Consolidated financial statements of

Dufferin-Peel Catholic District School Board

August 31, 2011

Dufferin-Peel Catholic District School Board

August 31, 2011

Table of contents

DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

MANAGEMENT REPORT

Year-Ended August 31, 2011

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Dufferin-Peel Catholic District School Board are the responsibility of the Board management and have been prepared by Management in compliance with legislation, and by management based on the financial reporting provisions described in Note 1a 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 and by the Board's internal auditors.

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 Deloitte and Touche LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

J.B. Kostoff
Director of Education

J. Hrajnik
Associate Director Corporate Services
and Chief Financial Officer

G.P. Robinson
Superintendent, Financial Services
and Treasurer

December 13, 2011

Deloitte.

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Independent Auditor's Report

To the Board of Trustees of
Dufferin-Peel Catholic District School Board

We have audited the accompanying consolidated financial statements of Dufferin-Peel Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions described in Note 1 to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements of the Dufferin-Peel Catholic District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of Dufferin-Peel Catholic District School Board as at August 31, 2011 and the results of operations and changes in its consolidated net debt and consolidated cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Dufferin-Peel Catholic District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
December 13, 2011

Dufferin-Peel Catholic District School Board

Consolidated statement of financial position
as at August 31, 2011
(In thousands of dollars)

	2011	2010 (Restated - Note 2)
	$	$
Financial assets		
Cash and cash equivalents	**136,138**	144,395
Accounts receivable	**36,293**	38,330
Accounts receivable - Province of Ontario (Note 3)	**451,128**	447,595
Total financial assets	**623,559**	630,320
Liabilities		
Accounts payable and accrued liabilities	**39,915**	44,475
Accounts payable - Province of Ontario	**1,155**	698
Deferred revenue (Note 4)	**18,100**	13,230
Obligation under capital leases (Note 5)	**3,848**	1,688
Net long-term debt (Note 6)	**539,999**	557,904
Retirement and other employee future benefits payable (Note 7)	**54,087**	54,247
Deferred capital contributions (Note 8)	**975,585**	972,882
Total liabilities	**1,632,689**	1,645,124
Net debt	**(1,009,130)**	(1,014,804)
Non-financial assets		
Prepaid expenses and supplies	**833**	3,362
Tangible capital assets (Note 14)	**1,228,029**	1,219,878
Total non-financial assets	**1,228,862**	1,223,240
Accumulated surplus (Note 15)	**219,732**	208,436

Approved by the Board

____________________ Director of Education

____________________ Chair of the Board

Dufferin-Peel Catholic District School Board

Consolidated statement of operations
year ended August 31, 2011
(In thousands of dollars)

	2011		2010
	Budget (Unaudited - Note 16)	**Actual**	Actual (Restated - Note 2)
	$	**$**	$
Revenues			
Provincial grants			
Student focused funding	**553,461**	**563,941**	517,655
Other	**11,100**	**14,363**	12,950
Deferred capital contributions recognized	**21,518**	**36,142**	35,645
Local taxation	**247,311**	**251,583**	244,301
School fundraising	**25,884**	**25,179**	24,984
Federal grants and fees	**400**	**831**	914
Investment income	**-**	**2,998**	1,828
Other revenues - School Boards	**-**	**2**	256
Other fees and revenues	**3,275**	**9,777**	7,560
Total revenues	**862,949**	**904,816**	846,093
Expenses (Note 10)			
Instruction	**674,729**	**670,164**	636,304
Administration	**24,225**	**25,913**	24,034
Transportation	**19,444**	**19,642**	20,033
School operations/pupil accommodation	**131,688**	**149,814**	150,596
School funded activities	**25,884**	**24,618**	24,373
Other	**4,196**	**3,369**	3,369
Total expenses	**880,166**	**893,520**	858,709
Annual surplus (deficit)	**(17,217)**	**11,296**	(12,616)
Accumulated surplus, beginning of year	**93,068**	**208,436**	221,052
Accumulated surplus, end of year	**75,851**	**219,732**	208,436

