Consolidated financial statements of

Dufferin-Peel Catholic District School Board

August 31, 2010

Dufferin-Peel Catholic District School Board
August 31, 2010

Table of contents

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Auditors' Report

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

We have audited the consolidated statement of financial position of the Dufferin-Peel Catholic District School Board as at August 31, 2010 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Dufferin-Peel Catholic District School Board as at August 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
November 25, 2010

DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

MANAGEMENT REPORT

Year-Ended August 31, 2010

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 in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of 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 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 financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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

J.B. Kostoff
Director of Education

J. Hrajnik
Associate Director, Corporate Services
& Chief Financial Officer

G.P. Robinson
Superintendent, Financial Services
and Treasurer

November 25, 2010

Dufferin-Peel Catholic District School Board

Consolidated statement of financial position
as at August 31, 2010

(In thousands of dollars)

	2010	2009 (Restated - Note 2)
	$	$
Financial assets		
Cash and cash equivalents	**144,395**	154,488
Accounts receivable	**38,330**	37,306
Accounts receivable - Province of Ontario (Note 3)	**506,335**	-
Total financial assets	**689,060**	191,794
Liabilities		
Accounts payable and accrued liabilities	**44,475**	43,679
Due to Province of Ontario	**698**	-
Deferred revenue (Note 4)	**13,230**	10,414
Obligation under capital leases (Note 5)	**1,688**	3,614
Net long-term debt (Note 6)	**557,904**	557,259
Retirement and other employee future benefits payable (Note 7)	**54,247**	55,588
Total liabilities	**672,242**	670,554
Net financial assets (debt)	**16,818**	(478,760)
Non-financial assets		
Tangible capital assets (Note 13)	**1,219,878**	1,199,242
Prepaid expenses and supplies	**3,362**	4,552
Total non-financial assets	**1,223,240**	1,203,794
Accumulated surplus (Note 14)	**1,240,058**	725,034

Commitments and contingencies (Note 11)

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, 2010

(In thousands of dollars)

		2010	2009 (Restated - Note 2)
	Budget (Note 15) (Unaudited)	Actual	Actual
	$	$	$
Revenues			
Provincial grants			
Student focused funding	**575,249**	**574,605**	546,013
Capital wrap up grant (Note 3)	**-**	**506,335**	-
Other	**4,017**	**12,950**	10,072
Local taxation	**244,838**	**244,301**	246,157
School fundraising	**25,733**	**24,984**	25,884
Federal grants and fees	**300**	**914**	665
Investment income	**1,337**	**1,828**	4,274
Other revenues - School Boards	**-**	**256**	-
Other fees and revenues	**5,571**	**7,560**	12,299
Total revenues	**857,045**	**1,373,733**	845,364
Expenses (Note 9)			
Instruction	**642,281**	**636,304**	614,560
Administration	**23,400**	**24,034**	23,633
Transportation	**19,968**	**20,033**	19,375
School operations/pupil accommodation	**144,905**	**150,596**	145,790
School funded activities	**25,504**	**24,373**	24,868
Other	**4,369**	**3,369**	3,369
Total expenses	**860,427**	**858,709**	831,595
Annual surplus (deficit)	**(3,382)**	**515,024**	13,769
Accumulated surplus, beginning of year	**712,048**	**725,034**	711,265
Accumulated surplus, end of year	**708,666**	**1,240,058**	725,034

Dufferin-Peel Catholic District School Board

Consolidated statement of change in net financial assets
year ended August 31, 2010

(In thousands of dollars)

	2010	2009 (Note 2)
	$	$
Annual surplus	**515,024**	13,769
Acquisition of tangible capital assets	**(57,057)**	(95,551)
Amortization of tangible capital assets	**36,421**	34,230
	494,388	(47,552)
Acquisition of prepaid expenses and supplies	**(3,362)**	(4,552)
Use of prepaid expenses and supplies	**4,552**	2,357
Increase (decrease) in net financial assets (debt)	**495,578**	(49,747)
Net debt, beginning of year	**(478,760)**	(429,013)
Net financial assets (debt), end of year	**16,818**	(478,760)

