



The Niagara Catholic District School Board through the charisms of faith, social justice, support and leadership, nurtures an enriching Catholic learning community for all to reach their full potential and become living witnesses of Christ.

AGENDA AND MATERIAL

SPECIAL BOARD MEETING

**TUESDAY, NOVEMBER 15, 2011
5:30 P.M.**

**FATHER KENNETH BURNS, C.S.C. BOARD ROOM
CATHOLIC EDUCATION CENTRE, WELLAND, ONTARIO**

A. ROUTINE MATTERS

1. Opening Prayers – Trustee Nieuwesteeg -
2. Roll Call -
3. Approval of the Agenda -
4. Declaration of Conflict of Interest -

B. COMMITTEE AND STAFF REPORTS

1. Audited Financial Statements for the Year 2010-2011
- 1.1 Report on Audited Financial Statements for the Year 2010-2011 B1.1
- 1.2 Audited Financial Statements for the Fiscal Year Ended August 31, 2011 B1.2

C. ADJOURNMENT

BOARD BY-LAWS EXCERPT

Special Meetings of the Board

Special meetings of the Board shall be held by order of the Board, on the written request of three (3) trustees, to the Chairperson or the Director, on the call of the Chairperson, or at the request of the Director of Education. The trustees shall be given a twenty four (24) hour notice for special meetings except in emergency situations. Such meetings shall be called for specific reasons. Such subjects shall be stated in the notice calling the meeting. Notwithstanding any other provisions to the Board's By-Laws, no other business shall be considered at a special meeting other than the subjects stated in the notice.

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
SPECIAL BOARD MEETING
NOVEMBER 15, 2011**

PUBLIC SESSION

**TOPIC: REPORT ON THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR 2010-2011**

RECOMMENDATION

THAT the Niagara Catholic District School Board receive the Report on the Audited Financial Statements for the Year 2010-2011, for information.

Prepared by: Larry Reich, Superintendent of Business & Financial Services

Presented by: Larry Reich, Superintendent of Business & Financial Services

Recommended by: John Crocco, Director of Education

Date: November 15, 2011



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

REPORT TO THE SPECIAL BOARD MEETING NOVEMBER 15, 2011

REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2010-11

On an annual basis, the Ministry of Education requires all school boards to submit their Audited Financial Statements and Grant Schedules, for the year ending August 31.

The Board Auditors have now completed the audit engagement for the year ending August 31, 2011. A “DRAFT” copy of the audited Financial Statements will be presented by the External Auditors for the consideration of the members of Audit Committee, who will be required to make a recommendation to the Board.

With the recommendation of the Audit Committee, the final and official Audited Financial Statements will be presented to the Board for consideration and approval at a Special Board Meeting on November 15, 2011 and will be submitted to the Ministry of Education by the due date of November 15, 2011.

During the 2010-11 school year, the Board has faced numerous financial challenges, which have resulted in a deficit of \$4,959,446 for the year ending August 31, 2011. The deficit was caused mainly by essential, uncontrollable or unforeseen changes in expenditures, including the following:

- Purchase of essential Computer Switches and related installation in all schools
- Increase in Plant Costs mainly to due to a long and cold winter (utilities, etc)
- Increase in Occasional Teacher Costs due mainly to teacher absences
- Increase in Employee Benefit Costs mainly due to changes in rates and entitlement
- Increase in Administration mainly due to computer maintenance & programming
- Increase in Amortization due to loss on disposal of Tangible Capital Assets
- Increase in salary payable as sick leave in connection with maternity leaves

As a result of the foregoing increases in expenditures, the Financial Statements are not in compliance with the regulations issued by the Ministry of Education, as follows:

- The Board Administration Envelope for the year 2010-11 is over-spent by a total of \$1,210,551 and the Board may have to submit a plan to eliminate the over-expenditure.
- The Deficit for the year 2010-11 amounts to \$4,959,446 and it exceeds the amount of \$2,197,833, which is 1% of the Funding Allocation from the Ministry of Education. Under the current funding regulations, the Board will be required to submit a Deficit Approval Form, which is being developed by Ministry Staff, in order to assess the components of the in-year deficit and to document Ministerial Approval. The Ministry may request that the Board submit a plan to eliminate the deficit over the next two years. In the meanwhile, we have been advised by Ministry Staff to proceed with the presentation of the Audited Financial Statements to the Audit Committee for consideration and to the Board for approval.

At this time, we remind the Trustees that the Deficit for the year 2010-11 will be charged to the Accumulated Surplus for Compliance Purposes Account, leaving a balance of \$5,189,792 in the Account, which can be used to offset potential deficits in the future.

For the review of the members of the Audit Committee and the Trustees, we are enclosing the following information, which has been extracted from the Financial Statement Forms for compliance purposes as directed by the Ministry of Education:

APPENDIX A

Analysis of Enrolment, Staffing and Funding Allocations

APPENDIX B

Analysis of Tangible Capital Assets

APPENDIX C

Analysis of Expenditures by Department

It is important to note that the implementation of the PSAB regulations represented a major challenge in the preparation of the Audited Financial Statements for the staff in the Accounting Services Department and for the External Auditors.

We want to take this opportunity to express our appreciation to the staff of the External Auditors, Crawford, Smith and Swallow, for their diligence, hard work and collaboration with Board Staff.

We also want to take this opportunity to express our appreciation to William Tumath, Manager of Accounting Services, and all the staff in the Accounting Department and in other Business Departments for their diligence, hard work and collaboration with the Board Auditors.

RECOMMENDATION

THAT the Niagara Catholic District School Board receive the Report on the Audited Financial Statements for the Year 2010-2011, for information.

Prepared by: Larry Reich, Superintendent of Business and Financial Services

Presented by: Larry Reich, Superintendent of Business and Financial Services

Recommended by: John Crocco, Director of Education

Date: November 15, 2011

APPENDIX A



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Analysis of
Enrolment, Staffing and
Funding Allocations

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Total Budget Revenue & Expenditures
for Compliance Purposes

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments |
|---------------------------------------|------------------------------------|------------------------------|------------------------|----------|
| Budget Revenue | | | | |
| Total Operating Funding & Other Rev. | 227,537,534 | 225,100,775 | 2,436,759 | |
| Total Capital Funding & Other Rev. | 13,278,481 | 13,040,043 | 238,438 | |
| Amount Required to Balance | 4,959,446 | 1,998,855 | 2,960,591 | |
| Total Budget Revenue | 245,775,461 | 240,139,673 | 5,635,788 | |
| Budget Expenditures | | | | |
| Total Operating Expenditures | 232,735,418 | 226,697,908 | 6,037,510 | |
| Total Capital & Other Expenditures | 13,040,043 | 13,441,765 | (401,722) | |
| Amount Required to Balance | 0 | 0 | 0 | |
| Total Budget Expenditures | 245,775,461 | 240,139,673 | 5,635,788 | |
| Total Budget Surplus (Deficit) | 0 | (0) | 0 | |

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Projected Student Enrolment

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments |
|--|---------------------------------|---------------------------|------------------------|--|
| Elementary Enrolment - ADE | 14,046 | 14,008 | 38 | The ADE enrolment is projected to decrease |
| Secondary Enrolment - ADE | 8,278 | 8,264 | 14 | The ADE enrolment is projected to decrease |
| Total Board Enrolment - ADE | 22,324 | 22,272 | 52 | |
| Adult & Continuing Education - ADE | 576 | 585 | (9) | The ADE enrolment is projected to increase |
| Adult Non-Credit ESL Programs - ADE | 491 | 505 | (14) | The ADE enrolment is projected to decrease |
| Summer School Enrolment - ADE | 126 | 99 | 27 | The ADE enrolment is projected to increase |
| Total Adult & Cont. Ed. Enrolment - ADE | 1,193 | 1,189 | 4 | |

Average Daily Enrolment (ADE) continues to be a major factor in the calculation of the Funding Allocations for all school boards.

Under the Regulations, the calculation of Average Daily Enrolment for the school year is to be based on the number of students enrolled in our schools on two specific dates: OCTOBER 31 and MARCH 31.
 - The number of students enrolled on those dates is to be weighted at 50% for each date.
 - The number of students enrolled in JK & SK is to be counted as half-time.

ADE for Adult & Continuing Education programs is to be calculated using the same methods and parameters, as outlined in the regulations, as in prior years.

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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS**

Projected School Staffing

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments |
|------------------------------------|------------------------------------|------------------------------|------------------------|---|
| Total Elementary School Teachers | 917 | 917 | - | Increase is mainly due to changes in enrolment & programs |
| Total Secondary School Teachers | 543 | 543 | - | Decrease is mainly due to changes in enrolment |
| Total Board School Teachers | 1,460 | 1,460 | - | |

Average Class Size - Elementary

23.5 : 1 23.5 : 1

Under the Regulations,

- The Maximum Average Class Size for JK, SK and Grades 1, 2 & 3 is 20 : 1.
- and the Maximum Average Class Size for Grades 4 to 8 is expected to decrease to 24.5:1 by the year 2011-12.

Average Class Size - Secondary

22.0 : 1 22.0 : 1

Under the Regulations,

- Under the Regulations, the Maximum Average Class Size for all Secondary School Grades is 21 : 1.
- However, school boards may adjust the Maximum Average Class Size up to 22 : 1
- The Board has approved a special motion to increase the Maximum Average Class Size up to 22: 1.

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Budget Revenue

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---------------------------------------|---------------------------------|---------------------------|------------------------|--|
| Education Taxes | 47,261,287 | 46,693,688 | 567,599 | |
| Education Grants | 184,644,883 | 183,692,751 | 952,132 | |
| Total Funding Allocations | 231,906,170 | 230,575,820 | 1,330,349 | For details relating to changes in funding allocations, see following pages |
| Adult & Cont. Education Other Revenue | 3,448,192 | 3,429,128 | 19,064 | Increase is mainly due to changes in enrolment of adult students |
| Other Operating Grants (EPO) | 3,952,280 | 3,185,071 | 767,209 | Increase is mainly due to availability of additional Special Targeted Educational Grants |
| Other Miscellaneous Revenue | 715,856 | 438,941 | 276,915 | Increase is mainly due to additional interest revenue and cost recovery revenue |
| Tuition Fees - Elementary & Secondary | 793,517 | 701,240 | 92,277 | Increase is mainly due to changes in enrolment |
| Transfer from the Reserve Funds | 0 | 0 | - | |
| Other Revenue | 0 | 0 | - | |
| Amount Required To Balance Budget | 4,959,446 | 1,809,474 | 3,149,972 | Increase is mainly due to unexpected increase in expenditures |
| Total Budget Revenue | 245,775,461 | 240,139,673 | 5,635,788 | |

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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS**