Dufferin-Peel Catholic District School Board

Consolidated statement of change in net debt
year ended August 31, 2011
(In thousands of dollars)

	2011	2010 (Restated - Note 2)
	$	$
Annual surplus (deficit)	**11,296**	(12,616)
Tangible capital asset activities		
Acquisition of tangible capital assets	**(49,299)**	(57,057)
Amortization of tangible capital assets	**38,944**	36,421
Proceeds on sale of tangible capital assets	**6,507**	-
Gain on sale of tangible capital assets	**(4,303)**	-
Total tangible capital asset activities	**(8,151)**	(20,636)
Other non-financial asset activity		
Acquisition of prepaid expenses and supplies	**(833)**	(3,362)
Use of prepaid expenses and supplies	**3,362**	4,552
Total other non-financial asset activities	**2,529**	1,190
Decrease (increase) in net debt	**5,674**	(32,062)
Net debt, beginning of year	**(1,014,804)**	(982,742)
Net debt, end of year	**(1,009,130)**	(1,014,804)

Dufferin-Peel Catholic District School Board

Consolidated statement of cash flows
year ended August 31, 2011
(In thousands of dollars)

	2011	2010 (Restated - Note 2)
	$	$
Operating activities		
Annual surplus (deficit)	**11,296**	(12,616)
Items not involving cash		
Deferred capital contributions recognized as revenue (Note 8)	**(36,142)**	(35,645)
Transfer from deferred capital contributions to deferred revenue (Note 8)	**(1,765)**	-
Amortization	**38,944**	36,421
Gain on sale of tangible capital assets	**(4,303)**	-
Change in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	**2,037**	(1,024)
(Decrease) increase in accounts payable and accrued liabilities	**(4,560)**	796
Increase in accounts payable - Province of Ontario	**457**	698
Increase in deferred revenue	**4,870**	2,816
Decrease in retirement and other employee future benefits payable	**(160)**	(1,341)
Decrease in prepaid expenses	**2,529**	1,190
Net change in cash from operating activities	**13,203**	(8,705)
Capital activities		
Proceeds on sale of tangible capital assets	**6,507**	-
Acquisition of tangible capital assets	**(49,299)**	(57,057)
Deferred capital contributions received (Note 8)	**37,077**	56,950
Net change on cash from capital activities	**(5,715)**	(107)
Financing activities		
Long-term debt issued	**46,183**	15,716
Debt principal repaid and sinking fund contributions (Note 9)	**(64,088)**	(15,071)
Obligation under capital leases incurred	**3,795**	-
Repayment of obligations under capital lease	**(1,635)**	(1,926)
Net change in cash from financing activities	**(15,745)**	(1,281)
Change in cash and cash equivalents	**(8,257)**	(10,093)
Cash and cash equivalents, beginning of year	**144,395**	154,488
Cash and cash equivalents, end of year	**136,138**	144,395

1. Significant accounting policies

The consolidated financial statements of the Dufferin-Peel Catholic District School Board (the "Board") are the representations of management prepared based on the financial reporting provisions described in Note 1c.

Significant accounting policies adopted by the Board are as follows:

a) *Basis of accounting*

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in Note 2 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in Note 2. Under the Public Sector Accounting Standards, property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

b) *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity includes all organizations which are controlled by the Board.

The reporting entity is comprised of:

The Dufferin-Peel Catholic District School Board
The Dufferin-Peel Catholic Education Foundation
Dufferin-Peel Support Centre for Catholic Education
School Generated Funds

All material interdepartmental and inter-organizational transactions and balances between these organizations are eliminated on consolidation.

c) *Trust funds*

Trust funds and their related operations administered by the Board amounting to $2,778 (2010 - $2,625) are not included in the consolidated financial statements.

1. Significant accounting policies (continued)

d) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and investments which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

e) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are will be recognized as revenue in the fiscal year the related qualifying expenses are incurred or services are performed.

f) Retirement and other employee future benefits

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

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

For non-vesting accumulating sick days, the accrued benefit obligation is the actuarial present value of the future expected cash flows with respect to the existing sick leave bank balances determined as at the valuation date. These cash flows will reflect expected salary increases and survivorship at each future date.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's 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.

