

Consolidated Financial Statements

**Hamilton-Wentworth Catholic District
School Board**

Years ended August 31, 2012 and August 31, 2011

Independent auditor's report

To the Board of Trustees of the
Hamilton-Wentworth Catholic District School Board

We have audited the accompanying consolidated financial statements of the Hamilton-Wentworth Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2012 and August 31, 2011, and the consolidated statements of operations, changes in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation 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 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, annual surplus, and cash flows from operating activities for the years ended August 31, 2012 and August 31, 2011, and financial assets as at August 31, 2012 and August 31, 2011 and accumulated surplus as at September 1, 2010, August 31, 2011 and August 31, 2012.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements as at and for the years ended August 31, 2012 and August 31, 2011 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Other matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Grant Thornton LLP

Burlington, Canada
November 20, 2012

Chartered Accountants
Licensed Public Accountants

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at August 31

	2012 \$	2011 \$
FINANCIAL ASSETS		
Cash and cash equivalents	15,746,906	18,774,428
Accounts receivable	11,719,950	9,863,886
Accounts receivable – Government of Ontario <i>[note 2]</i>	150,550,646	131,344,679
Assets held for sale <i>[note 3]</i>	-	508,508
TOTAL FINANCIAL ASSETS	178,017,502	160,491,501
LIABILITIES		
Temporary borrowing <i>[note 4]</i>	44,950,646	45,330,117
Accounts payable and accrued liabilities	20,733,535	12,414,873
Deferred revenue <i>[note 5]</i>	10,915,971	10,218,209
Deferred capital contributions <i>[note 6]</i>	266,273,201	245,949,360
Retirement and other employee future benefits <i>[note 7]</i>	8,058,299	26,025,016
Net long-term debt <i>[note 8]</i>	117,118,160	103,766,020
TOTAL LIABILITIES	468,049,812	443,703,595
NET DEBT	(290,032,310)	(283,212,094)
NON-FINANCIAL ASSETS		
Prepaid expenses	609,080	761,770
Tangible capital assets <i>[note 14]</i>	332,606,074	303,020,056
TOTAL NON-FINANCIAL ASSETS	333,215,154	303,781,826
ACCUMULATED SURPLUS <i>[note 9]</i>	43,182,844	20,569,732

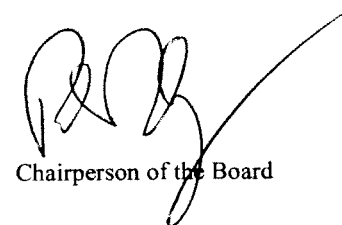
Commitments and Contingencies *[note 12]*

Subsequent Event *[note 20]*

See accompanying notes

On behalf of the Board:


Chief Executive Officer


Chairperson of the Board

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended August 31

	<u>2012</u>		<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	\$	\$	\$
	<i>(unaudited)</i>		
REVENUES			
Provincial grants – grants for student needs	233,504,348	235,301,058	224,211,077
Provincial grants – other	7,545,620	8,744,097	8,568,443
Local taxation	55,054,880	54,224,129	54,953,171
School generated funds	9,500,000	9,365,469	9,471,818
Federal grants and fees	2,020,444	1,663,509	1,893,519
Investment income	110,000	316,119	307,675
Other revenues - school boards	-	-	131,819
Other fees and revenues	1,152,850	4,169,774	3,479,086
Amortization of deferred capital contributions	10,128,623	10,148,816	9,989,207
TOTAL REVENUES	319,016,765	323,932,971	313,005,815
EXPENSES [note 11]			
Instruction	249,427,484	231,450,682	241,981,849
Administration	7,772,225	7,711,945	7,418,193
Transportation	7,355,933	7,359,671	7,238,415
Pupil accommodation	44,695,988	44,164,931	44,480,340
School generated funds	9,500,000	9,381,387	9,651,555
Other	1,051,243	1,251,243	1,051,243
TOTAL EXPENSES	319,802,873	301,319,859	311,821,595
ANNUAL SURPLUS / (DEFICIT)	(786,108)	22,613,112	1,184,220
Accumulated surplus, beginning of year	20,569,732	20,569,732	19,385,512
ACCUMULATED SURPLUS, END OF YEAR	19,783,624	43,182,844	20,569,732