**Analysis of Funding Allocations & Budget Restrictions
Budget Expenditures**

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|----------------------------------|---|---------------------------------------|--------------------------------|---|
| Salary & Wages | 173,892,933 | 171,943,809 | 1,949,124 | Increase is mainly due to salary increases funded by Special Targeted Educational Grants |
| Employee Benefits | 25,865,170 | 24,207,485 | 1,657,685 | Increase is mainly due to changes in the benefit rates & entitlements |
| Professional Development | 656,977 | 574,754 | 82,223 | Increase is mainly due to additional professional development & training |
| Supplies & Services | 18,190,154 | 16,877,034 | 1,313,120 | Increase is mainly due to additional purchase of supplies & services |
| Furniture & Equipment | 597,236 | 481,155 | 116,081 | Increase is mainly due to additional purchase of classroom equipment |
| Facility Renewal | 1,061,248 | 841,417 | 219,831 | Increase is mainly due to additional facility renewal projects |
| Depreciation & Amortization | 8,287,986 | 8,126,011 | 161,975 | Increase is mainly due to changes in the accounting for Capital |
| Interest on Capital Debt | 4,427,236 | 4,356,850 | 70,386 | Increase is mainly due to changes in the accounting for Capital |
| Rentals & Leases | 470,447 | 500,000 | (29,553) | Decrease is mainly due to a reduction in the lease of portable classrooms |
| Fees & Contracts | 12,121,503 | 12,043,672 | 77,831 | Increase is mainly due to changes in transportation routes |
| Other Non-Operating Expenditures | 204,572 | 187,487 | 17,085 | Increase is mainly due to changes in the accounting for capital |
| Total Budget Expenditures | 245,775,461 | 240,139,673 | 5,635,788 | |

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Education Taxes

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|---------------------------------|---------------------------|------------------------|------------------------------------|
| Share of Taxes for September to December | | | | |
| 38% of Residential & Farm Taxes | 6,259,581 | 6,257,412 | 2,169 | |
| 38% of Industrial & Commercial Taxes | 11,730,166 | 11,674,449 | 55,718 | |
| 38% of Payments In Lieu Of Taxes | 11,510 | 82,064 | (70,554) | |
| Subtotal | 18,001,258 | 18,013,924 | (12,667) | |
| Share of Taxes for January to August | | | | |
| 62% of Residential & Farm Taxes | 10,315,131 | 10,311,556 | 3,575 | |
| 62% of Industrial & Commercial Taxes | 19,330,080 | 19,238,262 | 91,817 | |
| 62% of Payments In Lieu Of Taxes | 18,780 | 133,894 | (115,114) | |
| Subtotal | 29,663,990 | 29,683,712 | (19,722) | |
| Add: Estimated Supplementary Taxes | 1,539,176 | 574,795 | 964,381 | |
| Less: Estimated Tax Write-Offs | 1,259,303 | 1,286,170 | (26,867) | |
| Total Education Taxes for the School Year | 47,281,953 | 46,693,688 | 588,265 | No significant change in this area |

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Education Grants - Funding Allocations

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------|------------------------|---------------------|---|
| Foundation Grants | | | | |
| Pupil Foundation Grants | 113,548,373 | 113,282,428 | 265,945 | Increase is mainly due to changes in enrolment |
| School Foundation Grants | 16,250,082 | 16,222,042 | 28,040 | Increase is mainly due to changes in enrolment |
| Subtotal - Foundation Grants | 129,798,455 | 129,504,470 | 293,985 | |
| Special Purpose Grants | | | | |
| Special Education | 25,160,166 | 24,859,929 | 300,237 | Increase is mainly due to changes in funding allocations |
| Language - ESL & FSL | 3,652,579 | 3,640,608 | 11,971 | Increase is mainly due to changes in funding allocations |
| OMERS Assistance & Temporary Accommodation | 811,475 | 500,000 | 311,475 | Increase is mainly due to changes in funding allocations |
| Learning Opportunities | 3,323,780 | 3,415,507 | (91,727) | Decrease is mainly due to changes in funding allocations |
| Adult Education | 2,305,649 | 2,291,417 | 14,232 | Increase is mainly due to changes in funding allocations |
| Teacher Compensation | 14,963,474 | 14,967,458 | (3,984) | Decrease is mainly due to changes in funding allocations |
| Transportation | 11,021,208 | 10,809,313 | 211,895 | Increase is mainly due to changes in funding allocations |
| Board Administration | 6,176,147 | 6,163,730 | 12,417 | Increase is mainly due to changes in funding allocations |
| School Operations | 21,049,765 | 20,972,772 | 76,993 | Increase is mainly due to changes in funding allocations |
| Declining Enrolment | 987,006 | 973,247 | 13,759 | Increase is mainly due to changes in enrolment |
| Program Enhancement | 579,000 | 579,000 | - | |
| First Nation Supplemental | 255,698 | 251,905 | 3,793 | Increase is mainly due to changes in funding allocations |
| Safe Schools | 392,893 | 391,988 | 905 | Increase is mainly due to changes in funding allocations |
| Less: Minor Tangible Capital Assets | (1,559,271) | (1,983,439) | 424,168 | Increase is mainly due to changes in the purchase of capital assets |
| Less: Special Education Adjustments | (290,336) | 0 | (290,336) | Decrease is mainly due to changes in funding allocations |
| Subtotal - Special Purpose Grants | 88,829,234 | 87,833,435 | 995,799 | |
| Subtotal - Total Operating Grants | 218,627,689 | 217,337,905 | 1,289,784 | |
| Capital Grants | | | | |
| School Facilities Renewal | 1,061,248 | 841,417 | 219,831 | Increase is mainly due to increase in school upgrading projects |
| Interest on Capital Debt | 4,482,235 | 4,751,953 | (269,718) | Decrease is mainly due to changes in debentures |
| Depreciation & Amortization | 7,617,511 | 7,329,186 | 288,325 | Increase is mainly due to increase in unsupported projects |
| Non-Operating Expenditures | 117,487 | 117,487 | - | |
| Subtotal - Capital Grants | 13,278,481 | 13,040,043 | 238,438 | |
| Total Funding Allocations | 231,906,170 | 230,377,948 | 1,528,222 | |

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Funding Lines - Net Revenue & Net Expenditures

| | FINANCIAL STATEMENTS 2010-11 | | | REVISED BUDGET 2010-11 | | |
|--|------------------------------|-----------------------------|---------------------|------------------------|-----------------------------|---------------------|
| | Net Revenue 2010-11 | Net Expenditures 2010-11 | Variance 2010-11 | Net Revenue 2010-11 | Net Expenditures 2010-11 | Variance 2010-11 |
| Classroom | | | | | | |
| Classroom Teachers | 122,316,857 | 124,363,549 | (2,046,692) | 122,056,565 | 124,899,168 | (2,842,603) |
| Occasional / Supply Teachers | 2,617,176 | 6,115,986 | (3,498,810) | 2,615,250 | 3,924,466 | (1,309,215) |
| Educational Assistants | 14,226,987 | 15,565,401 | (1,338,414) | 14,130,624 | 16,017,575 | (1,886,951) |
| Textbooks, Learning Materials & Equip. | 5,532,975 | 5,989,470 | (456,495) | 5,093,564 | 6,381,490 | (1,287,926) |
| Classroom Computers | 1,150,389 | 737,645 | 412,744 | 1,150,627 | 788,481 | 362,146 |
| Professionals & Paraprofessionals | 6,711,964 | 5,302,732 | 1,409,232 | 6,592,724 | 4,720,206 | 1,872,519 |
| Library & Guidance | 4,751,364 | 5,158,828 | (407,464) | 4,740,900 | 4,579,369 | 161,531 |
| Staff Development | 312,118 | 170,661 | 141,457 | 326,338 | 238,696 | 87,642 |
| Program Chairs | 379,431 | 412,038 | (32,607) | 378,778 | 363,891 | 14,887 |
| | 157,999,261 | 163,816,309 | (5,817,048) | 157,085,370 | 161,913,341 | (4,827,972) |
| Non-Classroom | | | | | | |
| Principals, Vice-Principals | 10,588,304 | 10,171,498 | 416,806 | 10,567,602 | 10,093,108 | 474,494 |
| School Office Administration | 5,913,732 | 4,821,566 | 1,092,166 | 5,903,224 | 4,840,184 | 1,063,040 |
| Coordinators & Consultants | 2,108,834 | 1,773,718 | 335,116 | 2,093,423 | 1,543,761 | 549,662 |
| Board Administration | 6,286,229 | 7,496,780 | (1,210,551) | 6,279,139 | 7,303,757 | (1,024,618) |
| Operations & Maintenance - Schools | 21,982,676 | 22,151,111 | (168,435) | 21,819,004 | 20,772,538 | 1,046,466 |
| Continuing Education, Summer School | 2,699,221 | 2,381,719 | 317,502 | 2,748,689 | 2,277,332 | 471,357 |
| Pupil Transportation | 11,049,432 | 10,358,958 | 690,474 | 10,841,454 | 10,371,088 | 470,366 |
| | 60,628,428 | 59,155,350 | 1,473,078 | 60,252,555 | 57,201,768 | 3,050,767 |
| | 218,627,689 | 222,971,659 | (4,343,970) | 217,337,905 | 219,115,109 | (1,777,204) |
| Capital & Other | | | | | | |
| School Facilities Renewal | 1,061,248 | 1,061,248 | - | 841,417 | 841,417 | - |
| Interest on Capital Debt | 4,482,235 | 4,427,236 | 54,999 | 4,751,953 | 4,176,779 | 575,174 |
| Depreciation & Amortization | 7,617,511 | 8,287,986 | (670,475) | 7,329,186 | 8,126,011 | (796,825) |
| Non-Operating Expenditures | 117,487 | 117,487 | - | 117,487 | 117,487 | - |
| | 13,278,481 | 13,893,957 | (615,476) | 13,040,043 | 13,261,694 | (221,651) |
| Total | 231,906,170 | 236,865,616 | (4,959,446) | 230,377,948 | 232,376,803 | (1,998,855) |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Budget Restrictions on Special Education Funding Envelope

| Special Education Funding Allocations | Financial Statements 2010-11 | Revised Budget 2010-11 | Comments on Major Changes |
|--|---------------------------------|---------------------------|---------------------------|
| SEPPA Grants - Elementary JK-3 | 4,747,695 | 4,724,894 | |
| SEPPA Grants - Elementary 4-8 | 4,993,157 | 4,988,952 | |
| SEPPA Grants - Secondary 9-12 | 3,362,423 | 3,356,639 | |
| Specialized Equipment Amount- Elementary | 499,706 | 266,890 | |
| Specialized Equipment Amount - Secondary | 186,652 | 148,456 | |
| Grants High Needs Students - Elementary | 8,100,000 | 8,119,080 | |
| Grants High Needs Students - Secondary | 2,457,656 | 2,445,388 | |
| Measures of Variability Amount - Elementary | 400,000 | 400,000 | |
| Measures of Variability Amount - Secondary | 183,705 | 183,705 | |
| Section 23 Education Programs | 89,342 | 86,237 | |
| Behavioral Expertise Grants | 139,830 | 139,688 | |
| Total Special Education Funding Allocations | 25,160,166 | 24,859,929 | |

Special Education Expenditures

| | | |
|---|-------------------|-------------------|
| Classroom Teachers | 7,549,241 | 7,464,370 |
| Occasional / Supply Teachers | 2,801 | 108,075 |
| Educational Assistants | 14,151,850 | 14,158,681 |
| Textbooks, Learning Materials, Classroom Supplies | 790,888 | 560,000 |
| Classroom Computers & Networks | - | 103,000 |
| Professionals, Paraprofessionals & Team Teachers | 4,336,611 | 4,381,490 |
| Library & Guidance | - | - |
| Staff Development | 8,198 | 10,000 |
| Coordinators & Program Officer | 261,072 | 331,520 |
| Total Expenditures for Special Education | 27,100,661 | 27,117,136 |