Actuarial gains and losses related to obligations for long-term disability are amortized over the expected average service life of the employee group.

(ii) The Board's contribution to multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.

(iii) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

1. Significant accounting policies (continued)

g) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Cost includes amounts that are directly attributable to acquisition, design, construction, development or betterment of the asset, as well as interest related to financing during construction.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset class	Estimated useful life in years
Land improvements	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Leased equipment	Over lease term
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Assets under construction are not amortized until the asset is available for productive use. One-half of the annual amortization is charged in the year of acquisition and the year of disposal.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service 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.

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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

1. Significant accounting policies (continued)

i) Investment income

Investment income is reported as revenue in the period earned. 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 balances.

k) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by 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 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 financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and as adjustments become necessary, they are reported in the period in which they become known. Accounts subject to estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable, useful lives of tangible capital assets and recognition of deferred amounts related to capital contributions.

2. Change in accounting policies

In fiscal 2011, the Board early adopted PSAB section 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. 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 deferred capital grant balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of the Board’s outstanding debt that is not supported by Ministry funding. This calculation provides a cost effective solution to determine the opening balance, allowing for the standard to be implemented retroactively. Retroactive implementation results in a set of financial statements that is relevant, understandable to the user and comparable over periods and amongst school boards in Ontario.

(In thousands of dollars)

2. Change in accounting policies (continued)

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

	$
Accumulated surplus at September 1, 2009:	
Accumulated surplus as previously reported	725,034
Transfer to deferred capital grants	(503,983)
Accumulated surplus at September 1, 2009, as restated	221,051
Net debt at September 1, 2009:	
Net debt as previously reported	(478,760)
Deferred capital grants	(503,983)
Net debt at September 1, 2009, as restated	(982,743)

	$
Accumulated surplus at August 31,2010:	
Accumulated surplus as previously reported	1,240,058
Ministry adjustment re approved accounts receivable (Note 3)	(58,740)
Transfer to deferred capital grants	(972,882)
Accumulated surplus, as restated	208,436
Annual surplus for the year ended August 31, 2010:	
Annual surplus, as previously reported	515,024
Capital grants recognized as revenue	35,645
Less: Ministry adjustment re-approved accounts receivable (Note 3)	(58,740)
Less: Capital wrap up grant recognized as revenue	(447,595)
Less: Capital grants received from the Province of Ontario during fiscal 2010	(56,950)
Annual surplus, as restated	(12,616)

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. Dufferin-Peel Catholic District School Board recorded a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital contributions to support capital programs which would be reflected in this account.

The amount previously reported in 2010 of $506,335 has been reduced by $58,740 to $447,595 to reflect a review in accounting treatment for approved capital projects using pupil accommodation grant debt reserve.

(In thousands of dollars)

4. Deferred revenue

a) Deferred revenue as at August 31 is comprised of the following:

Deferred revenue is externally restricted for specific purposes by legislation, regulation or agreement.

	2011	2010
	$	$
Proceeds from disposition	**6,765**	827
Deferred revenue - other		
Capital funds received (Education Development Charges)	**177**	176
Restricted Provincial grants received	**4,249**	4,826
Energy efficiency	**2,297**	2,575
Region of Peel - Easements	**-**	205
Other - Tuition fees, permits	**4,612**	4,621
Total	**18,100**	13,230

b) The continuity of Deferred Revenue of the Board is summarized below:

	2011	2010
	$	$
Balance, beginning of year	**13,230**	10,414
Increase in deferred revenue	**165,634**	151,075
Interest earned	**10**	49
Transferred from deferred capital contributions	**1,765**	-
Deferred revenue recognized	**(162,539)**	(148,308)
Balance, end of year	**18,100**	13,230

