Consolidated financial statements of

Dufferin-Peel Catholic District School Board

August 31, 2012

Dufferin-Peel Catholic District School Board
August 31, 2012

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DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

MANAGEMENT REPORT

Year-Ended August 31, 2012

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Dufferin-Peel Catholic District School Board (the "Board) are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Audit Committee 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 the Board of Trustees 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
& Chief Financial Officer

G.P. Robinson
Superintendent, Financial Services
and Treasurer

November 27, 2012

Deloitte.

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Independent Auditor's Report

To the Board of Trustees of the
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 statements of financial position as at August 31, 2012 and August 31, 2011, the consolidated statements of operations, changes in net debt and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 our 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, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Dufferin-Peel Catholic District School Board as at and for the years ended August 31, 2012 and August 31, 2011 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
November 27, 2012

Dufferin-Peel Catholic District School Board

Consolidated statement of financial position
as at August 31, 2012 and August 31, 2011
(In thousands of dollars)

	2012	2011 (Restated - Note 2)
	$	$
Financial assets		
Cash and cash equivalents	**135,348**	136,138
Accounts receivable	**35,993**	36,293
Accounts receivable - Province of Ontario (Note 2)	**457,714**	454,568
Total financial assets	**629,055**	626,999
Financial liabilities		
Accounts payable and accrued liabilities	**43,963**	39,915
Accounts payable - Province of Ontario	**1,859**	1,155
Deferred revenue (Note 3)	**23,825**	18,100
Obligation under capital leases (Note 5)	**5,583**	3,848
Net long-term debt (Note 6)	**515,531**	539,999
Retirement and other employee future benefits payable (Note 7)	**20,514**	54,087
Deferred capital contribution (Note 4)	**972,237**	975,585
Total liabilities	**1,583,512**	1,632,689
Net debt	**(954,457)**	(1,005,690)
Non-financial assets		
Prepaid expenses and supplies	**936**	833
Tangible capital assets (Note 13)	**1,227,490**	1,228,029
Total non-financial assets	**1,228,426**	1,228,862
Accumulated surplus (Note 14)	**273,969**	223,172

Approved by the Board

______________________ Director of Education

______________________ Chair of the Board

Dufferin-Peel Catholic District School Board

Consolidated statement of operations
years ended August 31, 2012 and August 31, 2011
(In thousands of dollars)

	2012		2011
	Budget (unaudited)	Actual	Actual (Restated - Note 2)
	$	$	$
Revenues			
Provincial grants			
Student focused funding	**592,949**	**593,416**	567,381
Other	**12,677**	**15,575**	14,363
Deferred capital contribution recognized	**40,419**	**37,218**	36,142
Local taxation	**253,884**	**251,691**	251,583
School fundraising	**24,387**	**24,580**	25,179
Federal grants and fees	**500**	**769**	831
Investment income	**538**	**2,811**	2,998
Other revenues - School Boards	**-**	**-**	2
Other fees and revenues	**5,963**	**9,071**	9,777
Total revenues	**931,317**	**935,131**	908,256
Expenses (Note 9)			
Instruction	**710,240**	**669,686**	670,164
Administration	**22,519**	**24,099**	25,913
Transportation	**19,833**	**19,158**	19,642
School operations/pupil accommodation	**144,837**	**144,226**	149,814
School funded activities	**24,387**	**23,796**	24,618
Other	**3,369**	**3,369**	3,369
Total expenditures	**925,185**	**884,334**	893,520
Annual surplus	**6,132**	**50,797**	14,736
Accumulated surplus, beginning of year	**238,255**	**223,172**	208,436
Accumulated surplus, end of year	**244,387**	**273,969**	223,172

Dufferin-Peel Catholic District School Board

Consolidated statement of change in net debt

years ended August 31, 2012 and August 31, 2011

(In thousands of dollars)

	2012	2011 (Restated - Note 2)
	$	$
Annual surplus	**50,797**	14,736
Tangible capital asset activities		
Acquisition of tangible capital assets	**(41,693)**	(49,299)
Amortization of tangible capital assets	**40,833**	38,944
Proceeds on sale of tangible capital assets	**3,342**	6,507
Gain on sale of tangible capital assets	**(1,943)**	(4,303)
Total tangible capital asset activities	**539**	(8,151)
Other non-financial asset activities		
Acquisition of prepaid expenses and supplies	**(936)**	(833)
Use of prepaid expenses and supplies	**833**	3,362
Total other non-financial asset activities	**(103)**	2,529
Decrease in net debt	**51,233**	9,114
Net debt, beginning of year	**(1,005,690)**	(1,014,804)
Net debt, end of year	**(954,457)**	(1,005,690)