Total Expenditures for Special Education

| | | |
|--|-------------------|-------------------|
| Add (Less) Adjustments for Self Contained Classes | (658,974) | (436,758) |
| Add (Less) Adjustments for Specialized Equipment | 290,336 | - |
| Add (Less) Other Revenue & Adjustments for Special Ed. | - | - |
| Total Special Education Net Expenditures | 26,732,023 | 26,680,378 |

Unspent (Overspent) Special Education Funding Allocations

Note: Unspent Funding Allocations must be placed in the Special Education Reserve Fund

(1,571,857)

The Board is in compliance with the regulations because it spends more than the funding allocation

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Funding Allocations & Budget Restrictions
Budget Restrictions on Board Administration Funding Envelope

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Comments on Major Changes |
|---|------------------------------|------------------------|---------------------------|
| Board Administration Funding Allocation | | | |
| Total Funding Allocation for Board Administration | 6,286,229 | 6,279,139 | |
| Add: Additional Funding Allocations | 0 | 0 | |
| Less: Other Adjustments | 0 | 0 | |
| | <u>6,286,229</u> | <u>6,279,139</u> | |

Board Administration Expenditures

| | | |
|--|------------------|------------------|
| Net Expenditures relating to Board Administration | 7,898,974 | 7,428,757 |
| Add: Net strike savings attributable to Administration | 0 | 0 |
| Less: Transfer from Reserve Funds | 0 | 0 |
| Less: Other Revenue Attributable to Administration | (402,194) | (125,000) |
| Less: Other Adjustments | 0 | 0 |
| | <u>7,496,780</u> | <u>7,303,757</u> |

Unspent (Overspent) Board Admin. Funding

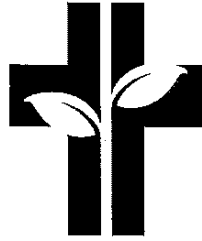
Note: If the Funding Allocation is overspent,

then the Board may have to submit a plan to reduce the expenditures within two years.

(1,210,551)

The Board is not in compliance and may have to submit a plan to reduce the over expenditure within two years.

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NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Analysis of
Tangible capital Assets

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS**

**Analysis of Tangible Capital Assets
Cost, Accumulated Depreciation and Net Book Value**

| GROSS BOOK VALUE | | | | |
|----------------------------------|---------------------------------|-------------------|---|----------------------------------|
| | Opening Balance 1-Sep-10 | Additions | Deemed Disposals & Adjustments | Opening Balance 30-Aug-10 |
| Land | 6,859,288 | 18,491 | 0 | 6,877,779 |
| Land Improvements | 2,744,828 | 1,009,075 | 0 | 3,753,903 |
| Buildings | 191,446,826 | 19,145,814 | (1,080,931) | 209,511,709 |
| Portable Structures | 4,903,757 | 0 | (734,157) | 4,169,600 |
| Equipment - \$5,000 threshold | 755,657 | 369,302 | (78,516) | 1,046,443 |
| Equipment - First time equipping | 3,630,116 | 289,518 | (151,559) | 3,768,075 |
| Furniture - \$5,000 threshold | 32,926 | 0 | 0 | 32,926 |
| Computer Hardware | 3,784,162 | 1,453,119 | (1,017,473) | 4,219,808 |
| Computer Software | 821,696 | 89,010 | (157,786) | 752,920 |
| Vehicles - Under 1 ton | 106,900 | 0 | (24,285) | 82,615 |
| Construction in Progress | 14,811,112 | (4,434,944) | 0 | 10,376,168 |
| TOTALS | 229,897,268 | 17,939,385 | (3,244,707) | 244,591,946 |

| ACCUMULATED DEPRECIATION | | | | |
|----------------------------------|---------------------------------|---------------------|--------------------|----------------------------------|
| | Opening Balance 1-Sep-10 | Depreciation | Adjustments | Opening Balance 30-Aug-10 |
| Land | 0 | 0 | 0 | 0 |
| Land Improvements | 855,808 | 216,768 | 0 | 1,072,576 |
| Buildings | 59,681,394 | 6,089,171 | (856,024) | 64,914,541 |
| Portable Structures | 3,412,756 | 232,294 | (734,157) | 2,910,893 |
| Equipment - \$5,000 threshold | 259,712 | 180,210 | (78,516) | 361,406 |
| Equipment - First time equipping | 2,572,038 | 369,910 | (151,559) | 2,790,389 |
| Furniture - \$5,000 threshold | 19,209 | 3,293 | 0 | 22,502 |
| Computer Hardware | 2,305,459 | 800,397 | (1,017,473) | 2,088,383 |
| Computer Software | 434,244 | 157,462 | (157,786) | 433,920 |
| Vehicles - Under 1 ton | 36,517 | 13,575 | (24,285) | 25,807 |
| Construction in Progress | 0 | 0 | 0 | 0 |
| TOTALS | 69,577,137 | 8,063,080 | (3,019,800) | 74,620,417 |

| NET BOOK VALUE | |
|-----------------------|--------------------|
| | 169,971,529 |

B,

APPENDIX C



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Analysis of
Expenditures by Department

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Total Board Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------|------------------------|---------------------|---------------------------|
| Operating Expenditures | | | | |
| Board Administration | 7,898,972 | 7,428,758 | 470,214 | See comments on page 2 |
| Elementary Schools | 116,951,857 | 115,294,977 | 1,656,880 | See comments on page 3 |
| Secondary Schools | 68,103,972 | 66,850,147 | 1,253,825 | See comments on page 4 |
| Adult & Continuing Education | 5,829,911 | 5,706,459 | 123,452 | See comments on page 5 |
| Plant Operations | 19,692,809 | 18,320,647 | 1,372,162 | See comments on page 6 |
| Plant Maintenance | 3,037,800 | 2,725,833 | 311,967 | See comments on page 7 |
| Student Transportation | 10,366,185 | 10,371,088 | (4,903) | See comments on page 8 |
| | <u>231,881,506</u> | <u>226,697,908</u> | <u>5,183,597</u> | |
| Capital & Other Expenditures | | | | |
| Facility Renewal | 1,061,248 | 841,417 | 219,831 | See comments on page 10 |
| Interest on Capital Debt | 4,427,236 | 4,356,850 | 70,386 | See comments on page 11 |
| Depreciation & Amortization | 8,287,985 | 8,126,011 | 161,974 | See comments on page 12 |
| Non-Operating Expenditures | 117,487 | 117,487 | 0 | See comments on page 13 |
| | <u>13,893,956</u> | <u>13,441,765</u> | <u>452,191</u> | |
| Total Board Operating Expenditures | <u>245,775,461</u> | <u>240,139,673</u> | <u>5,635,788</u> | |

C,

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
 Board Administration Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|---|
| Salary & Wages | 4,692,050 | 4,621,982 | 70,068 | Increase is mainly due to additional temporary staff |
| Employee Benefits | 900,531 | 886,776 | 13,756 | Increase is mainly due to changes in benefit rates & staff deployment |
| Professional Development | 90,676 | 90,000 | 676 | Increase is mainly due to changes in professional development |
| Supplies & Services General Administration | 148,565 | 127,500 | 21,065 | Increase is mainly due to changes in the purchase of office supplies & services |
| Business Administration | 1,056,474 | 917,500 | 138,974 | Increase is mainly due to changes in the purchase of office supplies & services |
| Program Administration | 0 | 0 | 0 | |
| Computers | 49,904 | 0 | 49,904 | Increase is mainly due to changes in the purchase of computer equipment |
| Furniture & Equipment | 7,908 | 10,000 | (2,093) | Decrease is mainly due to a reduction in the purchase of furniture & equipment |
| Fees & Contracts | 952,863 | 775,000 | 177,863 | Increase is mainly due to changes in the cost of computer maintenance |
| Total Administration Expenditures | 7,898,972 | 7,428,758 | 470,214 | |

C2

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Elementary School Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|--|
| Salary & Wages | 98,124,476 | 97,299,183 | 825,294 | Increase is mainly due to salary changes due to changes in experience and to staff increases required by class sizes |
| Employee Benefits | 14,044,090 | 13,135,288 | 908,803 | Increase is mainly due to changes in benefit rates & staff deployment |
| Professional Development | 406,096 | 330,000 | 76,096 | Increase is mainly due to changes in professional development |
| Supplies & Services | | | | |
| School Instruction Budgets | 1,443,255 | 1,486,800 | (43,545) | Decrease is mainly due to a reduction in the purchase of learning materials |
| Central Instruction Budgets | 1,456,033 | 1,493,200 | (37,167) | Decrease is mainly due to a reduction in the purchase of learning materials |
| Central Other Budgets | 587,616 | 615,000 | (27,385) | Decrease is mainly due to a reduction in the purchase of learning materials |
| Computers | 568,560 | 643,082 | (74,522) | Decrease is mainly due to a reduction in the purchase of computer equipment |
| Furniture & Equipment | 321,731 | 292,425 | 29,306 | Increase is mainly due to changes in the purchase of furniture & equipment |
| Fees & Contracts | 0 | 0 | 0 | |
| Total Elementary School Expenditures | 116,951,857 | 115,294,977 | 1,656,880 | |

C₃

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Secondary School Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------------|------------------------------|------------------------|--|
| Salary & Wages | 56,505,387 | 55,778,164 | 727,223 | Increase is mainly due to salary changes due to experience |
| Employee Benefits | 7,566,828 | 6,968,622 | 598,206 | Increase is mainly due to changes in benefit rates & staff deployment |
| Professional Development | 128,760 | 120,000 | 8,760 | Increase is mainly due to changes in professional development |
| Supplies & Services | 1,487,998 | 1,479,937 | 8,061 | Increase is mainly due to changes in the purchase of learning materials |
| School Instruction Budgets | 1,844,526 | 1,826,693 | 17,833 | Increase is mainly due to changes in the purchase of learning materials |
| Central Instruction Budgets | 252,328 | 296,000 | (43,672) | Decrease is mainly due to a reduction in the purchase of supplies and services |
| Central Other Budgets | 178,989 | 225,000 | (46,011) | Decrease is mainly due to a reduction in the purchase of computer equipment |
| Computers | 56,156 | 83,730 | (27,574) | Decrease is mainly due to a reduction in the purchase of furniture & equipment |
| Furniture & Equipment | 83,000 | 72,000 | 11,000 | Increase is mainly due to changes in the cost of educational contracts |
| Fees & Contracts | | | | |
| Total Secondary School Expenditures | 68,103,972 | 66,850,147 | 1,253,825 | |