5. Obligation under capital leases

The Board has obligations under various capital leases with expires ranging from 2012 to 2015 and interest rates ranging from 2.17% to 7.03%. Principal and interest payments relating to capital lease obligations of $3,848 (2010 - $1,688) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	$	$	$
2011/2012	1,421	156	1,577
2012/2013	1,137	91	1,228
2013/2014	891	46	937
2014/2015	399	24	423
	3,848	317	4,165

(In thousands of dollars)

6. Net long-term debt

a) Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

Debenture	Interest rate	Maturity	**2011**	2010
	%		**$**	$
#1 - OSBFC By-Law #99	7.20	June 9, 2025	**45,962**	47,817
#2 - OSBFC By-Law #103	6.55	October 19, 2025	**67,918**	70,389
#3 - OSBFC By-Law #111	5.48	November 26, 2029	**110,748**	114,138
#4 - OSBFC By-Law #113	4.79	August 8, 2030	**22,456**	23,168
#5 - OSBFC Sinking Fund By-Law #100	6.30	September 22, 2010	**-**	57,596
#6 - OFA By-Law #124	3.94	September 22, 2025	**45,024**	-
#7 - OSBFC Sinking Fund By-Law #102	5.90	October 19, 2011	**27,842**	27,842
#8 - OSBFC Sinking Fund By-Law #105	5.70	October 11, 2017	**103,134**	103,134
#9 - OFA By-Law #116	4.56	November 15, 2031	**11,821**	12,164
#10 - OSBFC By-Law #118	5.38	June 25, 2032	**108,016**	110,743
#11 - OFA By-Law #120	4.90	March 3, 2033	**4,657**	4,774
#12 - OFA By-Law #123	5.23	April 13, 2035	**15,398**	15,716
Less sinking fund assets			**(22,977)**	(29,577)
Balance as at August 31			**539,999**	557,904

b) Principal payments relating to net long-term debt of $539,999 outstanding as at August 31, 2011 are due as follows:

	Principal and sinking fund contributions*	Interest	Total
	$	$	$
2011/2012	16,730	33,134	49,864
2012/2013	17,578	32,239	49,817
2013/2014	18,575	31,313	49,888
2014/2015	19,528	30,392	49,920
2015/2016	20,531	29,387	49,918
Thereafter	447,057	185,392	632,449
Net long-term borrowings	539,999	341,857	881,856

* Retirement of sinking funds in the year that they mature are not included as payments in the above chart.

(In thousands of dollars)

6. Net long-term debt (continued)

Included in net long-term borrowings are outstanding debentures of $130,976 (2010 - $188,572) secured by sinking fund assets with a carrying value, including accrued interest of $22,977 (market value - $23,755). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

On October 18, 2011 the Board issued a debenture (By-Law #126) to refinance the sinking fund By-Law #102 in the amount of $22,325.

7. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

			2011	2010
	Retirement gratuity	**Other employee future benefits**	**Total**	Total
	$	**$**	**$**	$
Accrued employee future benefit obligations at August 31	**4,154**	**57,265**	**61,419**	58,494
Unamortized actuarial losses at August 31	**(44)**	**(7,288)**	**(7,332)**	(4,247)
Employee future benefits liability at August 31	**4,110**	**49,977**	**54,087**	54,247

Retirement and other employee future benefit expenses

			2011	2010
	Retirement gratuity	**Other employee future benefits**	**Total**	Total
	$	**$**	**$**	$
Current year benefit cost	**144**	**2,410**	**2,554**	2,318
Amortization of actuarial losses	**4**	**655**	**659**	322
Interest on accrued benefit obligation	**199**	**2,535**	**2,734**	2,741
Employee future benefits expense*	**347**	**5,600**	**5,947**	5,381

* Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

7. Retirement and other employee future benefits (continued)

Retirement benefits

i) Retirement gratuities

The Board provides sick leave retirement gratuities to certain groups of employees. The academic staff is the largest group. Employee eligibility is determined based on the date the individual commenced employment with the Board. Teachers commencing employment after December 31, 1979 are not eligible for the retirement gratuity. Eligible teachers may accumulate a reserve of sick leave to a maximum of 200 days. An eligible teacher, who has 10 or more years of continuous service with the Board or predecessor boards, is entitled to a retirement gratuity which shall not exceed 50% of the salary rate at the date of retirement. The amount of the gratuities paid to eligible employees at retirement is based on 10% of the cumulative sick leave times an average daily salary, with an additional 2% of salary for each year of service beyond 10 years. The benefit costs expensed in the consolidated financial statements are $347 (2010 - $543). As at August 31, 2011, the Board has an internal reserve of $2,338 (2010 - $2,307) established for retirement gratuities.

ii) Sick leave accumulations

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan.