See accompanying notes

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended August 31

	2012 \$	2011 \$
OPERATING TRANSACTIONS		
Annual surplus	22,613,112	1,184,220
Sources and (uses):		
Non-cash items including		
Amortization, write downs, and gain/loss on disposal	10,834,353	11,067,223
Deferred capital contributions amortization	(10,148,816)	(9,989,207)
(Increase) decrease in accounts receivable	(1,856,064)	373,770
Decrease / (increase) in assets held for sale	508,508	(508,508)
Increase (decrease) in accounts payable and accrued liabilities	8,318,662	(3,939,468)
Increase in deferred revenue	542,351	665,716
(Increase) / decrease in retirement and employee future benefits payable	(17,966,717)	1,299,183
Decrease in prepaid expenses	152,690	1,294,235
Cash applied to operating transactions	<u>12,998,079</u>	<u>1,157,228</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(40,420,371)	(40,505,156)
Cash applied to capital transactions	<u>(40,420,371)</u>	<u>(40,505,156)</u>
FINANCING TRANSACTIONS		
Long-term liabilities issued	24,257,883	9,633,471
Additions to deferred capital contributions	30,472,657	27,096,162
(Decrease) / increase in temporary borrowing	(379,471)	45,330,117
Debt repaid and sinking fund contributions	(10,905,743)	(14,143,590)
Increase in deferred revenue – capital	155,411	289,936
(Increase) in accounts receivable – Government of Ontario	(19,205,967)	(14,621,664)
Cash provided by financing transactions	<u>24,394,770</u>	<u>53,584,432</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(3,027,522)	14,236,504
Opening cash and cash equivalents	18,774,428	4,537,924
CLOSING CASH AND CASH EQUIVALENTS	<u>15,746,906</u>	<u>18,774,428</u>

See accompanying notes

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENTS OF CHANGE IN NET DEBT

Year ended August 31

	2012 \$	2011 \$
ANNUAL SURPLUS	22,613,112	1,184,220
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of tangible capital assets	(40,420,371)	(40,505,156)
Amortization of tangible capital assets	10,834,353	10,558,715
Transfer to assets held for sale	-	508,508
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	(29,586,018)	(29,437,933)
OTHER NON-FINANCIAL ASSET ACTIVITY		
Use of prepaid expenses (net)	152,690	1,294,235
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY	152,690	1,294,235
CHANGE IN NET DEBT	(6,820,216)	(26,959,478)
Net debt at beginning of year	(283,212,094)	(256,252,616)
NET DEBT AT END OF YEAR	(290,032,310)	(283,212,094)

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

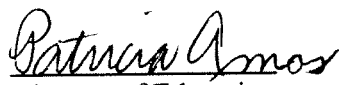
The accompanying consolidated financial statements of the Hamilton-Wentworth Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as 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 have been audited by Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.


Director of Education


Chief Financial Officer

November 20, 2012

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Hamilton-Wentworth 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 the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Consolidated Statements of Operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the Consolidated Statements of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulation 395/11, "Accounting Policies and Practices Public Entities" was released in the fall of 2011 requiring that the Board comply with the related accounting policy requirements described above. Prior to the release of this Regulation the consolidated financial statements as at and for the year ended August 31, 2011 were originally prepared under a special purpose framework as directed by the Ministry of Education. As a result, these are the first financial statements of the Board prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("new financial reporting framework"). The Board has applied this new financial reporting framework retrospectively to the comparative information in these consolidated financial statements. There are no changes to accumulated surplus on the Consolidated Statements of Financial Position as at August 31, 2011 or the annual surplus on the Consolidated Statements of Operations for the year ended August 31, 2011 as a result of the transition to this new financial reporting framework.

