

Consolidated Financial Statements of

**PEEL DISTRICT
SCHOOL BOARD**

Year ended August 31, 2011

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

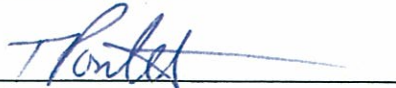
The accompanying consolidated financial statements of the Peel District School Board are the responsibility of the Board management and have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, except for the financial reporting provisions described in note 1 to the consolidated financial statements.

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

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

The Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, Chartered Accountants, 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 consolidated financial statements.



Director of Education



Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Peel District School Board

We have audited the accompanying consolidated financial statements of Peel District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management in accordance with 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Basis for Qualified Opinion

In common with many charitable organizations, Peel District School Board derives revenue from school fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Peel District School Board. Therefore, we were not able to determine whether, as at and for the year ended August 31, 2010, any adjustments might be necessary to school-generated funds revenue and annual surplus reported in the consolidated statement of operations and accumulated surplus, annual surplus reported in the consolidated statement of cash flows and financial assets and accumulated surplus reported in the consolidated statement of financial position. This caused us to qualify our audit opinion on the consolidated financial statements as at and for the year ended August 31, 2010.

Our opinion on the consolidated financial statements as at and for the year ended August 31, 2011 is also modified because of the possible effects of this matter on the comparability of the current period's figures and the prior period figures.

Qualified Opinion

In our opinion, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Peel District School Board at as August 31, 2011, and its consolidated results of operations, its consolidated change in net debt and its 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 Peel 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

January 10, 2012
Toronto, Canada

PEEL DISTRICT SCHOOL BOARD

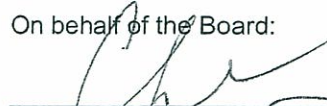
Consolidated Statement of Financial Position
(In thousands of dollars)

August 31, 2011, with comparative figures for 2010


	2011	2010
		(Restated - note 2)
Financial Assets		
Cash and cash equivalents	\$ 106,300	\$ 129,990
Accounts receivable	70,849	88,258
Accounts receivable - Government of Ontario - approved capital (note 3)	740,792	693,924
	<u>917,941</u>	<u>912,172</u>
Liabilities		
Accounts payable and accrued liabilities	95,010	72,900
Deferred revenue (note 4)	20,961	32,379
Retirement and other employee future benefits payable (note 6)	221,836	201,616
Net debenture debt (note 7)	818,883	839,306
Deferred capital contributions (note 5)	1,368,556	1,315,362
	<u>2,525,246</u>	<u>2,461,563</u>
Net debt	(1,607,305)	(1,549,391)
Non-financial Assets		
Prepaid expenses and other assets	35,928	62,070
Tangible capital assets (note 12)	1,662,236	1,575,965
	<u>1,698,164</u>	<u>1,638,035</u>
Contractual obligations and contingent liabilities (note 16)		
Accumulated surplus	<u>\$ 90,859</u>	<u>\$ 88,644</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Chief Financial Officer



Chair of the Board

PEEL DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended August 31, 2011, with comparative figures for 2010

	Budget 2011 (Unaudited - note 1(k))	Actual 2011	Actual 2010 (Restated - note 2)
Revenues:			
Provincial grants:			
For student needs	\$ 892,954	\$ 893,377	\$ 898,432
Other	23,042	32,163	28,808
Local taxation	522,187	526,606	506,836
School-generated funds	34,500	34,757	35,474
Federal grants and fees	—	14,297	17,146
Investment income	1,000	3,438	1,691
Other fees and revenues	9,850	25,248	20,696
	<u>1,483,533</u>	<u>1,529,886</u>	<u>1,509,083</u>
Expenses (note 11):			
Instruction	1,119,896	1,139,813	1,059,059
Administration	40,715	39,701	42,474
Transportation	39,537	39,208	39,957
Pupil accommodation	260,743	246,971	234,092
School-generated funds	35,000	32,814	35,738
Other	2,990	29,164	26,763
	<u>1,498,881</u>	<u>1,527,671</u>	<u>1,438,083</u>
Annual surplus (deficit)	(15,348)	2,215	71,000
Accumulated surplus (deficit), beginning of year	(167,826)	88,644	17,644
Accumulated surplus (deficit), end of year	<u>\$ (183,174)</u>	<u>\$ 90,859</u>	<u>\$ 88,644</u>

See accompanying notes to consolidated financial statements.

PEEL DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt
(In thousands of dollars)

Year ended August 31, 2011, with comparative figures for 2010

	2011	2010 (Restated - note 2)
Annual surplus	\$ 2,215	\$ 71,000
Tangible capital asset activities:		
Purchase of tangible capital assets	(142,338)	(76,557)
Amortization of tangible capital assets	54,438	52,229
Loss on sale of tangible capital assets	1,146	532
Proceeds on sale of tangible capital assets	2,076	-
Gains on sale of tangible capital assets	(1,593)	-
Write-down of tangible capital assets	-	2,192
	(86,271)	(21,604)
Other non-financial asset activities:		
Acquisition of prepaid expenses and other assets	(35,928)	(62,070)
Use of prepaid expenses and other assets	62,070	60,555
	26,142	(1,515)
Increase (decrease) in net debt	(57,914)	47,881
Net debt, beginning of year	(1,549,391)	(1,597,272)
Net debt, end of year	\$ (1,607,305)	\$ (1,549,391)

See accompanying notes to consolidated financial statements.