

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

For the year ended August 31, 2011



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 the financial reporting provisions described in note 1 to the 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 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, 2011 have been reported on by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent 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

November 15, 2011



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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Halton Catholic District School Board:

We have audited the accompanying consolidated financial statements of the Halton Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The consolidated 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.

Auditor's 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, the auditor considers internal control 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 present fairly, in all material respects, the consolidated financial position of the Halton Catholic District School Board at as August 31, 2011, and its consolidated results of operations and its consolidated change in net debt and its 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 the Halton 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.

A handwritten signature in black ink that reads "KPMG LLP". The letters are in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending with a small arrowhead pointing to the right.

Chartered Accountants, Licensed Public Accountants

November 15, 2011
Hamilton, Canada

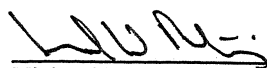
HALTON CATHOLIC DISTRICT SCHOOL BOARD

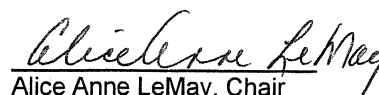
Consolidated Statement of Financial Position

As at August 31, 2011, with comparative figures for August 31, 2010

	2011	2010
		(Restated- note 2)
Financial Assets		
Cash and cash equivalents	\$ 13,332,123	\$ 3,407,165
Accounts receivable (note 3)	16,197,316	15,413,363
Long-term accounts receivable – Government of Ontario (note 4)	199,944,493	175,159,059
Total financial assets	229,473,932	193,979,587
Financial Liabilities		
Temporary borrowing (note 5)	64,043,085	10,057,109
Accounts payable and accrued liabilities	18,649,901	14,712,095
Deferred revenue (note 6)	13,348,774	12,630,959
Retirement and other employee future benefits payable (note 7)	40,937,936	39,300,100
Net long-term liabilities (note 8)	193,849,806	200,876,105
Deferred capital contributions (note 9)	329,732,765	307,548,491
Total financial liabilities	660,562,267	585,124,859
Net debt	(431,088,335)	(391,145,272)
Non-Financial Assets		
Tangible capital assets (note 10)	468,504,006	428,629,352
	468,504,006	428,629,352
Accumulated surplus (note 11)	\$ 37,415,671	\$ 37,484,080

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, 2011, with comparative figures for the year ended August 31, 2010

	2010-11 Budget (Unaudited- note 17)	2010-11 Actual	2009-10 Actual (Restated- note 2)
Revenues:			
Local taxation	\$ 82,227,300	\$ 82,516,512	\$ 80,111,849
Provincial legislative grants	196,857,194	195,619,024	191,882,367
Provincial grants – other	4,541,281	5,438,991	4,117,755
Federal grants and fees	2,151,005	2,056,732	2,222,694
Other fees and revenues	1,925,892	5,664,642	11,260,023
Investment income	325,000	525,968	1,064,965
School fundraising	10,000,000	11,199,732	10,563,554
Total revenue	298,027,672	303,021,601	301,223,207
Expenditures:			
Instruction	225,568,720	228,707,862	214,277,516
Administration	8,849,689	9,069,205	8,339,698
Transportation	6,380,752	6,256,839	5,721,987
Pupil accommodation	48,449,801	47,108,055	45,275,275
Other	632,911	700,546	735,379
School funded activities	10,000,000	11,247,503	10,510,874
Total expenditures (note 12)	299,881,873	303,090,010	284,860,729
Annual surplus (deficit)	(1,854,201)	(68,409)	16,362,478
Accumulated surplus, beginning of year	37,484,080	37,484,080	21,121,602
Accumulated surplus, end of year (note 11)	\$ 35,629,879	\$ 37,415,671	\$ 37,484,080

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, 2011, with comparative figures for the year ended August 31, 2010

	2010-11	2009-10 (Restated- note 2)
Annual surplus (deficit)	\$ (68,409)	\$ 16,362,478
Acquisition of tangible capital assets	(53,431,323)	(44,805,751)
Amortization of tangible capital assets	12,675,277	11,616,035
(Gain) loss on sale of tangible capital assets	873,392	(3,736,270)
Proceeds on sale of tangible capital assets	8,000	5,012,710
Change in net debt	(39,943,063)	(15,550,798)
Net debt, beginning of year	(391,145,272)	(375,594,474)
Net debt, end of year	<u>\$(431,088,335)</u>	<u>\$(391,145,272)</u>