[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.

Consolidated entities:

- Hamilton-Wentworth Catholic District School Board
- School Generated Funds

Proportionately consolidated entities:

- Hamilton-Wentworth 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 are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have an original maturity term of 90 days or less.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities between three months and one year at the date of acquisition, and are carried on the Consolidated Statements of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

[f] 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 expenses are incurred or services performed.

[g] Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

[h] Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, workers' compensation and long-term disability benefits. On September 11th, 2012, the Government of Ontario passed Bill 115, Putting Students First Act which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

- [i] The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are recognized as at August 31, 2012. Any future actuarial gains and losses arising from changes to the discount rate will be amortized over the expected average remaining service life of the employee group;

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the retiree health and life resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change are recognized as at August 31, 2012;

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 ["OMERS"] pensions, are the employer's contributions due to the plan in the period; and

[iii] The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

[i] 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:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statements of Financial Position.

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

[j] 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.

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.

[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] Long-term debt

Long-term debt is recorded net of related sinking fund asset 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 within the guidelines of the funding model. The budget figures are unaudited.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

[n] Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant 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. Actual results could differ from those estimates.

2. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario has 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, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt 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 \$150,550,646 at August 31, 2012 [2011-\$131,344,679] as with respect to this capital grant.

3. ASSETS HELD FOR SALE

Assets in the prior year with a book value of \$508,758 relating to school property were sold for proceeds of \$658,758 in the current year. All proceeds on the sale were deferred for future capital asset purchases according to Ontario Regulation 193/10. There are no assets held for sale as at August 31, 2012.

4. TEMPORARY BORROWING

The Board has a banker's acceptance facility available to the maximum of \$82,798,899 for the purpose of bridge financing capital expenses.

As at August 31, 2012, the amount drawn under the bankers' acceptance facility was \$44,950,646 (2011 – \$45,330,117) at a rate of 2.15%.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

5. 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 Statements of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2012 is comprised of the following:

	Balance at August 31, 2011	Externally restricted revenue and investment income	Revenue recognized during the year	Transfers to Deferred Capital Contributions	Balance at August 31, 2012
	\$	\$	\$	\$	\$
Education development charges	-	1,633,758	(1,633,758)	-	-
Proceeds of disposition	7,781,399	76,378	-	(842,192)	7,015,585
Special Education	692,261	1,164,072	(1,038,291)	-	818,042
Assets Held for Sale	-	658,758	-	-	658,758
Green Schools Pilot	11,080	-	-	-	11,080
Other-Ministry of Education	1,178,644	2,459,517	(2,042,947)	-	1,595,214
School Renewal	455,963	3,446,284	(2,050,614)	(1,169,398)	682,235
Renewable Energy	32,124	-	-	(32,124)	-
School Condition Improvement	-	1,630,387	-	(1,545,347)	85,040
Other Third Party	-	110,000	-	(100,000)	10,000
School Generated Funds	66,738	51,666	-	(78,387)	40,017
Total deferred revenue	10,218,209	11,230,820	(6,765,610)	(3,767,448)	10,915,971

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2012 \$	2011 \$
Balance, beginning of the year	245,949,360	228,842,405
Additions to deferred capital contributions	30,472,657	27,574,670
Revenue recognized in the period	(10,148,816)	(9,989,207)
Transfers (to) financial assets	-	(478,508)
Balance, end of the year	266,273,201	245,949,360

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and other employee future benefit liabilities are as follows:

	Retirement benefits \$	2012 Other employee future benefits \$	Total employee future benefits \$	2011 Total employee future benefits \$
Accrued employee future benefit obligation at August 31	3,003,867	5,054,432	8,058,299	34,947,493
Unamortized actuarial gain (loss) at August 31	-	-	-	(8,922,477)
Employee future benefits liability	3,003,867	5,054,432	8,058,299	26,025,016

Retirement and other employee future benefit expenses are as follows:

	Retirement benefits \$	2012 Other employee future benefits \$	Total employee future benefits \$	2011 Total employee future benefits \$
Current year benefit cost	2,754,247	2,377,493	5,131,740	2,678,555
Interest on accrued benefit obligation	187,851	1,041,308	1,229,159	1,358,968
Employer contributions	(502,988)	(3,017,734)	(3,520,722)	(3,392,373)
Curtailement gain	(3,151,197)	(26,727,950)	(29,879,147)	-
Recognition of unamortized actuarial losses on plan amendments /curtailments	214,744	8,857,509	9,072,253	654,033
Employee future benefits expenses ¹	(497,343)	(17,469,374)	(17,966,717)	1,299,183

Plan Changes

On September 11th, 2012, the Government of Ontario passed Bill 115, Putting Students First Act. As a result employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days are eliminated as of September 1, 2012, and are replaced with a new sick leave and short term disability plan with no provisions for accumulation of unused days.

¹ Excluding pension contributions to OMERS, a multi-employer pension plan, described above.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who will retire in 2012-13. Effective September 1, 2013, any new retiree accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2012 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2012. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2012 %	2011 %
Inflation	2.0	2.0
Wage and salary escalation	-	3.0
Insurance and health care cost escalation	5.0-9.0	6.0-10.0
Discount on accrued benefit obligations	3.0	4.0

Retirement benefits

[i] Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' 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 OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2012, the Board contributed \$3,930,733 [2011 - \$3,386,320] 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.

[iii] Retirement gratuities

In accordance with an agreement between the Board and teachers in its employ, a gratuity becomes payable upon retirement to those who have completed 20 years of service and meet certain other specified requirements. The maximum individual gratuity is limited to \$7,500.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS
(continued)**

Retirement gratuity plans also exist in respect of supervisory officers, clerical, caretaking and administrative staff with various qualifying criteria and payment provisions.

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.

In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board's obligation of \$2,936,453 and a corresponding curtailment gain was reported in the Consolidated Statements of Operations and accumulated surplus as at August 31, 2012.

A reserve for retirement gratuities has been established by the Board with a balance of \$1,056,882 [2011 - \$1,056,882] as at August 31, 2012.

[iv] Retirement life insurance and health care benefits

The Board continues to provide life insurance and dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

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.

Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time increase to the Board's obligation of \$6,853 and a corresponding curtailment loss was reported in the Consolidated Statements of Operations and accumulated surplus as at August 31, 2012.

Other employee future benefits

[i] Workplace Safety and Insurance Board ["WSIB"] obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act [the "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 included in the Board's consolidated financial statements. The Putting Students First Act, 2012 requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision. This resulted in a one-time increase to the Board's obligation of \$256,350 as at August 31, 2012.

A reserve for WSIB has been established by the Board with a balance of \$556,794 [2011-\$556,794] as at August 31, 2012. The Board has also contracted with an insurer for coverage of claims paid in excess of \$500,000 per employee accident.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

[ii] Long-term disability life insurance and health care benefits

The Board provides life insurance and dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leaves are fully insured and not included in this plan.

[iii] Sick Leave Benefits

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated, resulting in a one-time reduction to the obligation of \$17,877,294 and a corresponding curtailment gain was reported in the Consolidated Statements of operations and accumulated surplus as at August 31, 2012.

8. NET LONG-TERM DEBT

Debenture debt, capital loans and leases reported on the Consolidated Statements of Financial Position consists of the following:

	2012 \$	2011 \$
Debentures bearing interest at bank prime, payable monthly, maturing 2008 to 2016	323,903	748,877
Debentures bearing interest at 7.20%, maturing June 9, 2025	7,929,250	8,288,295
Serial fund debentures bearing interest at 6.50%, maturing July 19, 2016	8,524,440	10,340,741
Sinking fund debentures bearing interest at 5.90%, matured during the year	-	1,269,054
Debentures bearing interest at 6.55%, maturing October 26, 2026	2,975,548	3,095,680
Sinking fund debentures bearing interest at 5.70%, maturing October 11, 2017	2,637,130	2,637,130
Debentures bearing interest at 5.90%, maturing October 11, 2027	17,333,385	18,002,772
Sinking fund debentures bearing interest at 5.30%, maturing November 7, 2013	8,845,400	8,845,400
Debentures bearing interest at 5.80%, maturing November 7, 2028	9,165,597	9,490,296
Debentures bearing interest at 5.483%, maturing November 26, 2029	7,016,254	7,250,528
Debentures bearing interest at 4.789%, maturing August 8, 2030	7,852,426	8,122,488
Debentures bearing interest at bank prime less 20 basis points, payable monthly, repaid during the year	-	4,057,620

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

8. NET LONG-TERM DEBT (continued)

	2012 \$	2011 \$
Debentures bearing interest at 4.56% maturing November 15, 2031	6,890,000	7,105,582
Debentures bearing interest at 4.90% maturing March 3, 2033	2,777,262	2,852,837
Debentures bearing interest at 5.062% maturing March 13, 2034	1,656,839	1,697,702
Debentures bearing interest at 5.232% maturing April 13, 2035	2,581,175	2,638,547
Debentures bearing interest at 3.942% maturing September 19, 2025	7,846,873	8,286,197
Debentures bearing interest at 4.833% maturing March 11, 2036	1,318,265	1,347,274
Capital lease bearing interest at 10.471% maturing August 2010	19,046	19,046
Debentures bearing interest at 3.97% maturing November 15, 2036	10,744,573	-
Debentures bearing interest at 2.425% maturing November 15, 2021	958,516	-
Debentures bearing interest at 3.97% maturing November 15, 2036	1,466,080	-
Debentures bearing interest at 2.738% maturing November 15, 2021	371,252	-
Debentures bearing interest at 3.564% maturing March 9, 2035	10,672,839	-
	119,906,053	106,096,066
Less sinking funds accumulated	2,787,893	2,330,046
Balance as at August 31	117,118,160	103,766,020

On June 9, 2000, the Board participated in the issuance of 7.20% debentures by the Ontario School Boards Financing Corporation [the "OSBFC"] maturing June 9, 2025. The principal amount of \$10,937,000 will be repaid in blended payments of interest and principal of \$474,727 twice a year.

The Board participated in the issuance of 7% sinking fund debentures by the Corporation of the Regional Municipality of Hamilton-Wentworth that matured on June 6, 2001. At the time of maturity, the Board agreed to refinance the obligation with a new serial debenture issue placed by the City of Hamilton at an average interest rate of 6.16%, maturing July 19, 2016. The difference between the proceeds of the new debentures and the debt outstanding on June 6, 2001 was paid directly to the City of Hamilton and is accounted for as a deferred financing charge included in prepaid expenses. The charge of \$219,311 is amortized on a straight-line basis over the term of the debt.

On October 19, 2001, the Board participated in the issuance of 5.90% sinking fund debentures by the OSBFC, which matured on October 19, 2011.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

8. NET LONG-TERM DEBT (continued)

Also on October 19, 2001, the Board participated in the issuance of 6.55% fully amortizing debentures by the OSBFC, maturing October 19, 2026. The principal amount of \$3,921,946 will be repaid in blended payments of interest and principal of \$160,482 twice a year.

On October 11, 2002, the Board participated in the issuance of 5.70% sinking fund debentures by the OSBFC, maturing October 11, 2017. The principal amount of the debentures is \$2,637,130. Each year during the 15-year term, the sum of \$150,316 shall be payable for interest and the sum of \$36,073 shall be deposited in a sinking fund.

Also on October 11, 2002, the Board participated in the issuance of 5.90% fully amortizing debentures by the OSBFC, maturing October 11, 2027. The principal amount of \$22,362,870 will be repaid in blended payments of interest and principal of \$860,910 twice a year.