C4

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Adult & Continuing Education Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|---|
| Salary & Wages | 4,240,914 | 4,187,559 | 53,355 | Increase is mainly due to salary changes due to changes staff deployment |
| Employee Benefits | 660,160 | 575,865 | 84,295 | Increase is mainly due to changes in benefit rates & staff deployment |
| Professional Development | 16,283 | 14,700 | 1,583 | Increase is mainly due to changes in professional development |
| Supplies & Services | | | | |
| School Instruction Budgets | 884,260 | 900,635 | (16,375) | Decrease is mainly due to changes in the purchase of learning materials |
| Central Instruction Budgets | 0 | 0 | 0 | |
| Central Other Budgets | 0 | 0 | 0 | |
| Computers | 17,597 | 20,000 | (2,403) | Decrease is mainly due to a reduction in the purchase of computer equipment |
| Furniture & Equipment | 7,315 | 0 | 7,315 | Increase is mainly due to changes in the purchase of furniture & equipment |
| Fees & Contracts | 3,382 | 7,700 | (4,318) | Decrease is mainly due to changes in educational contracts |
| Total Adult & Cont. Ed. Expenses | 5,829,911 | 5,706,459 | 123,452 | |

C5

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Plant Operations Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------------|------------------------------|------------------------|---|
| Salary & Wages | 8,694,877 | 8,531,876 | 163,001 | Increase is mainly due to changes in the deployment of staff |
| Employee Benefits | 2,329,876 | 2,307,771 | 22,105 | Increase is mainly due to changes in benefit rates & staff deployment |
| Professional Development | 8,248 | 10,000 | (1,752) | Decrease is mainly due to changes in professional development |
| Supplies & Services Utilities | 4,832,544 | 4,350,000 | 482,544 | Increase is mainly due to changes in energy rates & costs |
| Cleaning & Operating | 1,252,949 | 1,047,500 | 205,449 | Increase is mainly due to changes in the cost of cleaning supplies |
| Sites & Grounds Maintenance | 1,404,886 | 1,045,000 | 359,886 | Increase is mainly due to an increase in the cost of snow removal |
| Computers | 549 | 1,500 | (951) | Decrease is mainly due to a reduction in the purchase of computer equipment |
| Furniture & Equipment | 522,554 | 467,000 | 55,554 | Increase is mainly due to changes in the purchase of furniture & equipment |
| Fees & Contracts | 646,327 | 560,000 | 86,327 | Increase is mainly due to additional costs in plant operation contracts |
| Total Plant Operations Expenditures | 19,692,809 | 18,320,647 | 1,372,162 | |

C6

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Plant Maintenance Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|---|
| Salary & Wages | 1,389,754 | 1,245,929 | 143,825 | Increase is mainly due to changes in the deployment of staff |
| Employee Benefits | 301,594 | 291,904 | 9,690 | Increase is mainly due to changes in benefit rates & WSIB Claims |
| Professional Development | 3,031 | 7,500 | (4,469) | Decrease is mainly due to changes in professional development |
| Supplies & Services | | | | |
| Department Operation | 175,594 | 169,000 | 6,594 | Increase is mainly due to changes in energy rates & costs |
| Mechanical & Electrical | 567,155 | 495,000 | 72,155 | Increase is mainly due to changes in the cost of cleaning supplies |
| Building Maintenance | 518,679 | 410,000 | 108,679 | Increase is mainly due to an increase in the cost of snow removal |
| Computers | 2,311 | 1,500 | 811 | Increase is mainly due to changes in the purchase of computer equipment |
| Furniture & Equipment | 3,692 | 30,000 | (26,308) | Decrease is mainly due to changes in the purchase of vehicles |
| Fees & Contracts | 75,991 | 75,000 | 991 | Increase is mainly due to additional costs in plant operation contracts |
| Total Plant Maintenance Expenditures | 3,037,800 | 2,725,833 | 311,967 | |

C7

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Student Transportation Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------------|------------------------------|------------------------|--|
| Salary & Wages | 245,476 | 279,116 | (33,640) | Decrease is mainly due to changes in the deployment of staff |
| Employee Benefits | 62,088 | 41,258 | 20,830 | Increase is mainly due to changes in benefit rates & WSIB Claims |
| Professional Development | 3,883 | 2,554 | 1,329 | Increase is mainly due to changes in professional development |
| Supplies & Services | 73,788 | 67,269 | 6,519 | Increase is mainly due to changes in the purchase of office supplies |
| Computers | 5,181 | 0 | 5,181 | Increase is mainly due to a reduction in the purchase of computers |
| Furniture & Equipment | 0 | 0 | 0 | |
| Fees & Contracts | | | | |
| Bus Transportation | 9,002,376 | 8,835,326 | 167,050 | Increase is mainly due to changes in the transportation routes |
| Taxi & Mimivan | 259,804 | 237,487 | 22,317 | Increase is mainly due to changes in the transportation routes |
| Other Transportation | 713,589 | 908,078 | (194,489) | Decrease is mainly due to changes in school to school transportation |
| Total Student Transportation Exp. | 10,366,185 | 10,371,088 | (4,903) | |

C8

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS**

**Analysis of Expenditures by Department
School Facilities Renewal Expenditures**

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|--|
| School Facilities Renewal Expenses | 1,061,248 | 841,417 | 219,831 | Increase is mainly due to changes in Facility Renewal Projects |

Cg

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Interest on Capital Debt

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---------------------------------------|------------------------------|------------------------|---------------------|---|
| Interest on Long Term Debentures | 4,427,236 | 4,356,850 | 70,386 | Increase is mainly due to changes in interest on debentures |
| Total Interest on Capital Debt | 4,427,236 | 4,356,850 | 70,386 | |

C10

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS**

**Analysis of Expenditures by Department
Amortization and Loss on Disposal of Tangible Capital Assets**

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------------|------------------------------|------------------------|---|
| Land | 0 | 0 | 0 | |
| Land Improvements | 0 | 0 | 0 | |
| Buildings | 0 | 0 | 0 | |
| Portable Structures | 0 | 0 | 0 | |
| Construction in Progress | 0 | 0 | 0 | |
| Loss on disposal of properties | 224,907 | 0 | 224,907 | Increase is mainly due to demolition of schools |
| Amortization of Tangible Capital Assets | 8,063,078 | 8,126,011 | (62,933) | Decrease is mainly due to changes in amortization |
| Total Amortization & Loss on Disposal of TC/A | 8,287,985 | 8,126,011 | 161,974 | |

C11

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Non-Operating Expenditures

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|--|------------------------------|------------------------|---------------------|---------------------------|
| Other Non-Operating & capital Expenditures | 117,487 | 117,487 | 0 | |
| Total Non-Operating Exp. | 117,487 | 117,487 | 0 | No changes in this area |

C12

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2010-11 FINANCIAL STATEMENTS

Analysis of Expenditures by Department
Provision for Contingencies

| | Financial Statements 2010-11 | Revised Budget 2010-11 | Increase (Decrease) | Comments on Major Changes |
|---|------------------------------------|------------------------------|------------------------|---------------------------|
| Provision for Contingencies for this year | 0 | 0 | 0 | |
| Total Provision for Contingencies | 0 | 0 | 0 | |

C13

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
SPECIAL BOARD MEETING
NOVEMBER 15, 2011**

PUBLIC SESSION

**TOPIC: AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

RECOMMENDATION

THAT the Niagara Catholic District School Board approve the Audited Financial Statements for the Fiscal Year ended August 31, 2011, as presented and without change.

Prepared by: Mark Palumbi, Crawford Smith & Swallow

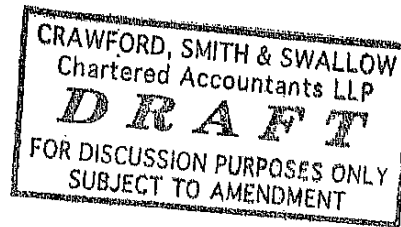
Presented by: Larry Reich, Superintendent of Business & Financial Services
Mark Palumbi, Crawford Smith & Swallow

Recommended by: John Crocco, Director of Education

Date: November 15, 2011

November xx, 2011

Board of Trustees
Niagara Catholic District School Board
427 Rice Road
Welland, Ontario
L3C 7C1



Dear Members of the Board of Trustees:

We have now completed our examination of the consolidated financial statements of the Niagara Catholic District School Board for the year ended August 31, 2011.

Scope of Examination

As stated in our report dated November xx, 2011 addressed to the Board of Trustees of the Niagara Catholic District School Board, the consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In our opinion, the consolidated financial statements of the Niagara Catholic District School Board for the year ended August 31, 2011 are presented fairly, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

We were provided with full co-operation and no limitations of any kind were placed on the scope of our examination.

Intent of the Management Letter

The post audit management letter is intended to provide an additional professional service of the auditor as a direct by-product of the audit. We are pleased to offer the comments that follow as a service to the Niagara Catholic District School Board.

The management letter should communicate the following general explanations:

- the recommendations arise out of normal audit work related to the expression of an opinion on the financial statements and do not constitute a complete report on internal control;
- normal audit work will not detect all internal control weaknesses;
- the audit procedures performed were as extensive as necessary for audit report purposes;

- suggestions or comments concern systems only and are not intended to reflect on the competence or integrity of personnel;
- there are inherent limitations to any system of internal control;
- internal controls should be evaluated annually.

Current Observations

We have no observations that would be considered to be significant in nature. However, we refer you to our accountants comments directed to Mr. Lawrence Reich, Superintendent of Business and Financial Services which details issues considered to be minor in nature.

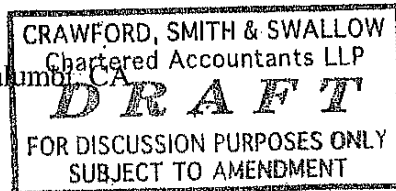
This communication is prepared solely for the information of the Niagara Catholic District School Board and is not intended for any other purpose. We accept no responsibility to a third party that relies on this communication.

We would like to take this opportunity to thank the staff for all their assistance and co-operation during our audit. Should you wish to discuss the above matters further, please contact our office at your convenience.

Yours very truly,

**CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP**

Mark Palumbo
Partner



MP*gz

c.c. Mr. J. Crocco, Director of Education/Secretary Treasurer
Mr. L. Reich, Superintendent of Business & Financial Services

*crawford
smith &
swallow*

**NIAGARA CATHOLIC DISTRICT
SCHOOL BOARD**

Consolidated Financial Statements

August 31, 2011

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

August 31, 2011

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| Consolidated Statement of Cash Flows | 6 |
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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
MANAGEMENT REPORT**

August 31, 2011

The accompanying consolidated financial statements of the Niagara Catholic District School Board are the responsibility of the Board's management and have been prepared in compliance with legislation and in accordance with the financial reporting provisions described in note 1 to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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 Crawford, Smith and Swallow Chartered Accountants 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.

Director of Education
Mr. John Crocco
November xx, 2011

Chief Financial Officer
Mr. Larry Reich, CA
November xx, 2011

Crawford, Smith and Swallow
Chartered Accountants LLP

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Niagara Falls, Ontario
L2E 2M2
Telephone (905) 356-4200
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**crawford
smith &
swallow**

Offices in:
Niagara Falls, Ontario
St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

INDEPENDENT AUDITORS' REPORT

To the Trustees of the
Niagara Catholic District School Board

We have audited the accompanying consolidated financial statements of the Niagara Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of operations and accumulated surplus, cash flows and change in net debt for the year then ended, and 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the basis of accounting described in note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 financial position of the Niagara Catholic District School Board as at August 31, 2011, and the results of its operations and accumulated surplus, cash flows and the change in net debt 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 Niagara Catholic District School Board to meet the reporting requirements of the Ontario Ministry of Education. As a result, this consolidated financial statements may not be suitable for another purpose.