Dufferin-Peel Catholic District School Board

Consolidated statement of cash flow
year ended August 31, 2010
(In thousands of dollars)

	2010	2009 (Restated - Note 2)
	$	$
Operating activities		
Annual surplus	**515,024**	13,769
Items not involving cash		
Amortization	**36,421**	34,230
Change in non-cash assets and liabilities		
(Increase) decrease in accounts receivable	**(1,024)**	2,928
Increase in accounts receivable - Province of Ontario	**(506,335)**	-
Increase in accounts payable and accrued liabilities	**796**	7,734
Increase in due to Province of Ontario	**698**	-
Decrease (increase) in deferred revenue	**2,816**	(3,146)
(Decrease) increase in retirement and other employee future benefits payable	**(1,341)**	2,581
Decrease (increase) in prepaid expenses and supplies	**1,190**	(2,195)
Net change in cash from operating activities	**48,245**	55,901
Capital activity		
Acquisition of tangible capital assets	**(57,057)**	(95,551)
Net change in cash from capital activities	**(57,057)**	(95,551)
Financing activities		
Long-term debt issued	**15,716**	-
Debt principal repaid and sinking fund contributions (Note 8)	**(15,071)**	(14,734)
Obligation under capital leases incurred	**-**	1,514
Repayment of obligations under capital lease	**(1,926)**	(2,125)
Net change in cash from financing activities	**(1,281)**	(15,345)
Change in cash and cash equivalents	**(10,093)**	(54,995)
Cash and cash equivalents, beginning of year	**154,488**	209,483
Cash and cash equivalents, end of year	**144,395**	154,488

1. Significant accounting policies

The consolidated financial statements of the Dufferin-Peel Catholic District School Board (the "Board") are the representations of management prepared in accordance with generally accepted accounting standards recommended by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Board are as follows:

a) *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, accumulated surplus, revenues, expenses and annual surplus 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.

b) *Trust Funds*

Trust funds and their related operations administered by the Board amounting to $2,625 (2009 - $3,930) are not included in the consolidated financial statements.

c) *Basis of accounting*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services acquired in the period, whether or not payment has been made or invoices received.

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 will be recognized as revenue in the fiscal year the related qualifying expenditures are incurred or services are performed.

1. Significant accounting policies (continued)

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.

g) Tangible capital assets

Tangible capital assets are recorded at 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.

1. Significant accounting policies (continued)

g) Tangible capital assets (continued)

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 year
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	5-15
Leasehold improvements	Over 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 the carrying value is written down to its residual value.

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

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.

i) Investment income

Investment income earned 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) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures 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 and tangible capital assets.

(In thousands of dollars)

2. Change in accounting policies

The Board has implemented sections 1200 "Financial Statement Presentation" and "3150 Tangible Capital Assets" of the Public Sector Accounting Handbook. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires the Board to record and amortize its tangible capital assets in the financial statements. In prior years, tangible capital asset additions were recorded as an expenditure in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings as well as the estimated remaining service life for buildings and land improvements were initially determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded at historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

The following methods were used to establish opening balances for the asset classes noted below:

Asset class	Pre-1965	1965 to March 2005
Land	Benchmark estimate	Appraiser estimate
Build	At nominal value	Appraiser estimate
Equipment 15 years	N/A	Deflated replacement cost by CPI

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	$
Accumulated surplus at August 31, 2009:	
Operating fund balance	-
Capital fund balance	(1,573)
Reserve fund balance	151,640
School generated fund	7,248
Amounts to be recovered	(631,523)
Accumulated deficit, as previously reported	(474,208)
Net book value of tangible capital assets recorded	1,199,242
Accumulated surplus, as restated	725,034
Annual surplus for the year ended August 31, 2009:	
Net expenditure, as previously reported	(47,552)
Plus: Capital expenditure capitalized, previously expensed	95,551
Less: Amortization expense not previously recorded	(34,230)
Annual surpus, as restated	13,769

(In thousands of dollars)

3. Accounts receivable – Province of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant. The Board will receive 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.

