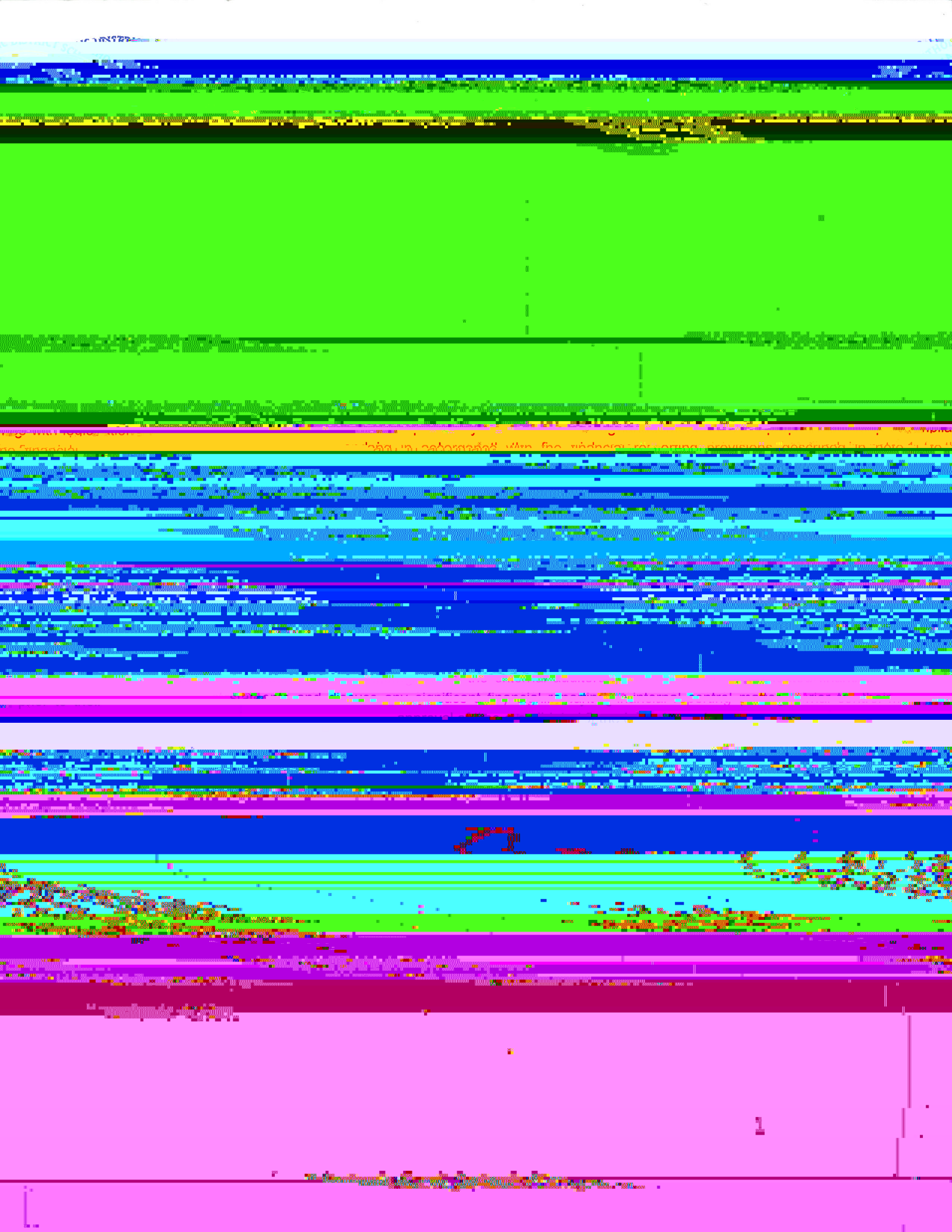


Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

For the year ended August 31, 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

MULTI-CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

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

	2011	2010
		(Restated-

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	2010-11 Actual	2009-10 Actual
	(Unaudited-		(Restated-

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

~~View 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:

 - x Foundation for Excellence in Catholic Education
 - x School Generated Funds

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 legislativ

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

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 \$ 90B1Jl,493 90 739B1Jl,49-21.8144

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				

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:

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:

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

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

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,		

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 reimburs

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.