Niagara Falls, Ontario
November xx, 2011

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP
LICENSED PUBLIC ACCOUNTANTS

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2011

| | 2011 \$ | 2010 \$ |
|--|----------------------|----------------------|
| Financial Assets | | |
| Cash | 23,844,012 | 23,339,078 |
| Accounts receivable | 8,558,140 | 10,120,038 |
| Accounts receivable - Province of Ontario approved capital - note 3 | 87,332,310 | 85,023,983 |
| | 119,734,462 | 118,483,099 |
| Contingent Liabilities - note 14 | | |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 9,094,421 | 11,838,919 |
| Deferred revenue - note 4 | 11,804,866 | 8,576,106 |
| Employee future benefits - note 6 | 19,385,308 | 19,046,354 |
| Net long-term liabilities - note 7 | 95,502,807 | 90,604,803 |
| Deferred capital contributions - note 5 | 147,621,703 | 136,681,626 |
| | 283,409,105 | 266,747,808 |
| Net Debt | (163,674,643) | (148,264,709) |
| Non-Financial Assets | | |
| Tangible capital assets - schedule 1 | 169,971,529 | 160,320,131 |
| Prepaid expense | 16,817 | 55,715 |
| | 169,988,346 | 160,375,846 |
| Accumulated Surplus - note 8 | 6,313,703 | 12,111,137 |

Signed on behalf of the Board:

Chairperson of the Board

Director of Education

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended August 31, 2011

| | Budget | 2011 | 2010 |
|--|-------------|-------------|--------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Local taxation | 46,786,549 | 47,261,287 | 46,549,384 |
| Provincial legislative grants | 177,488,907 | 177,050,823 | 245,639,736 |
| Provincial grants - other | 4,188,251 | 5,973,217 | 7,145,773 |
| Federal grants and fees | 976,503 | 380,151 | 613,993 |
| Other fees and revenue | 1,760,231 | 2,278,520 | 1,915,877 |
| Investment income | 250,000 | 277,966 | 138,540 |
| School fundraising | 8,902,945 | 8,331,425 | 8,962,590 |
| Amortization of deferred capital contributions | 8,032,688 | 7,612,553 | 6,941,634 |
| | 248,386,074 | 249,165,942 | 317,907,527 |
| Expenditures | | | |
| Instruction | 188,103,470 | 191,664,793 | 182,049,720 |
| Administration | 7,371,893 | 7,900,417 | 7,454,674 |
| Transportation | 10,371,088 | 10,369,883 | 10,620,996 |
| Pupil accommodation | 34,752,987 | 36,378,528 | 35,328,350 |
| Other operating expenses | 117,487 | 117,487 | 117,487 |
| School funded activities | 8,902,945 | 8,532,268 | 8,991,938 |
| | 249,619,870 | 254,963,376 | 244,563,165 |
| Annual Surplus (Deficit) | (1,233,796) | (5,797,434) | 73,344,362 |
| Accumulated Surplus, Beginning of Year | 12,111,137 | 12,111,137 | (61,233,225) |
| Accumulated Surplus, End of Year | 10,877,341 | 6,313,703 | 12,111,137 |

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended August 31, 2011

| | 2011 \$ | 2010 \$ |
|--|--------------------|---------------------|
| Operations | | |
| Annual surplus (deficit) | (5,797,434) | 73,344,362 |
| Sources (Uses) | | |
| Change in accounts receivable | 1,561,898 | (351,576) |
| Change in accounts receivable - Province of Ontario approved capital | (2,308,327) | (85,023,983) |
| Change in prepaid expenses | 38,898 | 33,840 |
| Change in accounts payable and accrued liabilities | (2,744,498) | 3,216,693 |
| Change in deferred revenue | 3,228,760 | 326,112 |
| Change in employee future benefits | 338,954 | 666,100 |
| | 115,685 | (81,132,814) |
| Non-cash charges to operations | | |
| Amortization of tangible capital assets | 8,063,080 | 7,719,919 |
| Loss on disposal of tangible capital assets | 224,907 | - |
| Amortization of deferred capital contributions | (7,612,553) | (6,941,634) |
| | 675,434 | 778,285 |
| Net decrease in cash from operations | (5,006,315) | (7,010,167) |
| Capital | | |
| Acquisition of tangible capital assets | (17,939,385) | (18,120,126) |
| Proceeds on disposal of tangible capital assets | - | 65,801 |
| Net additions to deferred capital contributions | 18,552,630 | 18,120,126 |
| Net increase in cash from capital activities | 613,245 | 65,801 |
| Financing | | |
| Long-term debentures issued | 8,177,838 | - |
| Debt repayments and sinking fund contributions | (3,279,834) | (3,066,890) |
| Net increase (decrease) in cash from financing | 4,898,004 | (3,066,890) |
| Increase (Decrease) in Cash Position | 504,934 | (10,011,256) |
| Cash Position, Beginning of Year | 23,339,078 | 33,350,334 |
| Cash Position, End of Year | 23,844,012 | 23,339,078 |

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
for the year ended August 31, 2011

| | 2011 \$ | 2010 \$ |
|---|----------------------|----------------------|
| Annual Surplus (Deficit) | (5,797,434) | 73,344,362 |
| Acquisition of Tangible Capital Assets | (17,939,385) | (18,120,126) |
| Amortization of Tangible Capital Assets | 8,063,080 | 7,719,919 |
| Loss on Disposal of Tangible Capital Assets | 224,907 | - |
| Proceeds on Disposal of Tangible Capital Assets | - | 65,801 |
| Change in Prepaid Expenses | 38,898 | 33,840 |
| Decrease (Increase) in Net Debt | (15,409,934) | 63,043,796 |
| Net Debt, Beginning of Year | (148,264,709) | (211,308,505) |
| Net Debt, End of Year | (163,674,643) | (148,264,709) |

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See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

1. Significant Accounting Policies

The consolidated financial statements are prepared by management of the Niagara Catholic District School Board (the "Board") 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, direction 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 section PS 3410 "Government Transfers" was released. 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 the Government Transfers standard on a retroactive basis as described in note 2 to the consolidated financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of 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. Property tax revenue should be recorded as revenue when received or receivable in accordance with section PS 3510 "Tax Revenue".

Revenue and expenses are accounted for on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost 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 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.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

1. Significant Accounting Policies - continued

(b) Reporting entity - continued

The following entities are consolidated with the Board:

Niagara Student Transportation Services Consortium
School Generated Funds

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 a short maturity term of less than 90 days.

(e) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to the 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 accounting 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:

| <u>Asset Class</u> | <u>Period</u> | <u>Basis</u> |
|----------------------|---------------|---------------|
| General Assets | | |
| Land | - NIL | |
| Land improvements | - 15 years | straight line |
| Buildings | - 40 years | straight line |
| Portable structures | - 20 years | straight line |
| Equipment | - 5-15 years | straight line |
| First-time equipping | - 10 years | straight line |
| Furniture | - 10 years | straight line |
| Computer hardware | - 5 years | straight line |
| Computer software | - 5 years | straight line |
| Vehicles | - 5 years | straight line |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended August 31, 2011

1. Significant Accounting Policies - continued

(e) Tangible capital assets - 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 estimated 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 Statement of Financial Position.

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

(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 expenditures are incurred or services provided.

(g) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, future paid sick leave benefits, retirement gratuity, workers' compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days during employment and at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by the employees, such as future paid sick leave benefits or retirement gratuities, the cost is actuarially determined using projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

1. Significant Accounting Policies - continued

(g) Retirement and other employee future benefits - continued

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) 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.

(i) 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.

(j) Long-term debt

Long-term debt is recorded net of related sinking fund assets.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

1. Significant Accounting Policies - continued

(k) 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. Given differences between the funding model and the basis of accounting used by the school board in the preparation of the financial statements, 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.

(l) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures 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 accounts receivable, accounts receivable - Province of Ontario, accounts payable and accrued liabilities and employee future benefits. Actual results could differ from these estimates.

2. Change in Accounting Policies

In fiscal 2011, the Board early adopted PSAB section PS 3410 "Government Transfers" as described in note 1a). 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 consolidated financial statements that is relevant, understandable to the user; and comparable over periods and amongst school boards in Ontario.

Effective September 1, 2010, the Board retroactively restated the prior year figures for employee future benefits to include two amounts previously omitted. Retirement health care benefits in the amount of \$ 296,453 and long-term disability health care benefits in the amount of \$ 1,296,119 for a total of \$ 1,592,572 were recorded with employee future benefits and accumulated surplus. The change to instruction expenditure and annual surplus for the year ended August 31, 2010 was a reduction of \$ 395,232. See below for further details.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

2. Change in Accounting Policies - continued

This change in accounting policy has changed amounts reported in the prior period as follows:

| | \$ |
|---|--------------------|
| Accumulated Surplus at August 31, 2010: | |
| Accumulated surplus, as previously reported | 151,075,402 |
| Reclassification of proceeds of disposition relating to net book value of disposed assets | (65,801) |
| Adjustment to provincial capital wrap-up receivable | (624,266) |
| Transfer to deferred capital contributions | (136,681,626) |
| Additions to amounts to be recovered - employee future benefits | (1,592,572) |
| Accumulated Surplus, as Restated | 12,111,137 |
| <hr/> | |
| Annual Surplus for the Year Ended August 31, 2010: | |
| Accumulated surplus, as previously reported | 84,817,689 |
| Plus: Amounts recognized in revenue | 6,941,634 |
| Less: Adjustment to provincial capital wrap-up receivable | (624,266) |
| Less: Reclassification of proceeds of disposition relating to net book value of disposed assets | (65,801) |
| Less: In-year Provincial capital contributions | (18,120,126) |
| Plus: Adjustment for change in employee future benefits | 395,232 |
| Annual Surplus, as Restated | 73,344,362 |
| <hr/> | |
| The impact for the year ended August 31, 2011 is as follows: | |
| Annual Surplus for the Year Ended August 31, 2011 | |
| Annual surplus, as per prior year policy | 5,142,643 |
| Plus: Amounts recognized in revenue | 7,612,553 |
| Less: In-year Provincial capital contributions | (18,552,630) |
| Annual Surplus (Deficit), as Currently Reported | (5,797,434) |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

3. Accounts Receivable - Province of Ontario

The Province of Ontario ("Province") 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 accounts receivable from the Province of Ontario of \$ 87,332,310 as at August 31, 2011 (2010 - \$ 85,023,983) with respect to capital grants.