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, 2011, with comparative figures for the year ended August 31, 2010

	2010-11	2009-10 (Restated- note 2)
Cash provided by (used in):		
Operating Activities:		
Annual surplus (deficit)	\$ (68,409)	\$ 16,362,478
Items not involving cash:		
Amortization	12,675,277	11,616,035
Loss (gain) on sale of tangible capital assets	873,392	(3,736,270)
Change in employee benefits	1,637,836	1,531,037
Revenue recognized from deferred capital contributions	(12,347,297)	(10,515,996)
Change in non-cash assets and liabilities:		
Accounts receivable	(25,569,387)	(178,407,369)
Accounts payable and accrued liabilities	3,937,806	(2,146,506)
Deferred revenue	717,815	1,596,217
Net change in cash from operating activities	(18,142,967)	(163,700,374)
Capital Activities:		
Proceeds on sale of tangible capital assets	8,000	5,012,710
Cash used to acquire tangible capital assets	(53,431,323)	(44,805,751)
Net change in cash from capital activities	(53,423,323)	(39,793,041)
Financing Activities:		
Long-term liabilities issued	28,895,088	24,222,255
Deferred capital contributions received	34,531,571	176,174,584
Debt principal repayments and sinking fund contributions	(35,921,387)	(7,153,498)
Net change in cash from financing activities	27,505,272	193,243,341
Net change in cash and cash equivalents	(44,061,018)	(10,250,074)
Cash and cash equivalents, beginning of year	(6,649,944)	3,600,130
Cash and cash equivalents, end of year	\$ (50,710,962)	\$ (6,649,944)

The components of cash and cash equivalents are as follows:

	2011	2010
Cash and cash equivalents	\$ 13,332,123	\$ 3,407,165
Temporary borrowings	(64,043,085)	(10,057,109)
	\$ (50,710,962)	\$ (6,649,944)

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, 2011

1. Significant accounting policies:

The consolidated financial statements of the Halton Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below.

(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 2 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 2. 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".

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services acquired in the period whether or not payment has been made or invoices received.

(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 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.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

1. Significant accounting policies (continued):

(b) Reporting entity (continued):

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.

(c) 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.

(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.

(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.

The Board also receives restricted contributions under the authority of provincial legislation, regulation or agreement. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(f) Deferred capital contributions:

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

(g) 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:

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits (continued):

- (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.

(h) 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.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

1. Significant accounting policies (continued):

(h) Tangible capital assets (continued):

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.

(i) 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, 2011

1. Significant accounting policies (continued):

(j) 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.

(k) 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.

(l) Net long-term liabilities:

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

(m) 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 the basis of accounting used by the 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.

(n) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting used by the Board 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, 2011

2. Change in accounting policies:

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook Section 3410 Government Transfers as described in note 1(a). This change has been applied retroactively and prior periods have been restated. Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

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 calculation provides a cost effective solution to determine the opening balance, allowing for the standard to 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 period as follows:

	2011
Accumulated surplus at August 31, 2010:	
Accumulated surplus, as previously reported	\$ 347,073,168
Transfer to deferred capital contributions	(307,548,491)
Depreciable asset disposals	(1,710,640)
Ministry adjustment to approved capital funding	(329,957)
Accumulated surplus, as restated	\$ 37,484,080
Annual surplus for the year ended August 31, 2010:	
Annual surplus, as previously reported	\$ 184,061,662
Plus: amounts recognized as revenue	10,515,996
Less: in-year provincial capital contributions	(178,215,180)
Annual surplus, as restated	\$ 16,362,478
Annual surplus for the year ended August 31, 2011:	
Annual surplus, as per prior year policy	\$ 22,102,737
Less: in-year provincial capital contributions	(34,531,571)
Plus: amounts recognized as revenue	12,360,425
Annual surplus (deficit), currently reported	\$ (68,409)

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

3. Accounts receivable:

Accounts receivable consists of the following:

	2011	2010
Government of Canada	\$ 239,567	\$ 1,947,323
Government of Ontario	3,021,071	1,827,102
Local governments	10,033,130	9,749,698
Other	2,903,548	1,889,244
	<u>\$ 16,197,316</u>	<u>\$15,413,367</u>

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

The Province of Ontario replaced variable capital funding with a one-time debt support grant. In 2009-10 the Board received a one-time grant that recognizes capital debt as of August 31, 2011 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$199,944,493 (2010 - \$175,159,059) as at August 31, 2011 with respect to this capital grant.