Dufferin-Peel Catholic District School Board

Consolidated statement of cash flows

years ended August 31, 2012 and August 31, 2011

(In thousands of dollars)

	2012	2011 (Restated - Note 2)
	$	$
Operating transactions		
Annual surplus	**50,797**	14,736
Items not involving cash		
Deferred capital contribution recognized as revenue (Note 4)	**(37,218)**	(36,142)
Transfer from deferred capital contribution to deferred revenue (Note 4)	**(336)**	(1,765)
Amortization	**40,833**	38,944
Gain on sale of tangible capital assets	**(1,943)**	(4,303)
Change in non-cash assets and liabilities		
Decrease in accounts receivable	**300**	2,037
Increase (decrease) in accounts payable and accrued liabilities	**4,048**	(4,560)
Increase in Accounts payable - Province of Ontario	**704**	457
Increase (decrease) in deferred revenue - operating	**1,424**	(7)
Decrease in retirement and other employee future benefits payable	**(33,573)**	(160)
(Increase) decrease in prepaid expenses	**(103)**	2,529
Net change in cash from operating activities	**24,933**	11,766
Capital activities		
Proceeds from the sale of tangible capital assets	**3,342**	6,507
Acquisition of tangible capital assets	**(41,693)**	(49,299)
Net change on cash from capital activities	**(38,351)**	(42,792)
Financing transactions		
Long-term debt issued	**22,325**	46,183
Debt principal repaid and sinking fund contributions (Note 8)	**(46,793)**	(64,088)
Obligation under capital leases incurred	**4,022**	3,795
Repayment of obligations under capital lease	**(2,287)**	(1,635)
Increase in deferred revenue - capital	**4,301**	4,877
Deferred capital contributions received (Note 4)	**31,060**	33,637
Net change on cash from financing activities	**12,628**	22,769
Change in cash and cash equivalents	**(790)**	(8,257)
Cash and cash equivalents, beginning of year	**136,138**	144,395
Cash and cash equivalents, end of year	**135,348**	136,138

1. Significant accounting policies

The consolidated financial statements of Dufferin-Peel Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below.

a) *Basis of accounting*

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

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

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

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

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

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

1. Significant accounting policies (continued)

a) Basis of accounting (continued)

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

b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity 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 $2,665 (2011 - $2,778) are not included in the consolidated financial statements.

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 recognized as revenue in the fiscal year the related qualifying expenses are incurred or services are performed.

1. Significant accounting policies (continued)

f) Deferred capital contributions

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

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

g) 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. On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

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

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.

(In thousands of dollars)

1. **Significant accounting policies (continued)**

h) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, design, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

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

Asset 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 and assets that relate to pre-acquisition and pre-construction costs 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.

i) 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 are recorded as deferred capital contributions (DCC) in accordance with regulation 395/11. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

1. Significant accounting policies (continued)

j) 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.

k) Long-term debt

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

l) 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. The budget figures are unaudited. 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.

m) 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.

2. Accounts receivable - Province of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 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 grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $457,714 as at Aug 31, 2012 (2011 - $454,568) with respect to capital grants.

In 2011, $3,440 of tangible capital asset additions correctly recognized in the 2011 consolidated financial statements of the Board were reported in Ministry reporting forms as minor tangible capital assets. As directed by the Ministry, these amounts should have been categorized as supported new pupil places tangible capital assets. The result of the reclassification within the Provincial forms would have resulted in an increase in Provincial Grant Revenue with an offsetting increase in due from the Province of Ontario in as at August 31, 2011. As a result of applying this adjustment retroactively, amounts previously reported for Provincial grants – Student focused funding, accumulated surplus, accumulated surplus end of year and Accounts Receivable – Province of Ontario has increased by $3,440.

(In thousands of dollars)

3. 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.