4. 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:

| | 2011 | 2010 |
|--------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Proceeds of disposition | 4,783,700 | 4,731,700 |
| Green schools pilot | 4,313 | 155,103 |
| Special education | 290,336 | - |
| Energy efficient schools - operating | 10,522 | 10,522 |
| Energy efficient schools - capital | 5,837,997 | 2,546,397 |
| Others | 877,998 | 1,132,384 |
| | 11,804,866 | 8,576,106 |
| | | |
| | 2011 | 2010 |
| | \$ | \$ |
| Balance, beginning of year | 8,576,106 | 8,249,994 |
| Additions/transfers | 3,176,760 | 314,893 |
| Interest earned | 52,000 | 11,219 |
| Balance, end of year | 11,804,866 | 8,576,106 |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

5. Deferred Capital Contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contribution ("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 DCC as disclosed in note 2.

| | 2011 \$ | 2010 \$ |
|--|--------------------|--------------------|
| Balance, beginning of year | 136,681,626 | 125,503,134 |
| Additions to deferred capital contributions | 17,920,894 | 18,120,126 |
| Recognition of deferred revenue related to prior eligible capital expenses | 1,739,079 | - |
| Revenue recognized in the period | (7,612,553) | (6,941,634) |
| Unsupported capital spending | (1,107,343) | - |
| Balance, end of year | 147,621,703 | 136,681,626 |

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

6. Employee Future Benefits

| | 2011 \$ | 2010 \$ |
|---|-------------------|-------------------|
| Future paid sick leave benefits | 11,139,505 | 10,431,228 |
| Retirement gratuities | 4,956,974 | 5,255,414 |
| Retirement health care benefits | 282,846 | 296,453 |
| Long-term disability health care benefits | 1,630,262 | 1,296,119 |
| WSIB - Schedule II future liability | 1,105,120 | 1,481,278 |
| Vacation pay | 270,601 | 285,862 |
| | 19,385,308 | 19,046,354 |

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of 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.

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. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed \$ 2,306,994 (2010 - \$ 2,006,446) 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.

Future Paid Sick Leave Benefits

The Board allows for the accumulation of sick days for certain groups of employees hired after specified dates up to an allowable maximum provided in their employment agreements. Accumulated credits may be used in future years to the extent that the duration of the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

As a result of an actuarial valuation for the year ending August 31, 2011, it was determined that an actuarial loss of \$ 4,053,250 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 4,089,051. The actual obligation is \$ 15,228,556.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended August 31, 2011

6. Employee Future Benefits - continued

Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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.

As a result of an actuarial valuation for the year ending August 31, 2011, it was determined that an actuarial loss of \$ 779,033 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 728,041. The actual obligation is \$ 5,685,015.

Retirement Health Care Benefits

The Board continues to provide 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.

Long-Term Disability Health Care Benefits

The Board provides dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of 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 leave are fully insured and not included in this plan.

WSIB - Schedule II Future Liability

The Board is a Schedule II 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 included in the Board's consolidated financial statements.

A reserve has been established for this liability. The balance as at August 31, 2011 is \$ 928,687 (2010 - \$ 928,687).

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

6. Employee Future Benefits - continued

Future paid sick leave benefits:

| | 2011 \$ | 2010 \$ |
|--------------------------------------|-------------------|-------------------|
| Employee benefit plan assets | - | - |
| Employee benefit plan liabilities | 11,139,505 | 10,431,228 |
| Employee benefit plan deficit | 11,139,505 | 10,431,228 |

| | 2011 \$ | 2010 \$ |
|--|-------------------|-------------------|
| Accrued benefit obligation, beginning of year | 10,431,228 | 9,857,568 |
| Expense for the year | 1,723,837 | 1,685,872 |
| Benefits paid during the year | (1,015,560) | (1,112,212) |
| Accrued benefit obligation, end of year | 11,139,505 | 10,431,228 |

Retirement gratuities:

| | 2011 \$ | 2010 \$ |
|--------------------------------------|------------------|------------------|
| Employee benefit plan assets | - | - |
| Employee benefit plan liabilities | 4,956,974 | 5,255,414 |
| Employee benefit plan deficit | 4,956,974 | 5,255,414 |

| | 2011 \$ | 2010 \$ |
|--|------------------|------------------|
| Accrued benefit obligation, beginning of year | 5,255,414 | 5,136,640 |
| Expense for the year | 680,958 | 671,566 |
| Benefits paid during the year | (979,398) | (552,792) |
| Accrued benefit obligation, end of year | 4,956,974 | 5,255,414 |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

6. Employee Future Benefits - continued

Retirement health care benefits:

| | 2011 \$ | 2010 \$ |
|--------------------------------------|----------------|----------------|
| Employee benefit plan assets | - | - |
| Employee benefit plan liabilities | 282,846 | 296,453 |
| Employee benefit plan deficit | 282,846 | 296,453 |

| | 2011 \$ | 2010 \$ |
|--|----------------|----------------|
| Accrued benefit obligation, beginning of year | 296,453 | 309,202 |
| Expense for the year | 21,487 | 22,366 |
| Benefits paid during the year | (35,094) | (35,115) |
| Accrued benefit obligation, end of year | 282,846 | 296,453 |

Long-term disability health care benefits:

| | 2011 \$ | 2010 \$ |
|--------------------------------------|------------------|------------------|
| Employee benefit plan assets | - | - |
| Employee benefit plan liabilities | 1,630,262 | 1,296,119 |
| Employee benefit plan deficit | 1,630,262 | 1,296,119 |

| | 2011 \$ | 2010 \$ |
|--|------------------|------------------|
| Accrued benefit obligation, beginning of year | 1,296,119 | 1,678,602 |
| Expense for the year | 533,491 | (199,047) |
| Benefits paid during the year | (199,348) | (183,436) |
| Accrued benefit obligation, end of year | 1,630,262 | 1,296,119 |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

6. Employee Future Benefits - continued

WSIB Schedule II future liability:

| | 2011 \$ | 2010 \$ |
|--------------------------------------|------------------|------------------|
| Employee benefit plan assets | - | - |
| Employee benefit plan liabilities | 1,105,120 | 1,481,278 |
| Employee benefit plan deficit | 1,105,120 | 1,481,278 |

| | 2011 \$ | 2010 \$ |
|--|------------------|------------------|
| Accrued benefit obligation, beginning of year | 1,481,278 | 1,194,660 |
| Expense for the year | (64,516) | 682,002 |
| Benefits paid during the year | (311,642) | (395,384) |
| Accrued benefit obligation, end of year | 1,105,120 | 1,481,278 |

The accrued benefit obligations for future paid sick leave benefits, retirement gratuities and WSIB Schedule II future liability benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes. These actuarial valuations were based on assumptions about future events. The economic assumptions used in the valuations are the Board's best estimates of expected rates of:

General Inflation - Future general inflation levels were assumed to be 2%.

Interest (Discount) Rate - The present value of future liabilities and the expense were determined using a discount rate of 4%.

Wage and Salary Escalation - Future general salary and wage levels were assumed to increase at 3% plus grid increases based on completed years of service for teachers.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

7. Net Long-Term Debt

Debenture debt and capital loans reported on the Consolidated Statement of Financial Position comprises of the following:

| | 2011 \$ | 2010 \$ |
|---------------------------|-------------------|-------------------|
| Unmatured debenture debt | 84,578,891 | 79,376,214 |
| Sinking fund debentures | 12,841,325 | 12,841,325 |
| Less: Sinking fund assets | (1,917,409) | (1,612,736) |
| | 95,502,807 | 90,604,803 |

The net long-term debt outstanding bears interest at annual rates ranging from 4.56% to 8.75% maturing between 2015 and 2036. Principal and interest payments relating to net debenture debt and capital loans of \$ 95,502,807 outstanding as at August 31, 2011 are due as follow:

| | Principal and Sinking Fund Contributions, \$ | Interest \$ | Total \$ |
|------------|---|-------------------|--------------------|
| 2012 | 8,370,299 | 5,227,215 | 13,597,514 |
| 2013 | 3,739,016 | 4,844,480 | 8,583,496 |
| 2014 | 7,388,610 | 4,507,567 | 11,896,177 |
| 2015 | 4,118,779 | 4,155,337 | 8,274,116 |
| 2016 | 4,380,207 | 3,897,932 | 8,278,139 |
| Thereafter | 67,505,896 | 28,672,994 | 96,178,890 |
| | 95,502,807 | 51,305,525 | 146,808,332 |

Included in net debenture debt are outstanding sinking fund debentures of \$ 12,841,325 (2010 - \$ 12,841,325) secured by sinking fund assets with a carrying value of \$ 1,917,409 (market value - \$ 1,612,736). Sinking fund assets are comprised of bank deposits.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

8. Accumulated Surplus

| | 2011 | 2010 |
|--|------------------|-------------------|
| | \$ | \$ |
| Available for Compliance | | |
| Operating fund | 5,189,797 | 9,947,062 |
| Available for Compliance - Internally Appropriated | | |
| Reserves and reserve funds | 11,724,641 | 11,640,951 |
| Unavailable for Compliance | | |
| Amounts to be recovered - employee future benefits | (19,385,308) | (18,443,801) |
| School activities fund | 1,906,794 | 2,107,637 |
| Revenues recognized for land purchases | 6,877,779 | 6,859,288 |
| | (10,600,735) | (9,476,876) |
| | 6,313,703 | 12,111,137 |

9. Trust Funds

| | 2011 | 2010 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Larkin Award Fund | 7,643 | 14,054 |
| Kristen French Scholarship Fund | 125,966 | 127,599 |
| Marion Oakley Fund | 5,355 | 5,298 |
| Nicole Longe Memorial Fund | 6,878 | 7,003 |
| James and Anna McGarry | 8,258 | 8,370 |
| Teachers Finance Leave Plan | 1,014,128 | 823,302 |
| Michael and Isabelle Moran | 52,376 | 53,315 |
| Hugo and Corrinne Massotti | 54,727 | 56,142 |
| | 1,275,331 | 1,095,083 |

10. Debt Charges and Capital Loan Interest

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

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Principal payments on long-term | | |
| capital loans and sinking fund contributions | 3,279,834 | 3,066,890 |
| Interest payments on long-term | | |
| capital loans | 5,268,653 | 5,326,237 |
| | 8,548,487 | 8,393,127 |

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2011

11. Expenditures by Object

The following is a summary of the expenses reported on the Consolidated Statement of Operations and Accumulated Surplus by object:

| | 2011 \$ | 2010 \$ |
|---|--------------------|--------------------|
| Current expenditures: | | |
| Salaries and wages | 173,607,073 | 164,689,476 |
| Employee benefits | 26,806,676 | 24,231,177 |
| Staff development | 656,977 | 687,819 |
| Supplies and services | 19,211,793 | 20,111,685 |
| Interest | 5,268,653 | 5,326,237 |
| Rental expenditures | 470,447 | 567,943 |
| Fee and contract services | 12,121,502 | 12,236,971 |
| | 238,143,121 | 227,851,308 |
| Amortization of tangible capital assets and write-downs | 8,287,987 | 7,719,919 |
| School funded activities | 8,532,268 | 8,991,938 |
| Total expenditures by object | 254,963,376 | 244,563,165 |

12. Ontario School Board Insurance Exchange

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 five year term expires December 31, 2017.

13. Related Party Transactions

Related party transactions during the year not separately disclosed in the consolidated financial statements include the following:

An amount of \$ 106,342 has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

14. Contractual Obligations and Contingent Liabilities

Legal

As at August 31, 2011, the Board has certain legal claims outstanding. It is management's assertion that adequate insurance coverages are in effect for the settlement of these claims, if necessary.

Letters of Credit

The Board has authorized letters of credit in favour of the City of Welland in the amount of \$ 81,000, the Town of Grimsby in the amount of \$ 887,560, the City of St. Catharines in the amount of \$ 43,187, the Town of Lincoln in the amount of \$ 43,800 and Horizon Utilities in the amount of \$ 25,362. All of these letters of credit relate to site plan deposits. These letters of credit are covered under the security as described under credit facilities in note 16.