On November 7, 2003, the Board participated in the issuance of 5.30% sinking fund debentures by the OSBFC, maturing November 7, 2013. The principal amount of the debentures is \$8,845,400. Each year during the 10-year term, the sum of \$468,806 shall be payable for interest and the sum of \$120,994 shall be deposited in a sinking fund.

Also on November 7, 2003, the Board participated in the issuance of 5.80% fully amortizing debentures by the OSBFC, maturing November 7, 2028. The principal amount of \$11,414,600 will be repaid in blended payments of interest and principal of \$435,247 twice a year.

On November 26, 2004, the Board participated in the issuance of 5.483% fully amortizing debentures by the OSBFC, maturing on November 26, 2029. The principal amount of \$8,500,000 will be repaid in blended payments of interest and principal of \$314,327 twice a year.

On August 8, 2005, the Board participated in the issuance of 4.789% fully amortizing debentures by the OSBFC, maturing August 8, 2030. The principal amount of \$9,500,000 will be repaid in blended payments of interest and principal of \$327,926 twice a year.

On August 30, 2005, the Board debentured \$5,796,600 through the National Bank of Canada. The debenture will be repaid in 240 equal monthly principal payments plus accrued interest payable monthly. Interest is calculated at the prime rate less 20 basis points.

On November 15, 2006, the Board participated in the issuance of 4.56% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2031. The principal amount of \$7,963,970 will be repaid in blended payments of interest and principal of \$268,583 twice a year.

In March 2008, the Board participated in the issuance of 4.90% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 3, 2033. The principal amount of \$3,058,800 will be repaid in blended payments of interest and principal of \$107,225 twice a year.

In March 2009, the Board participated in the issuance of 5.062% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 13, 2034. The principal amount of \$1,773,547 will be repaid in blended payments of interest and principal of \$63,145 twice a year.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

8. NET LONG-TERM DEBT (continued)

In April 2010, the Board participated in the issuance of 5.232% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on April 13, 2035. The principal amount of \$2,693,005 will be repaid in blended payments of interest and principal of \$97,340 twice a year.

On September 20, 2010, the Board participated in the issuance of 3.942% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on September 19, 2025. The principal payment amount of \$8,499,511 will be repaid in blended payments of interest and principal of \$380,839 twice a year.

On March 11, 2011, the Board participated in the issuance of 4.833% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2036. The principal payment amount of \$1,347,274 will be repaid in blended payments of interest and principal of \$46,888 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$10,744,573 will be repaid in blended payments of interest and principal of \$344,945 twice a year.

On October 14, 2011, the Board participated in the issuance of 2.425% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$1,003,139 will be repaid in blended payments of interest and principal of \$56,786 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$1,466,079 will be repaid in blended payments of interest and principal of \$47,067 twice a year.

On November 25, 2011, the Board participated in the issuance of 2.738% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$371,252 will be repaid in blended payments of interest and principal of \$22,323 twice a year.

On March 9, 2012, the Board participated in the issuance of 3.564% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2037. The principal amount of \$10,672,839 will be repaid in blended payments of interest and principal of \$325,794 twice a year.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

8. NET LONG-TERM DEBT (continued)

Principal and interest payments relating to net debenture debt, capital loans and leases of \$117,118,160 outstanding at August 31, 2012 are due as follows:

	Principal and sinking fund contributions \$	Interest \$	Total \$
2012/2013	5,934,133	6,178,234	12,112,367
2013/2014	14,808,439	5,617,880	20,426,319
2014/2015	6,391,803	5,039,191	11,430,994
2015/2016	6,690,613	4,676,643	11,367,256
2016/2017	4,561,439	4,294,061	8,855,500
Thereafter	81,519,626	29,949,537	111,469,163
Total long-term debt	119,906,053	55,755,546	175,661,599
Less sinking fund assets	2,787,893	-	2,787,893
Net long-term debt	117,118,160	55,755,546	172,873,706