	2012	2011
	$	$
Proceeds from disposition	**10,185**	6,765
Deferred revenue - other		
Capital funds received (Education Development Charges)	**198**	177
Restricted Provincial grants received	**5,725**	4,249
Energy efficiency	**3,260**	2,297
Other - tuition fees, permits	**4,457**	4,612
	23,825	18,100

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

	2012	2011
	$	$
Balance, beginning of year	**18,100**	13,230
Increase in deferred revenue	**168,522**	165,634
Interest earned	**78**	10
Transferred from deferred capital contributions	**336**	1,765
Deferred revenue recognized	**(163,211)**	(162,539)
Balance, end of year	**23,825**	18,100

4. Deferred capital contribution

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

	2012	2011
	$	$
Balance, beginning of year	**975,585**	972,882
Deferred capital contributions received	**34,206**	40,610
Revenue recognized in the preiod	**(37,218)**	(36,142)
Transferred to deferred revenue	**(336)**	(1,765)
Balance, end of year	**972,237**	975,585

(In thousands of dollars)

5. Obligation under capital leases

The Board has obligations under various capital leases with expiries ranging from 2013 to 2016 and interest rates ranging from 2.16% to 6.48%. Principal and interest payments relating to capital lease obligations of $5,583 (2011 - $3,848) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	$	$	$
2012/2013	2,025	175	2,200
2013/2014	1,545	106	1,651
2014/2015	1,326	59	1,385
2015/2016	687	18	705
	5,583	358	5,941

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	**2012**	2011
	%		**$**	$
OSBFC By-Law #99	7.20	June 9, 2025	**43,970**	45,962
OSBFC By-Law #103	6.55	October 19, 2026	**65,281**	67,918
OSBFC By-Law #111	5.48	November 26, 2029	**107,170**	110,748
OSBFC By-Law #113	4.79	August 8, 2030	**21,709**	22,456
OFA By-Law #124	3.94	September 22, 2025	**42,637**	45,024
OSBFC Sinking Fund By-Law #102	5.90	October 19, 2011	**-**	27,842
OSBFC Sinking Fund By-Law #105	5.70	October 11, 2017	**103,134**	103,134
OFA By-Law #116	4.56	November 15, 2031	**11,463**	11,821
OSBFC By-Law #118	5.38	June 25, 2032	**105,141**	108,016
OFA By-Law #120	4.90	March 3, 2033	**4,534**	4,657
OFA By-Law #123	5.23	April 13, 2035	**15,063**	15,398
OFA By-Law #126	2.43	October 15, 2021	**21,332**	-
Less: Sinking Fund Assets			**(25,903)**	(22,977)
Balance as at August 31			**515,531**	539,999

(In thousands of dollars)

6. Net long-term debt (continued)

b) Principal payments relating to net long-term debt of $515,531 outstanding as at August 31, 2012 are due as follows:

	Principal and sinking fund contributions*	Interest	Total
	$	$	$
2012/2013	19,313	29,389	48,702
2013/2014	20,260	28,442	48,702
2014/2015	21,261	27,441	48,702
2015/2016	22,319	26,383	48,702
2016/2017	23,437	25,264	48,701
Thereafter	408,941	131,209	540,150
Net long-term borrowings	515,531	268,128	783,659

* 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 $103,134 (2011 - $130,976) secured by sinking fund assets with a carrying value, including accrued interest of $25,903 (market value - $27,119). 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 re-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

		2012				2011
	Retirement gratuity	**Other employee future benefits**	**Total**	Retirement gratuity	Other employee future benefits	Total
	$	**$**	**$**	$	$	$
Accrued employee future benefit obligations at August 31	**4,243**	**19,766**	**24,009**	4,154	57,265	61,419
Unamortized actuarial losses at August 32	**-**	**(3,495)**	**(3,495)**	(44)	(7,288)	(7,332)
Employee future benefits liability at August 31	**4,243**	**16,271**	**20,514**	4,110	49,977	54,087

(In thousands of dollars)

7. Retirement and other employee future benefits (continued)

Retirement and other employee future benefit expenses

	2012			2011		
	Retirement gratuity	Other employee future benefits	Total	Retirement gratuity	Other employee future benefits	Total
	$	$	$	$	$	$
Current year benefit cost	**152**	**2,738**	**2,890**	144	2,410	2,554
Amortization of actuarial losses	**33**	**8,467**	**8,500**	4	655	659
Interest on accrued benefit obligation	**145**	**2,287**	**2,432**	199	2,535	2,734
Curtailment loss (gain)*	**1,163**	**(41,519)**	**(40,356)**	-	-	-
Employee future benefits expense**	**1,493**	**(28,027)**	**(26,534)**	347	5,600	5,947

* Employee future benefits expense including the curtailment loss (gain) is included in Employee benefits as disclosed in Note 7.

