

Consolidated Financial Statements of

**PEEL DISTRICT  
SCHOOL BOARD**

Year ended August 31, 2010

## 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 effect of adjustments, if any, which might have been determined to be necessary concerning the completeness of school fundraising revenue referred to in the auditors' report.

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

January 7, 2011



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## AUDITORS' REPORT

To the Board of Trustees of Peel District School Board

We have audited the consolidated statement of financial position of Peel District School Board as at August 31, 2010 and the consolidated statements of operations and accumulated surplus, cash flows and change in net debt 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.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. These 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 common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of this revenue. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, net revenue, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Peel District School Board as at August 31, 2010 and the results of its operations, cash flows and change in net debt for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

January 7, 2011

# PEEL DISTRICT SCHOOL BOARD

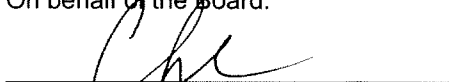
Consolidated Statement of Financial Position  
(In thousands of dollars)

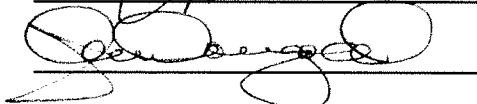
August 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated - note 2)
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 129,990	\$ 39,545
Accounts receivable	92,267	63,163
Accounts receivable - Government of Ontario - approved capital (note 3)	689,915	-
	<u>912,172</u>	<u>102,708</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	72,900	77,589
Deferred revenue (note 4)	16,856	10,577
Retirement and other employee future benefits payable (note 5)	201,616	188,801
Net debenture debt (note 6)	839,306	729,661
	<u>1,130,678</u>	<u>1,006,628</u>
Net debt	(218,506)	(903,920)
<b>Non-financial Assets</b>		
Prepaid expenses and inventory	62,070	60,555
Tangible capital assets (note 11)	1,575,965	1,554,361
	<u>1,638,035</u>	<u>1,614,916</u>
Contractual obligations and contingent liabilities (note 15)		
Accumulated surplus	<u>\$ 1,419,529</u>	<u>\$ 710,996</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, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Restated and unaudited - note 16)		(Restated - note 2)
<b>Revenues:</b>			
Provincial grants:			
For student needs	\$ 817,703	\$ 846,050	\$ 782,707
Capital debt support (note 3)	–	689,915	–
Other	4,680	28,808	21,512
Local taxation	509,261	506,836	503,300
School-generated funds	33,500	35,474	34,381
Federal grants and fees	–	17,146	11,075
Investment income	800	1,691	4,427
Other fees and revenues	9,958	20,696	23,215
	<u>1,375,902</u>	<u>2,146,616</u>	<u>1,380,617</u>
<b>Expenses (note 10):</b>			
Instruction	1,036,925	1,059,059	1,003,918
Administration	36,542	42,474	34,680
Transportation	39,837	39,957	38,550
Pupil accommodation	240,076	234,092	216,339
School-generated funds	32,500	35,738	35,103
Other	1,690	26,763	24,624
	<u>1,387,570</u>	<u>1,438,083</u>	<u>1,353,214</u>
Annual surplus (deficit)	(11,668)	708,533	27,403
Accumulated surplus (deficit), beginning of year (note 2)	(41,759)	710,996	683,593
Accumulated surplus (deficit), end of year	\$ (53,427)	\$ 1,419,529	\$ 710,996

See accompanying notes to consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows  
(In thousands of dollars)

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009 (Restated - note 2)
Operating activities:		
Annual surplus	\$ 708,533	\$ 27,403
Non-cash items, including amortization, write-downs and loss (gain) on sale of tangible capital assets	54,953	46,982
Change in non-cash assets and liabilities:		
Accounts receivable	(29,104)	15,026
Accounts receivable - Government of Ontario approved capital	(689,915)	-
Accounts payable and accrued liabilities	(4,689)	3,429
Deferred revenue	6,279	4,875
Retirement and other employee future benefits payable	12,815	17,788
Prepaid expenses and inventory	(1,515)	(5,485)
	<u>57,357</u>	<u>110,018</u>
Capital activities:		
Proceeds on sale of tangible capital assets	-	17,088
Purchase of tangible capital assets	(76,557)	(147,130)
	<u>(76,557)</u>	<u>(130,042)</u>
Financing activities:		
Debenture debt issued	129,547	32,544
Debt repaid and sinking fund contributions (note 8)	(19,902)	(13,916)
	<u>109,645</u>	<u>18,628</u>
Increase (decrease) in cash and cash equivalents	90,445	(1,396)
Cash and cash equivalents, beginning of year	39,545	40,941
Cash and cash equivalents, end of year	<u>\$ 129,990</u>	<u>\$ 39,545</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, 2010, with comparative figures for 2009