5. Temporary borrowing:

The Board has lines of credits available to the maximum of \$66,397,683 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, 2011, the amount drawn under the bankers' acceptance facility was \$64,043,085 (2010 - \$10,000,000) at a rate of 2.50%.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

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, 2011 is comprised of:

	Balance as at August 31, 2010 (Restated - note 2)	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to Deferred capital contributions	Balance as at August 31 2011
Classroom	\$ 1,005,319	\$ -	\$(1,005,319)	\$ -	\$ -
Proceeds of disposition	9,011,517	26,173	-	-	9,037,690
Energy efficiency grant	1,352,445	2,209,427	-	(2,050,190)	1,511,682
Other	1,261,678	54,710,872	(50,831,602)	(2,341,546)	2,799,402
	<u>\$12,630,959</u>	<u>\$56,946,472</u>	<u>\$(51,836,921)</u>	<u>\$(4,391,736)</u>	<u>\$13,348,774</u>

7. Retirement and other employee future benefits:

			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	\$ 25,448,725	\$ 14,359,134	\$ 39,807,859	\$34,979,131
Less: Unamortized actuarial (gain)/loss at August 31	(4,143,611)	3,013,534	(1,130,077)	(4,320,969)
Employee Future Benefits liability at August 31	<u>\$ 29,592,336</u>	<u>\$ 11,345,600</u>	<u>\$ 40,937,936</u>	<u>\$39,300,100</u>

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

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

			2011	2010
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	\$ 1,433,219	\$ 520,674	\$ 1,953,893	\$ 2,338,974
Interest on accrued benefit obligation	937,712	700,128	1,637,840	1,527,847
Employee future benefits expenses	\$ 2,370,931	\$ 1,220,802	\$ 3,591,733	\$ 3,866,821
Total payments made during the year			\$ 1,684,281	\$ 1,715,489

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 9.8% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed \$2,642,066 (2010 - \$2,237,309) 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, 2011

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 \$1,596,742 (2010 - \$1,561,261). Included in the obligation is \$1,403,696 to allow for pending charges assessed by the Workers' Safety and Insurance Board for claims prior to September 2011. Also included in the provision is \$193,046 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, 2011

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, 2011 are based on the actuarial valuation for accounting purposes as at August 31, 2009. 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	3.00
Wage and salary escalation	3.00
Insurance and health care cost escalation	8.6 decreasing to 4.5 over 20 years
Dental cost escalation	5.3 decreasing to 4.5 over 4 years
Discount on accrued benefit obligations	4.00

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

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:

	2011	2010
Amortizing debentures:		
OSBFC (2000) - A1, repayable in semi-annual installments of \$221,000 plus interest at 7.2% per annum, maturing June 9, 2025	16,745,585	17,421,455
OSBFC (2001) - A3, repayable in semi-annual installments of \$599,600 plus interest at 6.55% per annum, maturing October 19, 2026	48,516,489	50,281,719
OSBFC (2004) - A2, repayable in semi-annual installments of \$47,300 plus interest at 5.8% per annum, maturing November 7, 2028	4,122,142	4,255,338
OSBFC (2007) - A1, repayable in semi-annual installments of \$1,117,034 plus interest at 5.4% per annum, maturing June 25, 2032	29,266,019	30,004,825
OFA (2006), repayable in semi-annual installments of \$23,381 plus interest at 4.6% per annum, maturing November 15, 2031	618,573	636,513
OFA (2008), repayable in semi-annual installments of \$17,597 plus interest at 4.9% per annum, maturing March 3, 2033	468,182	479,999
OFA (2008), repayable in semi-annual installments of \$26,107 plus interest at 4.8% per annum, maturing March 3, 2033	699,039	716,843
OFA (2009), repayable in semi-annual installments of \$908,987 plus interest at 5.06% per annum, maturing March 13, 2034	24,438,882	24,998,429
OFA (2009), repayable in semi-annual installments of \$61,119 plus interest at 5.06% per annum, maturing March 13, 2034	1,643,231	1,680,854
OFA (2010), repayable in semi-annual installments of \$738,166 plus interest at 5.23% per annum, maturing April 13, 2035	20,009,083	20,422,256
OFA (2011), repayable in semi-annual installments of \$1,294,708, plus interest at 3.9% per annum, maturing September 19, 2025	28,169,900	-
Toronto-Dominion Bank (2010), repayable in monthly installments of \$39,454 plus interest at 4.54% per annum, maturing September 21, 2019	3,198,573	3,518,872
	177,895,698	154,417,103