15. Commitments

Capital Expenditures

The Board is committed to spending approximately \$ 15,000,000 on capital projects in the following year.

Lease Obligations

The Board is committed to make the following minimum future lease payments under several operating leases over the next five years:

| | |
|--------|---------|
| 2011 - | 702,454 |
| 2012 - | 344,634 |
| 2013 - | 122,350 |
| 2014 - | 41,068 |
| 2015 - | 12,872 |

16. Credit Facilities

The Board has two facilities available at any time for use. Credit facility #1 is a revolving demand operating credit available in the amount of \$ 12,000,000 for use for current expenditures only and bears interest at prime less 1/2%. Credit facility #2 is a revolving demand instalment loan in the amount of \$ 500,000 to finance capital expenditures which would bear interest at prime. Further, the Board has a \$ 230,000 Corporate VISA and \$ 900,000 VISA purchase card credit facility available. As at August 31, 2011, \$ 2,990,902 has been drawn upon by way of a bank overdraft against credit facility #1 and \$ 1,080,909 by way of letters of credit as per note 14 against credit facility #1 and NIL against credit facility #2. Security is by way of executed by-laws in compliance with applicable legislative requirements.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2011

17. Niagara Student Transportation Services Consortium

On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara ("DSBN") to provide common administration of student transportation services. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS. No Board is in a position to exercise unilateral control.

The entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's pro-rata share of assets, liabilities, revenues and expenses. Inter-organizational transactions and balances between these organizations are eliminated.

18. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2010/2011 budgets approved by the Board on July 7, 2010. The budget was released prior to the PS 3410 "Government Transfers" standard, which was released in March, 2011. As a result, there are some changes in how the DCC taken into income is calculated for the consolidated financial statements versus for the budget. This includes the treatment of sinking fund interest and other components. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 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.

| | |
|---|--------------------|
| | \$ |
| Total Budgeted Revenue at August 31, 2011: | |
| Total budgeted revenue, as reported in the 2010-11 budget | 248,245,890 |
| Adjustment due to adoption of government transfer standard (see note 2) | 140,184 |
| Total Budgeted Revenue, as Restated | 248,386,074 |

19. Comparative Figures

Certain prior year figures have been restated to conform with the current year's presentation.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended August 31, 2011

Schedule 1

| | Cost | | | Accumulated Amortization | | | Net Book Value |
|--------------------------|----------------------------|-------------------|-------------------|--------------------------|------------------|------------------|--------------------|
| | Balance, Beginning of Year | Additions | Disposals | Balance, End of Year | Amortization | Disposals | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land | 6,859,287 | 18,491 | - | 6,877,778 | - | - | 6,877,778 |
| Land improvements | 2,744,828 | 1,009,074 | - | 3,753,902 | 216,788 | - | 2,681,326 |
| Buildings | 191,446,825 | 19,145,814 | 1,080,931 | 209,511,708 | 6,089,177 | 856,024 | 144,597,167 |
| Portable structures | 4,903,757 | - | 734,157 | 4,169,600 | 232,294 | 734,157 | 1,258,707 |
| Equipment | 755,657 | 369,302 | 78,516 | 1,046,443 | 180,210 | 78,516 | 685,037 |
| First-time equipping | 3,630,116 | 289,518 | 151,559 | 3,768,085 | 369,910 | 151,559 | 977,686 |
| Furniture | 32,926 | - | - | 32,926 | 3,293 | - | 10,424 |
| Computer hardware | 3,784,162 | 1,453,119 | 1,017,473 | 4,219,808 | 800,397 | 1,017,473 | 2,131,425 |
| Computer software | 821,696 | 89,010 | 157,786 | 752,920 | 157,462 | 157,786 | 319,000 |
| Vehicles | 106,900 | - | 24,285 | 82,615 | 13,575 | 24,285 | 56,808 |
| Construction in progress | 14,811,114 | 11,025,239 | 15,466,182 | 10,376,171 | - | - | 10,376,171 |
| August 31, 2011 | 229,897,268 | 33,399,567 | 18,704,889 | 244,591,946 | 8,063,080 | 3,019,800 | 169,971,529 |
| Land | 6,925,088 | - | 65,801 | 6,859,287 | - | - | 6,859,287 |
| Land improvements | 2,248,303 | 496,525 | - | 2,744,828 | 166,444 | - | 1,889,020 |
| Buildings | 186,194,706 | 252,119 | - | 191,446,825 | 5,757,775 | - | 131,765,431 |
| Portable structures | 5,378,157 | - | 474,400 | 4,903,757 | 265,982 | 474,400 | 1,491,001 |
| Equipment | 586,724 | 267,285 | 93,352 | 755,657 | 134,238 | 93,352 | 495,945 |
| First-time equipping | 3,617,925 | 20,722 | 8,531 | 3,630,116 | 362,402 | 8,531 | 1,058,078 |
| Furniture | 32,926 | - | - | 32,926 | 3,293 | - | 13,717 |
| Computer hardware | 4,666,665 | 332,365 | 1,214,868 | 3,784,162 | 845,083 | 1,214,868 | 1,478,703 |
| Computer software | 865,280 | 116,266 | 159,848 | 821,696 | 168,698 | 159,848 | 387,452 |
| Vehicles | 53,139 | 53,761 | - | 106,900 | 16,004 | - | 70,383 |
| Construction in progress | 3,225,029 | 11,586,085 | - | 14,811,114 | - | - | 14,811,114 |
| August 31, 2010 | 213,793,942 | 18,120,126 | 2,016,800 | 229,897,268 | 7,719,919 | 1,950,999 | 160,320,131 |

See accompanying notes

crawford smith & swallow

Crawford, Smith and Swallow
Chartered Accountants LLP

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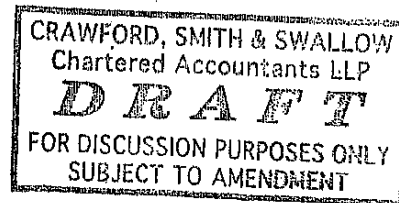


Offices In:
Niagara Falls, Ontario
St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

November xx, 2011

Private and Confidential

Board of Trustees
Niagara Catholic District School Board
427 Rice Road
Welland, Ontario
L3C 7C1



Dear Members of the Board of Trustees:

The following is the communication of matters arising from the audit of Niagara Catholic District School Board for the year ended August 31, 2011 required under Canadian Auditing Standards 260 and 265 of the CICA Handbook. This list is not meant to be all-inclusive, nor in any way to restrict the communication of other matters.

Completion of External Audit

The responsibilities of the auditors in relation to the consolidated financial statements is to form and express an opinion on the consolidated financial statements which have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. We have expressed an unqualified opinion as to whether the consolidated financial statements present fairly in accordance with Board of Trustees the financial position, results of operations and cash flows of the Board.

The interim audit was performed during a two week period in August, 2011. The year end audit was performed from October 3, 2011 until _____.

Fraud

Auditors' Responsibilities Relating to Fraud in an Audit of Financial Statements, CICA Handbook CAS 240, defines fraud as "an intentional act by one or more individuals among management, employees, those charged with governance, or third parties, involving the use of deception to obtain an unjust or illegal advantage". Although fraud is a broad legal concept, the auditor is concerned with fraudulent acts that cause a material misstatement in the financial statements. Misstatement of the financial statements may not be the objective of some frauds, and misappropriation of assets may not necessarily result in a misstatement of the financial statements. Auditors do not make legal determinations of whether fraud has actually occurred.

Fraud involving one or more members of management or those charged with governance is referred to as "management fraud"; fraud involving only employees of the entity is referred to as "employee fraud". In either case, there may be collusion with third parties outside the entity.

We confirm that there were no findings of fraud to communicate to the Board of Trustees.

Consideration of Laws and Regulations

Consideration of Laws and Regulations in an Audit of Financial Statements, CICA Handbook CAS 250 states that the term "non-compliance" means "acts of omission or commission by the entity, either intentional or unintentional, which are contrary to the prevailing laws or regulations. Such acts include transactions entered into by, or in the name of, the entity, or on its behalf, by those charged with governance, management or employees. Non-compliance does not include personal misconduct (unrelated to the business activities of the entity) by those charged with governance, management or employees of the entity." As explained in CICA CAS 250, auditors conducting an audit in accordance with Canadian generally accepted auditing standards must obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry of sector in which the entity operates and how the entity is complying with that framework. To do this the auditors inquire of management, and where appropriate those charged with governance, as to whether the entity is in compliance with such laws and regulations and inspecting correspondence, if any, with the relevant licensing or regulatory authorities. Although the auditors are required to remain alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to the auditor's attention, in the absence of identified or suspected non-compliance the auditors are not required to perform audit procedures regarding the entity's compliance with laws and regulations.

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We confirm that no evidence which indicates non-compliance with laws and regulations was found.

Weaknesses in Internal Control

Internal Control in the Context of an Audit, CICA Handbook CAS 265, provides the following guidance concerning the communication of significant weaknesses in internal control:

CICA Handbook CAS 265.11 In conducting the audit, the auditors would consider only those "internal controls relevant to the preparation of the 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 internal control". An audit is not designed to consider whether internal control is adequate for management's purposes. Consequently, the auditors would only identify weaknesses in internal control that come to the auditors' attention during the financial statement audit. The auditors may not identify all the weaknesses that exist. A weakness in internal control is a deficiency in the design or effective operation of internal control. The identification of weaknesses in internal control is influenced by matters such as the auditors' assessment of materiality, the auditors' preliminary assessment of the components of audit risk and the audit approach used by the auditors. For example, if the auditors use a substantive audit approach for a particular financial statement assertion, they will not perform tests of controls in this area.

Therefore the auditors' knowledge of controls in this area will generally be limited. Accordingly, the auditors will not have a detailed knowledge of the control systems that enhance the reliability of data and information and therefore may not identify weaknesses in these control systems.

A deficiency exists when, a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis or a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing. A significant deficiency exists when a deficiency, or a combination of deficiencies in internal control, is of sufficient importance to merit the attention of those charged with governance in the auditor's professional judgment. The matters being reported are limited to those deficiencies of sufficient merit to be reported to those charged with governance.

We confirm that we encountered no significant deficiencies in internal control that should be communicated to the Board of Trustees.

Related Party Transactions

As explained in Related Parties, CICA Handbook CAS 550, auditors conducting an audit in accordance with generally accepted auditing standards may identify related party transactions which are not in the normal course of operations and which, in the auditors' professional judgement, involve significant judgements by management concerning measurement or disclosure.

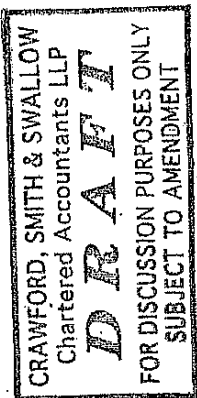
We confirm that other than the transactions disclosed in note thirteen (Related Party Transactions) of the consolidated financial statements, no such transactions requiring the Board of Trustees to be informed were identified during the audit. We also confirm that the organization has adequate controls in place to identify related party transactions.