4. Deferred revenue

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

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

	2010	2009
	$	$
Proceeds from disposition	**827**	823
Deferred revenue - other		
Capital funds received (EDC's)	**176**	174
Restricted Provincial grants received	**4,826**	3,800
Energy efficiency	**2,575**	1,069
Region of Peel - Easements	**205**	193
Other - Tuition fees, permits	**4,621**	4,355
Total	**13,230**	10,414

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

	2010	2009
	$	$
Balance, beginning of year	**10,414**	13,560
Increase in deferred revenue	**151,075**	68,049
Interest earned	**49**	5
	161,538	81,614
Deferred revenue recognized	**(148,308)**	(71,200)
Balance end of year	**13,230**	10,414

5. Obligation under capital leases

The Board has obligations under various capital leases with expiries ranging from 2011 to 2013 and interest rates ranging from 6.19% to 9.00%. Principal and interest payments relating to capital lease obligations of $1,688 (2009 - $3,614) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	$	$	$
2010/2011	827	104	931
2011/2012	587	53	640
2012/2013	274	16	290
	1,688	173	1,861

(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	2010	2009
		%		$	$
#1	- OSBFC By-Law #99	7.20	June 9, 2025	**47,817**	49,545
#2	- OSBFC By-Law #103	6.55	October 19, 2026	**70,389**	72,706
#3	- OSBFC By-Law #111	5.48	November 26, 2029	**114,138**	117,350
#4	- OSBFC By-Law #113	4.79	August 8, 2030	**23,168**	23,847
#5	- OSBFC Sinking Fund By-Law #100	6.30	September 22, 2010	**57,596**	57,596
#6	- OSBFC Sinking Fund By-Law #102	5.90	October 19, 2011	**27,842**	27,842
#7	- OSBFC Sinking Fund By-Law #105	5.70	October 11, 2017	**103,134**	103,134
#8	- OFA By-Law #116 (Note 6(c))	4.56	November 15, 2031	**12,164**	12,492
#9	- OSBFC By-Law #118 (Note 6 (c)	5.38	June 25, 2032	**110,743**	113,329
#10	- OFA By-Law #120 (Note 6(c))	4.90	March 3, 2033	**4,774**	4,887
#11	- OFA By-Law #123 (Note 6(c))	5.23	April 13, 2035	**15,716**	-
Less sinking fund assets				**(29,577)**	(25,469)
Balance as at August 31				**557,904**	557,259

b) Principal payments relating to net long-term debt of $557,904 outstanding as at August 31, 2010 are due as follows:

	Principal and sinking fund contributions*	Interest	Total
	$	$	$
2010/2011	17,930	32,149	50,079
2011/2012	16,227	28,803	45,030
2012/2013	16,219	27,227	43,446
2013/2014	17,018	26,428	43,446
2014/2015	17,866	25,581	43,447
Thereafter	472,644	164,943	637,587
Net long-term borrowings	557,904	305,131	863,035

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

Included in net long-term borrowings are outstanding debentures of $188,572 (2009 - $188,572) secured by sinking fund assets with a carrying value, including accrued interest of $29,578 (market value - $31,039). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

Subsequent to year-end, the Board issued a debenture (By-Law #124) to refinance the sinking fund By-Law #100 in the amount of $46,183.

(In thousands of dollars)

6. Net long-term debt (continued)

c) The Good Places to Learn ("GPL") initiative will provide the Board with $32,166 for major renewal projects for its school buildings. GPL Phase 1 providing $13,249, GPL Phase 2 providing $5,360, GPL Phase 3 providing 11,267, and GPL Phase 4 a further $2,290, were announced in 2005-2006, 2006-2007, 2007-2008 and 2008-2009 respectively. The annual principal and interest costs are funded by the Ministry of Education.

7. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

			2010	2009
	Retirement gratuity	**Other employee future benefits**	**Total**	Total
	$	**$**	**$**	$
Accrued employee future benefit obligations at August 31	**4,827**	**53,667**	**58,494**	58,866
Unamortized actuarial losses at August 31	**(36)**	**(4,211)**	**(4,247)**	(3,278)
Employee future benefits liability at August 31	**4,791**	**49,456**	**54,247**	55,588

Retirement and other employee future benefit expenses

			2010	2009
	Retirement gratuity	**Other employee future benefits**	**Total**	Total
	$	**$**	**$**	$
Current year benefit cost	**139**	**2,179**	**2,318**	5,042
Amortization of actuarial losses	**144**	**178**	**322**	1,241
Interest on accrued benefit obligation	**260**	**2,480**	**2,741**	3,045
Employee future benefits expense*	**543**	**4,837**	**5,381**	9,328

* 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 $543 (2009 - $1,072). As at August 31, 2010, the Board has a reserve of $2,307 (2009 - $2,295) 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 $3,007 (2009 - $2,448).

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 $7,213 (2009 - $7,003) 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 $736 (2009 - $583).

Based on the actuarial estimate, the total liability of all post retirement benefits accrued to-date is $4,842 (2009 - $4,198) and is included in Retirement and other employee future benefits.

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, 2010 the Board has a liability of $2,091 (2009 - $964) 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, $644 (2009 - $543).

As at August 31, 2010, the Board has a Workers' Safety Insurance Board reserve of $4,896 (2009 - $3,876) (see Note 8).

(In thousands of dollars)

7. Retirement and other employee future benefits (continued)

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on actuarial valuations for accounting purposes as at August 31, 2010. 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:

	2010	2009
	%	%
Wage and salary escalation	**3.00**	2.35
Insurance and health care cost escalation	**9.0 - 4.5**	11.0 - 4.5
Dental care	**6.0 - 4.5**	7.0 - 4.5
Discount rate	**4.75**	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, 2010, the Board contributed $6,899 (2009 - $6,510) 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.

8. Debt charges

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

	2010	2009
	$	$
Principal payments on long-term borrowings, including contributions to sinking fund	**15,071**	14,734
Interest payments on long-term borrowings	**33,437**	34,415
Total	**48,508**	49,149

Included in debt repayment and sinking fund contributions of $15,071 (2009 - $14,734) are the principal payments on long-term borrowings of $13,960 (2009 - $13,344) and sinking fund interest revenue of $1,111 (2009 - $1,390).

(In thousands of dollars)

9. Expenses by object

The following is a summary of the expenditures reported on the Consolidated Statement of Financial Activities and Fund Balance by object:

	2010		2009
	Budget (unaudited)	**Actual**	Actual (re-stated)
	$	**$**	$
Operating expenditures			
Salary and wages	**584,507**	**583,109**	556,526
Employee benefits	**93,352**	**84,212**	85,776
Staff development	**2,031**	**1,743**	2,465
Supplies and services	**42,880**	**50,028**	51,582
Interest charges	**33,799**	**33,867**	34,353
Rental expenditures	**4,896**	**2,205**	4,361
Fees and contractual services	**32,670**	**34,806**	32,814
School generated funds	**25,503**	**24,373**	24,868
Other	**4,368**	**7,945**	4,620
Amortization of tangible capital assets	**36,421**	**36,421**	34,230
	860,427	**858,709**	831,595

10. 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 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 in January 2012.

11. 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, 2010:

	Contract value	Incurred to date	Amount remaining
	$	$	$
Construction of schools	99,768	86,028	13,740

(In thousands of dollars)

11. Commitments and contingent liabilities (continued)

b) The Board is committed to various operating leases for premises and equipment expiring in fiscal 2012/2013. The aggregate minimum lease payments are as follows:

	Minimum lease payments
	$
2010/2011	873
2011/2012	589
2012/2013	139
Total	1,601

c) The Board has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at August 31, 2010, therefore, no provision has been made for these claims in the financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or it is determined that the claim is likely and a reasonable estimate can be made.

12. 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 (2009 - $3.3 million) in grants in respect of the above agreement for the year ended August 31, 2010, is not recorded in these consolidated financial statements.