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

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
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>23,731,040</u>	<u>60,539,040</u>
Less: Sinking fund assets	(7,776,932)	(14,080,038)
	15,954,108	46,459,002
	<u>\$ 193,849,806</u>	<u>\$ 200,876,105</u>

Principal payments relating to net debt of \$193,849,806 are due as follows:

	Principal and sinking fund contributions	Interest	Total
2011/12	\$ 6,938,908	\$ 10,602,980	\$ 17,541,888
2012/13	6,884,061	9,654,373	16,538,434
2013/14	7,267,056	9,169,567	16,436,623
2014/15	7,619,891	8,662,364	16,282,255
2015/16	8,094,034	8,233,222	16,327,256
Thereafter	157,090,856	60,917,775	218,008,631
	<u>\$ 193,894,806</u>	<u>\$ 107,240,281</u>	<u>\$ 301,135,087</u>

Included in net long-term liabilities are outstanding sinking fund debentures of \$23,731,040 (2010 - \$60,539,040) secured by sinking fund assets with a carrying value of \$7,776,932 (2010 - \$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, 2011

9. Deferred capital contributions:

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

	2011	2010
Opening balance, September 1	\$ 307,548,491	\$ 139,849,307
Additions to deferred capital contributions	30,139,835	177,358,903
Transfer from deferred revenue	4,391,736	2,566,917
Revenue recognized in the year	(12,347,297)	(10,515,996)
Transfer to deferred revenue	-	(1,710,640)
Ending balance, August 31	\$ 329,732,765	\$ 307,548,491

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

10. Tangible capital assets:

Year ended August 31, 2011

	Cost			Accumulated Amortization			Disposals write offs and adjustment	Balance at August 31, 2011	Net book value August 31, 2011	Net book value August 31, 2010
	Balance at August 31, 2010	Additions and transfers	Disposals	Balance at August 31, 2011	Balance at August 31, 2010	Amortization				
Land	\$ 88,678,707	\$ 12,957,704	\$ -	\$ 101,636,411	\$ -	\$ -	\$ -	\$ -	\$ 101,636,411	\$ 88,678,707
Land improvements	12,278,684	5,791,198	-	18,069,882	887,282	1,069,359	-	1,956,641	16,113,241	11,391,402
Buildings	363,568,391	36,497,838	-	400,066,229	69,071,792	9,900,896	-	78,972,688	321,093,541	294,496,599
Construction in progress	26,705,786	(3,823,262)	-	22,882,524	-	-	-	-	22,882,524	26,705,786
Furniture and equipment	9,638,272	962,541	(454,082)	10,146,731	5,092,161	999,949	(440,955)	5,651,155	4,495,576	4,546,111
Computer hardware	2,123,978	686,587	(391,499)	2,419,066	1,193,589	454,305	(391,499)	1,256,395	1,162,671	930,389
Computer software	881,858	216,361	(79,603)	1,018,616	421,049	190,047	(79,603)	531,493	487,123	460,809
Vehicles	94,532	27,713	-	122,245	38,128	21,677	-	59,805	62,440	56,404
Pre-acquisition costs (PAC)	223,154	(73,296)	-	149,858	-	-	-	-	149,858	223,154
Portables	1,194,784	-	(1,194,784)	-	326,519	-	(326,519)	-	-	868,265
Leasehold Improvements	1,740,397	187,939	-	1,928,336	1,468,671	39,044	-	1,507,715	420,621	271,726
	\$ 507,128,543	\$ 53,431,323	\$ (2,119,968)	\$ 558,439,898	\$ 78,499,191	\$ 12,675,277	\$(1,238,576)	\$ 89,935,892	\$ 468,504,006	\$ 428,629,352