Included in net long-term debt are outstanding debentures of \$11,482,530 [2011 - \$12,751,584] secured by sinking fund assets with a value of \$2,787,893 [2011 - \$2,330,046]. Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2012	2011
	\$	\$
Unappropriated	45	-
Amounts internally restricted for future use of the Board:		
Retirement gratuities	1,056,882	1,056,882
WSIB	556,794	556,794
Pupil accommodation – school renewal	-	425,144
Snow cleaning	252,067	252,067
Operating commitments	442,100	-
Employee future benefits plan changes	300,000	-
Unsupported debenture 2005-A1	1,310,000	-
Sinking fund interest	223,685	234,597
Committed capital projects	11,100,368	5,717,590
Permanent improvements	375,288	4,822,010
Amounts to be recovered		
Employee future benefits liability	(8,058,299)	(26,025,016)
Interest accrual	(1,733,342)	(1,553,550)
Vacation accrual	(244,941)	(489,882)
Other		
School generated funds	2,359,714	2,375,633
Invested in tangible capital assets	35,242,483	33,197,463
	43,182,844	20,569,732

10. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST

The expense for debt charges, capital loans and leases interest includes principal, sinking fund contributions and interest payments are as follows:

	2012	2011
	\$	\$
Principal payments on long-term liabilities including contribution to sinking funds	9,017,841	5,745,260
Interest payments on long-term liabilities and temporary borrowings	7,031,256	6,566,343
	16,049,097	12,311,603

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

11. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Consolidated Statements of Operations by object:

	<u>2012</u>		<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	\$	\$	\$
	<i>(unaudited)</i>		
EXPENSES			
Salary and wages	223,796,940	223,358,873	215,320,788
Employee benefits	34,574,383	37,902,158	35,575,342
Staff development	1,286,006	931,132	1,040,884
Supplies and services	37,269,244	36,269,940	37,117,209
Interest	6,677,221	7,015,420	6,566,343
Rental expenses	278,800	545,270	293,813
Fees and contract services	3,744,910	3,777,967	3,955,765
Other	1,391,943	1,491,640	1,344,946
Transfer to other boards	-	-	47,789
Amortization of tangible capital assets	10,783,426	10,834,353	10,558,716
Plan curtailment gain <i>[note 7]</i>	-	(20,806,894)	-
	319,802,873	301,319,859	311,821,595

12. COMMITMENTS AND CONTINGENCIES

Commitments

[i] Operating lease commitments

The Board leases office and automotive equipment under long-term operating leases with various terms and expiration dates. The Board also has leases in place for classroom space and portable classrooms.

The future minimum annual payments required under the leases, excluding any renewals, over the next five years are as follows:

	\$
2013	260,227
2014	193,777
2015	151,540
2016	134,908
2017	134,908

[ii] Contractual obligations

The Board enters into contracts for the construction of education facilities. As at August 31, 2012, contractual obligations relating to contracts in progress are approximately \$32,567,000 [2011 - \$10,618,000].

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

12. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

The Board is involved from time to time in litigation, which arises in the normal course of operations. In the year, the Board identified a claim, of which it is likely that the Board will incur a cash outflow of an estimated \$200,000. For this reason, the Board has included this amount in the accrued liabilities on the Consolidated Statements of Position. In respect of any other outstanding claims, the Board believes that insurance coverage is adequate and that it has valid defences. In the Board's judgment, no other material exposure exists in the eventual settlement of such litigation, and accordingly, no other provision has been made in the accompanying consolidated financial statements.

13. TRUST FUND

The Board has an interest in a trust, the income of which is to be used for scholarships. At August 31, 2012, funds held in trust by the Board were \$203,892 [2011 - \$173,946]. This amount is not reflected in the consolidated financial statements.