Other employee future benefits

i) Long-term disability life insurance and health care benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The benefit costs expensed in the consolidated financial statements are $1,422 (2010 - $3,007).

Based on the actuarial estimate, the total liability of all health and dental benefits for long-term disability for disabled employees accrued to-date is $7,357 (2010 - $7,213) and is included in retirement and other employee future benefits.

ii) Retirement life insurance and health care benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement. The coverage is provided for various terms up to a maximum age of 65. The benefit costs expensed in the consolidated financial statements are $1,109 (2010 - $736).

Based on the actuarial estimate, the total liability of all post retirement benefits accrued to-date is $5,839 (2010 - $4,842) and is included in Retirement and other employee future benefits.

(In thousands of dollars)

7. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

iii) Workplace Safety and Insurance Board obligations ("WSIB")

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The liability for payments under WSIB are recognized at the time the event obligating the Board to pay occurs. At August 31, 2011 the Board has a liability of $2,813 (2010 - $2,091) in respect of WSIB obligations. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs expensed during the year in the consolidated financial statements are, $850 (2010 - $644).

As at August 31, 2011, the Board has a Workers' Safety Insurance Board internal reserve of $4,963 (2010 - $4,896).

The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2011	2010
	%	%
Wage and salary escalation	**3.00**	3.00
Insurance and health care cost escalation	**9.0 -.4.5**	9.0 - 4.5
Dental care	**6.0 - 4.5**	6.0 - 4.5
Discount on accrued benefit obligation	**4.00**	4.75

Additional retirement benefits

i) Ontario Teacher's Pension Plan

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

ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed $7,955 (2010 - $6,899) 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.

(In thousands of dollars)

8. Deferred capital contributions

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

	2011	2010 (Restated - Note 2)
	$	$
Balance as at August 31,2010	**972,882**	951,577
Capital grants recognized as deferred capital contributions	**40,610**	56,950
Revenue recognized in the period	**(36,142)**	(35,645)
Transferred to deferred revenue	**(1,765)**	-
Balance as at August 31, 2011	**975,585**	972,882

9. Debt charges

Debt charges for the year include principal, sinking fund contributions and interest payments as follows:

	2011	2010
	$	$
Principal payments on long-term borrowings, including contributions to sinking fund	**64,088**	15,071
Interest payments on long-term borrowings	**32,742**	33,437
Total	**96,830**	48,508

Included in debt repayment and sinking fund contributions on the consolidated financial statements of $17,905 (2010 - $15,071) are the principal payments on long-term borrowings of $62,274 (2010 - $13,960) and sinking fund interest revenue of $1,814 (2010 - $1,111).

(In thousands of dollars)

10. Expenses by object

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

	2011		2010
	Budget (Unaudited)	**Actual**	Actual (Restated - Note 2)
	$	**$**	$
Salary and wages	**611,403**	**613,515**	583,108
Employee benefits	**99,842**	**89,797**	84,212
Staff development	**2,393**	**2,099**	1,743
Supplies and services	**49,673**	**47,351**	50,028
Interest charges	**32,252**	**32,446**	33,867
Rental expenses	**4,505**	**2,671**	2,205
Fees and contractual services	**29,506**	**35,726**	34,806
School generated funds	**25,884**	**24,618**	24,373
Other	**2,226**	**6,353**	7,946
Amortization of tangible capital assets	**22,482**	**38,944**	36,421
	880,166	**893,520**	858,709

11. Ontario School Board Insurance Exchange (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Board's Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act, which is funded by the member boards across Ontario. Liability insurance is available to a maximum of $20 million per occurrence.