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

10. Tangible capital assets (continued):

(a) Assets Under Construction:

Assets under construction having a value of \$22,882,524 (2010 - \$26,705,786) 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 (2010 - nil).

(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".

11. Accumulated Surplus:

	2011	2010
Non-designated surplus	\$ 338,300	\$ -
Amounts restricted for future use of the Board:		
Working funds	354,469	601,173
Student success	242,265	371,701
PDSS	-	100,604
School budgets	1,296,859	1,212,321
School renewal program	9,165,092	9,777,216
All weather turf	-	1,809,252
Learning environmental improvement program	51,289	319,930
	11,109,974	14,192,197
Amounts to be recovered:		
Employee future benefit	(39,341,193)	(37,738,839)
Interest accrual	(3,339,950)	(4,114,359)
Vacation accrual	-	(561,821)
	(42,681,143)	(42,415,019)
Other:		
School generated funds	2,131,065	2,178,836
Revenues recognized for land	62,802,839	60,038,131
Committed sinking fund interest earned	3,714,636	3,489,935
	68,648,540	65,706,902
Balance, end of year	\$ 37,415,671	\$ 37,484,080

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

12. Expenditures by object:

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

	2010-11 Budget Note 1 (l)	2010-11 Actual	2009-10 Actual
Salary and wages	\$ 196,006,611	\$ 200,388,512	\$ 186,967,763
Employee benefits	27,638,780	31,174,347	28,517,640
Staff development	1,518,536	1,340,467	942,878
Supplies and services	34,254,523	30,600,417	30,793,887
Interest	11,659,550	11,555,310	12,435,878
Rental expenditures	1,669,065	2,885,292	1,586,569
Fees and contract services	11,282,268	11,173,431	10,748,811
Other	794,273	1,291,829	1,242,148
Transfer to other Boards	-	-	9,120
Amortization of tangible capital assets	15,058,267	12,680,405	11,616,035
	\$ 299,881,873	\$ 303,090,010	\$ 284,860,729

13. Debt charges:

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

	2010-11	2009-10
Principal payments on long-term liabilities including contributions to sinking funds net of interest earned on sinking funds	\$ 6,656,993	\$ 6,249,029
Interest payments on long-term liabilities	12,282,344	13,126,812
	\$ 18,939,337	\$ 19,375,841

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

14. 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:

	2011		2010	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ 522,617	\$ 165,197	\$ 76,288	\$ 23,408
Financial liabilities	(735,089)	(232,359)	(76,243)	(23,394)
Non-Financial assets	213,232	67,402	5,528	1,696
Accumulated surplus	\$ 760	\$ 240	\$ 5,573	\$ 1,710
Operations:				
Revenues	\$ 19,482,889	\$ 6,158,469	\$ 18,481,031	\$ 5,670,717
Expenses	19,482,889	6,158,469	18,482,406	5,671,139
Annual deficit	\$ -	\$ -	\$ (1,375)	\$ (422)

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2011

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 \$20,000,000 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, 2012.

16. Contractual obligations and contingent liabilities:

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

2011/12	\$ 2,920,272
2012/13	3,226,950
2013/14	3,538,432
2014/15	3,834,410
2015/16	4,143,158

- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$2,463,664.
- (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, 2011, 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, 2011

17. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 29, 2010. Where amounts were not budgeted for, the actual amounts for 2011 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 boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided.

18. Repayment of “55 School Board Trust” funding:

On June 1, 2003, the Board received \$635,900 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.

19. Comparative figures:

Certain 2010 comparative figures have been reclassified and/or restated to conform to the financial statement presentation adopted for 2011.