694,555)</u>
Other:		
School generated funds	2,178,836	2,126,156
Investment in tangible capital assets	428,629,352	396,716,076
Accounts receivable – Province of Ontario	175,648,263	-
Amounts for school capital purposes	1,710,640	434,201
	<u>608,167,091</u>	<u>399,276,433</u>
Balance, end of year	<u>\$ 347,073,168</u>	<u>\$ 163,011,506</u>

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

11. Expenditures by object:

The following is a summary of expenditures reported on the consolidated statement of financial activities by object:

	2009-10 Budget Note 1 (l)	2009-10 Actual	2008-09 Actual (Restated - note 2)
Salary and wages	\$ 183,673,915	\$ 186,967,763	\$ 174,671,006
Employee benefits	28,273,193	28,517,640	28,010,756
Staff development	1,366,557	942,878	940,070
Supplies and services	30,871,068	30,793,887	31,356,397
Interest	12,341,774	12,435,878	11,441,595
Rental expenditures	1,597,441	1,586,569	1,419,935
Fees and contract services	10,282,044	10,748,811	10,790,288
Other	775,501	1,242,148	1,110,857
Transfer to other Boards	3,480	9,120	15,291
Amortization of tangible capital assets	11,616,035	11,616,035	10,767,754
Loss on disposal	-	-	7,008,135
	\$ 280,801,008	\$ 284,860,729	\$ 277,532,084

12. Debt charges:

The expenditure for debt charges includes principal, sinking fund contributions and interest payments as follows:

	2009-10	2008-09
Principal payments on long-term liabilities including contributions to sinking funds net of interest earned on sinking funds	\$ 6,249,029	\$ 5,781,566
Interest payments on long-term liabilities	13,126,812	11,118,693
	\$ 19,375,841	\$ 16,900,259

Included in these amounts are \$116,222 of principal and \$10,460 of interest on debentures that were part of the net assets transferred to Board 64, the French Language Board by Order in Council. The Board is required, however, to still pay these debt charges but receives equal grants from the Province of Ontario.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

13. Partnership in Halton Student Transportation Services:

On September 1, 2007, the Board entered into an agreement with Halton District School Board, Le Conseil scolaire de district Catholique due Centre-Sud and Le Conseil scolaire de district due Centre-Sud-Ouest to provide common administration of student transportation services. On February 10, 2009, Service de Transport des Eleves de Halton/ Halton Student Transportation Services ("HSTS") was incorporated under the Corporations Act of Ontario. A revised agreement dated April 17, 2009 was created in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the School Boards. Each Board participates in the shared costs associated with this service for the transportation of their respective students through HSTS.

This entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's portion of costs incurred. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Transportation services for the Board are provided by HSTS. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared and no partner is in a position to exercise unilateral control. The operations of HSTS have been included in these financial statements based on the share of net operating expenditures contributed by the Board during the fiscal period being reported. The Board's proportionate share of expenses have been reimbursed to HSTS, resulting in no change to the net financial activities of the Board.

The following provides condensed financial information of HSTS:

	2010		2009	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ 76,288	\$ 23,408	\$ 110,857	\$ 35,677
Financial liabilities	(76,243)	(23,394)	(110,857)	(35,677)
Non-Financial assets	5,528	1,696	760	245
Accumulated surplus	5,573	1,710	760	245
Operations:				
Revenues	18,481,031	5,670,717	18,433,816	5,932,598
Expenses	18,482,406	5,671,139	18,433,816	5,932,598
Annual deficit	\$ (1,375)	\$ (422)	\$ -	\$ -

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

14. 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 \$20,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and 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 current policy expires January 1, 2011.

15. Contractual obligations and contingent liabilities:

- (i) The Board has obligations under operating leases that require annual lease payments in the following amounts:

2010/11	\$ 2,775,141
2011/12	3,032,171
2012/13	3,068,879
2013/14	3,106,467
2014/15	2,798,069

- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$1,840,375.
- (iii) The nature of the Board activities is such that there is usually litigation pending or in the prospect at any time. With respect to claims at August 31, 2010, management believes that the Board has valid defenses and appropriate insurance coverage in place. In the event claims are successful, management believes that such claims are not expected to have a material effect on the Board's financial position.
- (iv) The Board, in the normal course of business, enters into commodities contracts, in order to fix the price of commodities to be acquired in the future. The Board has entered into these contracts in conjunction with two consortiums which includes other school boards.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2010

16. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 16, 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2010 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

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

	Budget
Revenue as approved	\$ 278,201,377
Expenses as approved	308,352,253
Capital expenditures	(39,167,280)
Amortization	11,616,035
Restated budget	280,801,008
Annual deficit	\$ (2,599,631)

17. Future accounting for contributions used for capital:

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

This accounting treatment is not currently a recognized option by the Public Sector Accounting Standards Board (PSAB) and could not be implemented within these financial statements.