The ultimate premiums over a five year period are based on both the reciprocals and the Board's actual claims experience. Periodically, the Board may received 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 in January 2012.

12. Commitments and contingent liabilities

a) The Board enters into contracts for the capital construction and renovation of various new and existing schools. The following summarizes the Board's commitment under these contracts as at August 31, 2011:

	Contract value	Incurred to date	Amount remaining
	$	**$**	**$**
Construction of schools	**97,620**	**81,207**	**16,413**

(In thousands of dollars)

12. Commitments and contingent liabilities (continued)

b) The Board is committed to various leases for premises and equipment expiring in fiscal 2015/2016. The aggregate minimum lease payments are as follows:

	Lease payments
	$
2011/2012	689
2012/2013	357
2013/2014	238
2014/2015	58
2015/2016	20
Total	1,362

13. Repayment of “55 School Board Trust” funding

On June 1, 2003, the Board received $45.2 million from the “55 School Board Trust” for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The “55 School Board Trust” was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms to the agreement, the “55 School Board Trust” repaid the board’s debt in consideration for the assignment by the board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of $3.3 million (2010 - $3.3 million) in grants in respect of the above agreement for the year ended August 31, 2011, is not recorded in these consolidated financial statements.

(In thousands of dollars)

14. Tangible capital assets

(a) Opening and closing balances with activities for the year ended August 31, 2011

	Cost					Accumulated amortization				
	Opening September 2010	Additions	Disposals	Transfer to (from) CIP	Closing August 31, 2011	Opening September 2010	Amortization	Disposals	Closing August 31, 2011	Net book value August 31, 2011
	$	$	$	$	$	$	$	$	$	$
Land	225,695	4,893	438	10	230,160	-	-	-	-	230,160
Land improvements	10,679	1,022	-	-	11,701	2,292	746	-	3,038	8,663
Buildings 40 years	1,190,131	28,623	2,461	5,046	1,221,339	242,591	30,175	696	272,070	949,269
Portables	13,161	-	3,899	-	9,262	11,000	537	3,899	7,638	1,624
First time equipping	16,597	3,092	-	-	19,689	6,097	1,814	-	7,911	11,778
Furniture	661	18	-	-	679	369	67	-	436	243
Equipment 5 years	1,114	105	7	-	1,212	316	219	7	528	684
Equipment 10 years	3,813	149	164	-	3,798	2,108	361	164	2,305	1,493
Computer hardware	12,057	1,354	993	-	12,418	4,637	2,224	993	5,868	6,550
Computer software	3,980	340	581	-	3,739	2,153	699	580	2,272	1,467
Vehicles <10,000	403	22	-	-	425	40	83	-	123	302
Construction in progress	6,832	5,887	-	(5,056)	7,663	-	-	-	-	7,663
Leased tangible capital assets	11,629	3,794	-	-	15,423	5,271	2,019	-	7,290	8,133
Total	1,496,752	49,299	8,543	-	1,537,508	276,874	38,944	6,339	309,479	1,228,029

Assets under construction

Assets under construction having a value of $7,663 (2010 - $6,832) have not been amortized. Amortization of these assets will commence when the assets are put into service.

(In thousands of dollars)

14. Tangible capital assets (continued)

(b) Opening and closing balances with activities for the year ended August 31, 2010