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

Plan changes

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

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

Actuarial assumptions

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

	2012	2011
	%	%
Wage and salary escalation	**2.50**	3.00
Insurance and health care cost escalation	**8.3 -.4.5**	9.0 - 4.5
Dental care	**5 - 4.5**	6.0 - 4.5
Discount on accrued benefit obligation	**3.00**	4.00

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. Employees commencing employment after December 31, 1979 are not eligible for the retirement gratuity. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012. The changes to the Board's retirement gratuity plan resulted in a one-time increase to the Board's obligation of $1,163 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

The benefit costs expensed in these consolidated financial statements are $1,493 (2011 - $347). As at August 31, 2012, the Board has a reserve of $2,379 (2011 - $2,338) established for retirement gratuities. Based on the actuarial estimate, liability of $4,243 (2011 - $4,110) is included in Retirement and other employee future benefits in the consolidated statement of financial position.

ii) Sick leave accumulations

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated (2011 - $36,780), resulting in a one-time reduction to the obligation of $33,093 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

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 $1,795 (2011 - $1,422).

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 $7,532 (2011 - $7,357) and is included in retirement and other employee future benefits in the consolidated statement of financial position.

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 premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time reduction to the Board's obligation of $5,245 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated surplus as at August 31, 2012.

The coverage is provided for various terms up to a maximum age of 65. The benefit (income) costs recognized in the consolidated financial statements are ($4,452) (2011 - $1,109).

Based on the actuarial estimate, liability of $1,016 (2011 - $5,839) is included in Retirement and other employee future benefits in the consolidated statement of financial position.

(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. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. At August 31, 2011 the Board has a liability of $7,723 (2011 - $2,813) 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, $7,723 (2011 - $850).

As at August 31, 2012, the Board has a Workers' Safety Insurance Board reserve of $5,049 (2011 - $4,963).

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, 2012, the Board contributed $9,852 (2011 - $7,955) 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:

	2012	2011
	$	$
Principal payments on long-term borrowings, including contributions to sinking fund	**46,793**	64,088
Interest payments on long-term borrowings	**30,872**	32,742
Total	**77,665**	96,830

Included in debt repayment and sinking fund contributions on the consolidated financial statements of cash flows $46,793 (2011 - $64,088) are the principal payments on long-term borrowings of $45,658 (2011 - $62,274) and sinking fund interest revenue of $1,135 (2011 - $1,814).

(In thousands of dollars)

9. Expenses by object

The following is a summary of the expenditures reported on the consolidated statement of operations by object:

	2012 Budget (unaudited)	2012 Actual	2011 Actual
	$	$	$
Salary and wages	**643,190**	**638,596**	613,515
Employee benefits (Note 7)	**96,101**	**62,455**	89,797
Staff development	**2,389**	**2,768**	2,099
Supplies and services	**48,810**	**43,455**	47,351
Interest charges capital	**30,514**	**30,437**	32,446
Rental expenditures	**4,941**	**2,471**	2,671
Fees and contractual services	**30,568**	**32,763**	35,726
School generated funds	**24,387**	**23,796**	24,618
Other	**3,867**	**6,760**	6,353
Amortization of TCA	**40,418**	**40,833**	38,944
	925,185	**884,334**	893,520

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 $24 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 2013.

(In thousands of dollars)

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, 2012:

	Contract value	Expensed to date	Amount remaining
	$	$	$
Construction of schools	71,948	71,428	520

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
	$
2012/2013	615
2013/2014	497
2014/2015	252
2015/2016	187
Total	1,551

c) The Board has been named as the defendant in certain legal actions, in which damages have been sought. Where the outcomes of these actions are not determinable as at August 31, 2012, no provision has been made in the consolidated financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or when any likely amounts are measurable.