(In thousands of dollars)

13. Tangible capital assets - 2010

	Cost				Accumulated amortization				
	Opening September 2009	Additions	Disposals	Closing August 31, 2010	Opening September 2009	Amortization	Disposals	Closing August 31, 2010	Net book value August 31, 2010
	$	$	$	$	$	$	$	$	$
Land	225,588	107	-	225,695	-	-	-	-	225,695
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	3,940	238,651	951,480
Portables	17,101	-	3,940	13,161	14,282	658	-	14,940	(1,779)
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	(6,090)	-	6,832	-	-	-	-	6,832
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)

13. Tangible capital assets (continued) – 2009

	Cost			Accumulated amortization			
	Opening September 2008	Additions	Closing August 31, 2009	Opening September 2008	Amortization	Closing August 31, 2009	Net book value August 31, 2009
	$	$	$	$	$	$	$
Land	206,427	19,160	225,587	-	-	-	225,587
Land improvements	8,434	783	9,217	972	608	1,580	7,637
Buildings 40 years	1,073,892	65,348	1,139,240	185,089	28,164	213,253	925,987
Portables	17,102	-	17,102	13,498	783	14,281	2,821
First time equipping	11,674	1,783	13,457	3,337	1,257	4,594	8,863
Furniture	646	15	661	238	65	303	358
Equipment 5 years	332	100	432	103	75	178	254
Equipment 10 years	3,310	287	3,597	1,401	345	1,746	1,851
Computer hardware	5,142	1,409	6,551	1,980	1,146	3,126	3,425
Computer software	2,754	728	3,482	842	623	1,465	2,017
Vehicles <10,000	-	-	-	-	-	-	-
Construction in progress	8,499	4,424	12,923	-	-	-	12,923
Leased tangible						-	-
capital assets	10,114	1,514	11,628	2,945	1,164	4,109	7,519
Total	1,348,326	95,551	1,443,877	210,405	34,230	244,635	1,199,242

(In thousands of dollars)

14. Accumulated surplus

Accumulated surplus consists of the following:

	2010	2009 Restated
	$	$
Accumulated surplus		
Invested in tangible capital assets	**1,166,621**	638,369
Capital funds	**(19,286)**	(1,573)
School generated funds	**7,859**	7,248
Employee future benefits	**(54,247)**	(55,588)
Vacation accrual	**(3,701)**	(3,504)
Interest accrual	**(11,343)**	(11,558)
Working funds	**19,127**	10,253
Reserves and reserve funds	**135,028**	141,387
Total accumulated surplus	**1,240,058**	725,034

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

	2010	2009
	$	$
Reserve and reserve funds		
Work Safety & Insurance Board	**4,896**	3,876
Retirement gratuities	**2,307**	2,295
Pupil accommodation - new pupil places	**57,150**	121,093
Pupil accommodation - school renewal	**2,897**	5,663
Pupil accommodation - other	**58,773**	-
Technology infrastructure	**3,076**	3,060
Benefits/attendance support	**3,918**	3,400
Building safety	**2,011**	2,000
Total reserve and reserve funds	**135,028**	141,387

(In thousands of dollars)

15. Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 16, 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, had not been included. 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 2010 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 consolidated statement of change in net financial assets is a new statement in 2009-10 financial statements, the budget figures in that statement have not been provided.

	2009-10 Budget	Change	Restated 2009-10 Budget
	$	$	$
Total revenue	857,045	-	857,045
Expenses			
Total expenditures as in the 2009-10 budget	884,405	-	884,405
Less: capital asset expenditure	-	(60,399)	(60,399)
Plus: amortization	-	36,421	36,421
Total expenses	884,405	(23,978)	860,427
Annual deficit	(27,360)	23,978	(3,382)
Accumulated surplus/deficit	-	-	712,048
Accumulated surplus/deficit at end of year	(27,360)	23,978	708,666

16. 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 statement reflects its share of the Ministry transportation grants and related expenses.

The following provides condensed financial information:

	2010		2009	
	Total	Board portion	Total	Board portion
	$	$	$	$
Revenues	58,804	20,821	58,434	21,057
Expenses	59,811	19,854	57,964	19,412
Annual surplus/(deficit)	(1,007)	967	470	1,645

17. Future accounting for contributions used for capital

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective for the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province of Ontario, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option by the Public Sector Accounting Standards Board (PSAB) and could not be implemented within these financial statements.