	Cost				Accumulated amortization				
	Opening September 2009 (restated)	Additions	Deemed Disposals	Closing August 31, 2010	Opening September 2009 (restated)	Amortization	Deemed Disposals	Closing August 31, 2010	Net book value August 31, 2010
	$	$	$	$	$	$	$	$	$
Land	225,588	219	-	225,807	-	-	-	-	225,807
Land improvements	9,217	1,462	-	10,679	1,580	712	-	2,292	8,387
Buildings 40 years	1,139,240	50,891	-	1,190,131	213,253	29,338	-	242,591	947,540
Portables	17,101	-	3,940	13,161	14,282	658	3,940	11,000	2,161
First time equipping	13,457	3,140	-	16,597	4,594	1,503	-	6,097	10,500
Furniture	661	-	-	661	303	66	-	369	292
Equipment 5 years	432	696	14	1,114	178	152	14	316	798
Equipment 10 years	3,597	216	-	3,813	1,746	362	-	2,108	1,705
Computer hardware	6,551	5,734	228	12,057	3,126	1,739	228	4,637	7,420
Computer software	3,482	498	-	3,980	1,465	688	-	2,153	1,827
Vehicles <10,000	-	403	-	403	-	40	-	40	363
Construction in progress	12,922	(6,202)	-	6,720	-	-	-	-	6,720
Leased tangible capital assets	11,629	-	-	11,629	4,108	1,163	-	5,271	6,358
Total	1,443,877	57,057	4,182	1,496,752	244,635	36,421	4,182	276,874	1,219,878

(In thousands of dollars)

15. Accumulated surplus

Accumulated surplus consist of the following:

	2011	2010 (Restated - Note 2
	$	$
Invested in tangible capital assets	**230,160**	225,807
School generated funds	**8,420**	7,859
Employee future benefits	**(54,087)**	(54,247)
Vacation accrual	**(4,206)**	(3,701)
Interest accrual	**(10,217)**	(11,343)
Working funds	**22,812**	19,160
Reserves and reserve funds	**19,937**	19,106
Sinking fund interest	**6,913**	5,795
Total accumulate surplus	**219,732**	208,436

Reserves and reserve funds set aside for specific purposes by the Board of Trustees consists of the following:

Reserve and reserve funds

	2011	2010
	$	$
Workplace Safety & Insurance Board	**4,963**	4,896
Retirement gratuities	**2,338**	2,307
Pupil accommodation - school renewal	**2,926**	2,897
Technology infrastructure	**3,117**	3,077
Benefits/attendance support	**3,951**	3,918
Building safety	**2,038**	2,011
Non-teaching professional development	**238**	-
Schools rollover	**366**	-
Total reserve and reserve funds	**19,937**	19,106

16. Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budget approved by the Board on June 15, 2010. The budget was prepared in June 2010 prior to the release of the Government Transfers accounting standard, which was released in March 2011. As a result, there are some changes in how the deferred capital contributions taken into income is calculated for the 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 the Board only prepares a budget for the statement of operations, the budget figures in the consolidated statement of change in net debt have not been provided.

(In thousands of dollars)

16. Budget data (continued)

Consolidated Statement of Operation (Unaudited)

For the year ended August 31, 2011

	2010-11 Budget	Change	Restated 2010-11 Budget
	$	$	$
Revenue			
Add/deduct: Adjustment due to adoption of government transfer standard	882,729	(19,780)	862,949
Total revenue	882,729	(19,780)	862,949
Total expenses	880,166	-	880,166
Annual surplus (deficit)	2,563	(19,780)	(17,217)
Accumulated surplus/deficit	1,318,853	(1,225,785)	93,068
Accumulated surplus/ deficit at end of year	1,321,416	(1,245,565)	75,851

17. Partnership in STOPR Transportation Consortium

On December 14, 2007, the Board entered into an agreement with the Peel District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery, efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of the STOPR Transportation Consortium are shared. Neither Board is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect its share of the Ministry transportation grants and related expenses.

The following provides condensed unaudited financial information:

		2011		2010
	Total	**Board portion**	Total	Board portion
	$	**$**	$	$
Revenue	**59,847**	**20,834**	58,804	20,821
Expenses	**58,829**	**19,621**	59,811	19,854
Accumulated surplus/(deficit)	**1,018**	**1,213**	(1,007)	967

(In thousands of dollars)

18. Ontario Youth Apprenticeship Program

The Ontario Youth Apprenticeship Program (OYAP) is a school-to-work transition program offered through Ontario secondary schools funded by the Province of Ontario. Full-time students in grades 11 and 12 earn cooperative education credits through work placements in skilled trades.

	2011	2010
	$	$
Revenue	**157**	157
Expenses	**174**	157

19. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.