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 (2011 - $3.3 million) in grants in respect of the above agreement for the year ended August 31, 2012, is not recorded in these consolidated financial statements.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2012 and August 31, 2011

(In thousands of dollars)

13. Tangible capital assets

a) Opening and closing balances with activities for the year ended August 31, 2012

	Cost					Accumulated amortization				
	Opening September 1, 2011	Additions	Disposals	Transfer to (from) CIP	**Closing August 31, 2012**	Opening September 1, 2011	Amortization	Disposals	**Closing August 31, 2012**	**Net book value August 31, 2012**
	$	$	$	$	**$**	$	$	$	**$**	**$**
Land	230,160	3,415	1,063	-	**232,512**	-	-	-	**-**	**232,512**
Land improvements	11,701	1,026	-	-	**12,727**	3,038	815	-	**3,853**	**8,874**
Buildings 40 years	1,221,339	28,746	725	7,561	**1,256,921**	272,070	30,987	389	**302,668**	**954,253**
Portables	9,262	-	2,414	-	**6,848**	7,638	403	2,414	**5,627**	**1,221**
First time equipping	19,689	1,112	-	-	**20,801**	7,911	2,025	-	**9,936**	**10,865**
Furniture	679	86	-	-	**765**	436	73	-	**509**	**256**
Equipment 5 years	1,212	70	132	-	**1,150**	528	222	132	**618**	**532**
Equipment 10 years	3,798	72	219	-	**3,651**	2,305	351	219	**2,437**	**1,214**
Computer hardware	12,418	2,332	1,239	-	**13,511**	5,868	2,373	1,239	**7,002**	**6,509**
Computer software	3,739	280	145	-	**3,874**	2,272	667	145	**2,794**	**1,080**
Vehicles <10,000	425	-	-	-	**425**	123	85	-	**208**	**217**
Construction in progress	7,663	532		(7,561)	**634**	-	-	-	**-**	**634**
Leased tangible					**-**				**-**	**-**
capital assets	15,423	4,022	-	-	**19,445**	7,290	2,832	-	**10,122**	**9,323**
Total	1,537,508	41,693	5,937	-	**1,573,264**	309,479	40,833	4,538	**345,774**	**1,227,490**

Assets under construction

Assets under construction of $634 (2011 - $7,663) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2012 and August 31, 2011

(In thousands of dollars)

13. Tangible capital assets (continued)

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

	Cost					Accumulated amortization				
	Opening September 1, 2010	Additions	Disposals	Transfer to (from) CIP	Closing August 31, 2011	Opening September 1, 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

(In thousands of dollars)

14. Accumulated surplus

Accumulated surplus consist of the following:

	2012	2011 (Restated - Note 2)
	$	$
Invested in non-depreciable tangible capital assets	**232,941**	229,447
School generated funds	**9,204**	8,420
Employee future benefits accrual	**(20,514)**	(54,087)
Vacation accrual to be covered in the future	**(2,103)**	(4,206)
Interest accrual	**(9,520)**	(10,217)
Working funds	**36,947**	26,965
Reserves and reserve funds	**19,662**	19,937
Sinking fund interest	**7,352**	6,913
	273,969	223,172

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

Reserve and reserve funds

	2012	2011
	$	$
Workplace Safety & Insurance Board	**5,049**	4,963
Retirement gratuities	**2,379**	2,338
Pupil accommodation - school renewal	**2,960**	2,926
Technology infrastructure	**3,171**	3,117
Benefits/attendance support	**4,030**	3,951
Building safety	**2,073**	2,038
Non-teaching professional development	-	238
Schools rollover	-	366
	19,662	19,937

15. Transportation Consortia

a) *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.

(In thousands of dollars)

15. Transportation Consortia (continued)

a) Partnership in STOPR Transportation Consortium (continued)

The following provides condensed financial information:

	2012		2011	
	Total	**Board portion**	Total	Board portion
	$	**$**	$	$
Revenue	**60,654**	**20,739**	59,847	20,834
Expenses	**59,708**	**19,095**	58,829	19,621
Accumulated surplus	**946**	**1,644**	1,018	1,213

b) Wellington Dufferin Student Transportation Services

The Board is also a member of Wellington-Dufferin Student Transportation Services. The Board is not actively involved in the management of this consortium. For 2012 fiscal year transportation costs of $1,685 (2011 - $1,679) have been expensed in the consolidated statement of operations.

16. 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.

	2012	2011
	$	$
Revenue	**157**	157
Expenses	**157**	174

17. Subsequent event

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