Significant Accounting Principles and Policies

The auditors should determine that the Board of Trustees is informed about:

- (a) the initial selection of and changes in significant accounting policies, including the adoption of new accounting pronouncements, which encompass the specific principles and their method of application;
- (b) the effect of significant accounting policies in controversial or emerging areas, or those unique to an industry;
- (c) the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by management;
- (d) the extent to which the financial statements are affected by unusual transactions (including non-recurring amounts recognized during the period) and the extent to which such transactions are separately disclosed in the financial statements; and
- (e) the effect of the timing of transactions in relation to the period in which they are recorded.

The Board adopted Section 3410 of the PSAB Handbook. Section 3410 relates to government transfers and provides guidance on the recognition and disclosure of



deferred capital contributions in government financial statements. This accounting change has been applied on a retroactive basis and the prior period figures have been restated.

In addition, the Ministry has requested that the estimate for Accounts Receivable - Province of Ontario approved capital be changed to the final Ministry approved balance determined subsequent to the year ending August 31, 2010. This accounting change has been applied on a retroactive basis and the prior period figures have been restated.

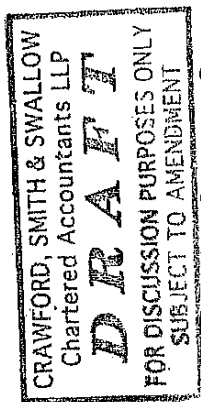
Finally, employee future benefits were retroactively restated to include two benefits that were previously omitted. This accounting change has been applied on a retroactive basis and the prior period figures have been restated.

Please refer to note 2 of the consolidated financial statements which detail all of the above changes.

Management Judgements and Accounting Estimates

The auditors should determine that the Board of Trustees is informed about:

- (a) the issues involved, and related judgements made by management, in formulating particularly sensitive accounting estimates and disclosures (for example, disclosures related to going concern, subsequent events and contingency issues);
- (b) the basis for the auditors' conclusions regarding the reasonableness of the estimates made by management in the context of the financial statements taken as a whole;
- (c) the risks of material misstatement from estimates;
- (d) indicators of possible management bias;
- (e) the factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets;
- (f) the timing of transactions that affect the recognition of revenues or avoid recognition of expenses; and
- (g) disclosure of estimation uncertainty in the financial statements.



We confirm that none of the above items require any further discussion.

Financial Statement Disclosures

The auditors should determine that the Board of Trustees is informed about:

- (a) the issues involved, and related judgements made, in formulating particularly sensitive financial statement disclosures;
- (b) the overall neutrality, consistency, and clarity of the disclosures in the financial statements;
- (c) the potential effect on the financial statements of significant risks, exposures and uncertainties (such as pending litigation); and
- (d) the selective correction of misstatements.

We confirm that none of the above items require any further discussion.

Other Matters Arising From the Audit

In some cases, management may decide to consult with other accountants about auditing and accounting matters. When the auditors are aware that such consultation has occurred, the auditors would communicate with the Board of Trustees as appropriate. If the auditors find that the consultation has not occurred in accordance with Reports on the Application of Accounting Principles, Auditing Standards or Review Standards, CICA Handbook 7600, this would be communicated with the Board of Trustees.

We confirm that we are not aware of any consultations with other accountants.

The auditors communicate with the Board of Trustees any major issues discussed with management in connection with the initial or recurring appointment of the auditors, including, among other matters, discussions regarding the application of accounting principles and auditing standards, and fees.

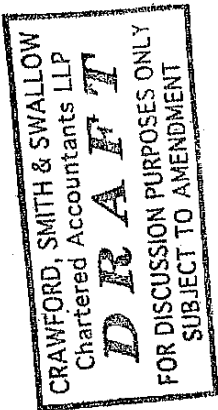
We confirm that there are no major issues in connection with the recurring appointment of the auditor.

The auditors inform the Board of Trustees of any significant difficulties encountered while performing the audit, including significant delays in management providing information required for the audit, an unnecessarily brief timetable in which to complete the audit, extensive unexpected effort required to obtain sufficient appropriate audit evidence, the unavailability of expected information, restrictions imposed on the auditor by management, and management's unwillingness to make or extend its assessment of the entity's ability to continue as a going concern when requested.

We confirm that no significant difficulties were encountered in the performance of the audit.

The auditors inform the Board of Trustees of any significant matters discussed, or subject to correspondence with management, while performing the audit including business conditions affecting the entity and business plans and strategies that may affect the risks of material misstatement and written representations requested.

We confirm that no significant matters were discussed or communicated with management during the course of the audit. Please see management's representation letter for written representations requested.



In accordance with CICA Handbook CAS 450, the auditors shall communicate with the Board of Trustees uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditors' report. The auditors' communication shall identify material uncorrected misstatements individually. The auditor shall request that uncorrected misstatements be corrected.

Please refer to management's letter of representation for all adjustments made and the list of uncorrected misstatements not made by management during the course of the audit. We agree with management's assessment that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. However, in accordance with the requirements of CICA Handbook CAS 450(12), we request that the Board of Trustees instruct management to have the uncorrected misstatements corrected.

The auditors inform the Board of Trustees of any other significant matters relevant to the financial reporting process including material misstatements of fact or material inconsistencies in information accompanying the audited financial statements that have been corrected.

We confirm that no significant matters relevant to the financial reporting process were identified during the audit.

We look forward to discussing with you the matters outlined in this letter as well as other matters that may be of interest to you.

Yours very truly,

Crawford, Smith & Swallow
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Chartered Accountants LLP
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**CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP**

Crawford, Smith and Swallow
Chartered Accountants LLP

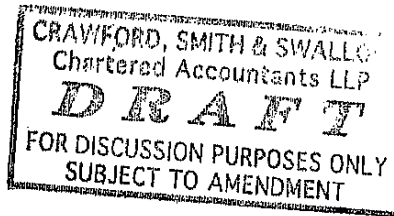
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Offices In:
Niagara Falls, Ontario
St. Catharines, Ontario
Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

November xx, 2011

Private and Confidential



Niagara Catholic District School Board
427 Rice Road
Welland, Ontario
L3C 7C1

Attention: Mr. Larry Reich, CA
Superintendent of Business & Financial Services

Dear Mr. Reich:

Re: 2011 Audit

As part of our audit process, we would like to highlight matters for your consideration which have come to our attention to date through the course of our 2011 audit. These matters are of a minor accounting nature.

Current Observations

GST/HST

We examined the purchasing/payables cycle as part of our year-end audit work and selected items for testing on a random basis. We found several GST rebate calculations for invoices related to Green Shield Canada. We recommend that staff be advised of the correct method of calculation in order that the appropriate rebate is brought forward to the final GST/HST filings with the Canada Revenue Agency.

Credit Cards

During the course of our examination of VISA purchasing cards, we noted five instances where certain receipts were not submitted with the monthly statement. In all cases, NCDSB staff were notified and steps taken to ensure that this practice does not continue. It should be noted that all samples were authorized and nothing that may be considered inappropriate was discovered.

School Generated Funds ("SGF")

A random sample was chosen from the summary of all SGF funds. In all, our staff visited eight schools and testing was performed on each accounting system. Attached are summaries of our findings by school along with recommendations for improvement. All findings are not considered to be of such significance as to require a qualification on the Board's consolidated financial statements, however they should be reviewed and addressed to improve all systems related to SGF's. Kindly contact our office to discuss these findings.

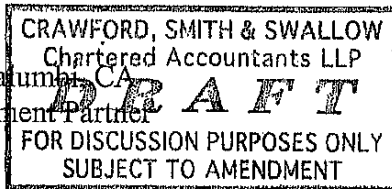
Should you wish to discuss the above or any other audit matters, please contact our office at your convenience.

Yours very truly,

**CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP**

Mark P
Engagem

MP*gz



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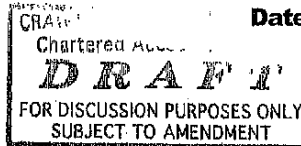
Memo

To: File of NCDSB 2011 Audit

From: Tiffany Clark

RE: SGF – Summary of Results

Date: October 31, 2011



Summary of Results of Testing Eight Schools for the School Generated Funds

RECEIPTS

Use of the Deposit Log

- Certain schools tested do not use the deposit log (2 of 8 occurrences)

Deposit Log Properly Authorized

- Of the 6 schools that used the deposit log, 3 of the logs were properly authorized.
 1. The secretary was not recording funds that were in her possession (pizza and milk money) on the deposit log
 2. Deposit log was not used frequently
 3. 2nd half of deposit log was not filled out and the first half was incomplete missing reference numbers at time

Completeness of Deposit Vouchers

- Certain schools tested had no discrepancies with completeness of the deposit vouchers. (4 of 8 occurrences)
- Issues discovered with the remaining 4 schools:
 1. 20% of the time one or both signatures were missing from the deposit voucher
 2. In most cases the individual receiving the funds (likely the secretary) signature was missing as well as reference numbers
 3. Again for the last two instances, in most cases the receiving signature was missing

Location of Un-deposited Funds

Un-deposited funds should be located in a locked safe.

- All schools tested had acceptable locations for un-deposited funds (either in a locked drawer in an office or in a safe both with limited access) (8 of 8 occurrences)

BANKING

Monthly Bank Reconciliation Signed by Principal

- One school did not have signed copies of the bank reconciliation. They did not know they needed them signed. Apparently signed copies are sent to the board and some schools don't always keep a copy of the signed bank reconciliation as some schools had various months missing signed copies. Karen has informed them to keep the signed copy. (5 of 8 occurrences did not have all 12 months signed copies on hand)

View Monthly Bank Statements with Returned Cheques

- All schools tested had monthly bank statements. Not all schools receive returned cheques however. Sometimes there is an extra fee for returning cancelled cheques that the schools don't want to pay.

View a Sample of Returned Cheques to Ensure at least 2 Approvals

- Certain schools did not receive returned cheques (1 of 8 occurrences)
- One school had used a stamp to sign the principals signature on 13 cheques. This was due to unusual circumstances with a principal that was very sick and not often around to sign cheques. There was no vice principal at this school. This has been rectified now as a new principal started in October 2011.

Location of Unused Cheques

- Certain schools left their unused cheques in an unacceptable location (5 of 8 occurrences)
- Issues discovered with the unused cheques:
 - 5 schools did not have them locked up. 3 of the 5 above are locked at night but left unlocked during the day. 2 of the 5 are in unlocked drawers.

DISBURSEMENTS

Ensure Cheque Requisition Authorized and Invoice Attached

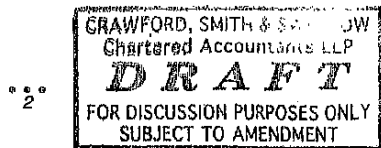
- Certain schools had the majority of cheque requisitions authorized with invoices attached however there were occurrences where cheque requisitions did not have the invoice attached and/or proper approval. (1 of 8 occurrences)

Ensure Cheque Requisition has been Marked "Paid" and Cheque # Noted

- None of the schools mark their cheque requisitions paid (no paid stamp) but certain schools consistently note the cheque number. (8 of 8 occurrences)

Ensure Cheque Requisition Approved by Principal

- Certain schools tested did not have approval by the principal majority of the time (3 of 8 occurrences).



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Trace to Cancelled Cheque

- Certain schools do not receive their cancelled cheques back therefore the details could not be agreed but were instead traced back to the bank statement. (1 of 8 occurrences)

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