14. TANGIBLE CAPITAL ASSETS

Cost

	Balance at August 31, 2011 \$	Additions and Transfers \$	Disposals \$	Transfer to Assets Held for Sale \$	Balance at August 31, 2012 \$
Land	43,468,418	4,274,991	-	-	47,743,409
Land improvements	2,022,237	1,386,844	-	-	3,409,081
Buildings	302,898,973	34,784,127	-	-	337,683,100
Portable structures	10,753,288	653,293	-	-	11,406,581
Construction in progress	22,860,839	(2,183,010)	-	-	20,677,829
First time equipping	6,776,890	710,967	-	-	7,487,857
Furniture and equipment	1,356,711	144,560	-	-	1,501,271
Computer hardware	4,450,113	648,599	(1,320,563)	-	3,778,149
Computer software	522,194	-	(50,091)	-	472,103
Capital leases	307,355	-	-	-	307,355
Leasehold improvements	7,310,787	-	-	-	7,310,787
	402,727,805	40,420,371	(1,370,654)	-	441,777,522

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

14. TANGIBLE CAPITAL ASSETS (continued)

Accumulated amortization

	Balance at August 31, 2011	Amortization	Disposals Write Offs and Adjustments	Transfer to Assets Held for Sale	Balance at August 31, 2012
	\$	\$	\$	\$	\$
Land	-	-	-	-	-
Land improvements	386,918	181,044	-	-	567,962
Buildings	83,232,407	8,486,943	-	-	91,719,350
Portable structures	6,029,260	441,259	-	-	6,470,519
Construction in progress	-	-	-	-	-
First time equipping	5,034,013	451,527	-	-	5,485,540
Furniture and equipment	511,612	128,924	-	-	640,536
Computer hardware	2,434,956	822,826	(1,320,563)	-	1,937,219
Computer software	212,604	98,319	(50,091)	-	260,832
Capital leases	63,749	15,368	-	-	79,117
Leasehold improvements	1,802,230	208,143	-	-	2,010,373
	99,707,749	10,834,353	(1,370,654)	-	109,171,448

Net book value

	Balance at August 31, 2012	Balance at August 31, 2011
	\$	\$
Land	47,743,409	43,468,418
Land improvements	2,841,119	1,635,319
Buildings	245,963,750	219,666,566
Portable structures	4,936,062	4,724,028
Construction in progress	20,677,829	22,860,839
First time equipping	2,002,317	1,742,877
Furniture and equipment	860,735	845,099
Computer hardware	1,840,930	2,015,157
Computer software	211,271	309,590
Capital leases	228,238	243,606
Leasehold improvements	5,300,414	5,508,557
	332,606,074	303,020,056

[i] Assets under construction

Assets under construction having a value of \$20,677,829 (2011 - \$22,860,839) have not been amortized. Amortization of these assets will commence when the assets are put into service.

[ii] Write-down of tangible capital assets

There has been no write-down of tangible capital assets during the current or prior year.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

15. SHORT-TERM CREDIT FACILITY

The Board has an authorized demand operating line of credit totaling \$25,000,000, of which \$5,000,000 is authorized solely for letters of credit. At August 31, 2012, \$217,467 [2011 - \$217,467] of this line was utilized by letters of credit. The lines of credit bear interest at a fixed rate of 1.0%.

16. 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 \$5,000 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 five year term expires December 31, 2016.

17. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM

On May 31, 2009, the Board entered into an agreement with the Hamilton-Wentworth District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Hamilton-Wentworth Student Transportation Services are shared and no partner is in a position to exercise unilateral control.

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.

The Hamilton-Wentworth District School Board does not control any assets of Hamilton-Wentworth Student Transportation Services. The Board has recorded its shares of revenue and expenses in the Consolidated Statements of Operations.

18. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$1,051,243 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.

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2012 and 2011

19. COMPARATIVE FIGURES

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

20. SUBSEQUENT EVENT

On September 11th, 2012, the Government of Ontario passed Bill 115, the Putting Students First Act that was introduced August 27th, 2012. The requirements of this new legislation were used by the actuaries in the calculations of the Board's estimates for Retirement and Other Employee Future Benefits obligations. The impact of the changes to the various plans have been disclosed in Note 7.