	2010	2009 (Restated - note 2)
Annual surplus	\$ 708,533	\$ 27,403
Tangible capital asset activity:		
Acquisition of tangible capital assets	(76,557)	(147,130)
Amortization of tangible capital assets	52,229	49,775
Loss (gain) on sale of tangible capital assets	532	(2,793)
Proceeds on sale of tangible capital assets	-	17,088
Write-down of tangible capital assets	2,192	-
	(21,604)	(83,060)
Other non-financial asset activity:		
Acquisition of prepaid expenses and inventory	(62,070)	(60,555)
Use of prepaid expenses and inventory	60,555	55,070
	(1,515)	(5,485)
Increase (decrease) in net debt	685,414	(61,142)
Net debt, beginning of year	(903,920)	(842,778)
Net debt, end of year	\$ (218,506)	\$ (903,920)

See accompanying notes to consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies:

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants.

### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity comprises all organizations accountable for the administration of their financial affairs and resources to the Peel District School Board (the "Board") and which are controlled by the Board.

School-generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

- (i) The Quality Continuous Improvement Centre for Community Education and Training ("QCIC");
- (ii) CET International Inc.;
- (iii) Halton Business Institute Inc.; and
- (iv) School generated funds.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

### (b) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies (continued):

### (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 costs of goods and services acquired in the year whether or not payment has been made or invoices are received.

### (d) Cash and cash equivalents:

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

### (e) Temporary investments:

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost and market value.

### (f) Deferred revenue:

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

### (g) Retirement allowances 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 dental and health care benefits, retirement gratuity, workers' compensation and long-term disability benefits.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies (continued):

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 or accumulate over the periods of service provided by employees, such as 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 those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the year the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the year they arise.

- (ii) The cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, is the employer's contribution due to the plan during the year.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

### (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, 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.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies (continued):

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:

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Land improvements with finite lives	15 years
Buildings and building improvements	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 - 10 years
Leasehold improvements	Over lease term

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Assets under construction are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and 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 their carrying values are written down to their residual value.

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

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies (continued):

### (i) Inventory:

Inventory consists of supplies held for consumption are recorded at the lower of cost and replacement cost.

### (j) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the year 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.

### (k) Investment income:

Investment income is reported as revenue in the year earned.

When required by the funding government or related Act, investment income earned on externally restricted funds, such as pupil accommodation, educational development charges and special education, forms part of the respective deferred revenue balances.

### (l) Long-term debt:

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

### (m) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given the differences between the funding model and generally accepted accounting principles for local governments established by the PSAB, the budget figures presented have been adjusted to conform to the basis of accounting used to prepare the consolidated financial statements. The budget figures are unaudited.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 1. Significant accounting policies (continued):

### (n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations and accumulated surplus in the years in which they become known. Significant estimates include assumptions in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150, Tangible Capital Assets, has required management to make estimates of historical cost and useful lives of tangible capital assets. For the year ended August 31, 2010, these amounts and the related estimation techniques have been disclosed in notes 2 and 11.

## 2. Changes in accounting policies:

The Board has implemented PSAB Section 1200, Financial Statement Presentation ("Section 1200"), and Section 3150, Tangible Capital Assets ("Section 3150"). Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed 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.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 2. Changes in accounting policies (continued):

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. This estimate was 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 as historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

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

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Accumulated deficit, August 31, 2009:	
Capital fund balance	\$ (93,959)
Reserve fund balance	176,842
School activities fund	8,851
Amounts to be recovered	(935,793)
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Accumulated deficit, as previously reported	(844,059)
Portion of proceeds previously reported, as deferred revenue for the cost of land sold prior to August 31, 2009	694
Net book value of tangible capital assets recorded	1,554,361
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Accumulated surplus, as restated	\$ 710,996
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Annual surplus for the year ended August 31, 2009:	
Change in net liabilities, as previously reported	\$ (55,657)
Capital expenditures capitalized previously expensed	147,130
Amortization expense not previously recorded	(49,775)
Gain on disposal of assets that had not been deferred	2,793
Proceeds on sale of land, previously reported as revenue	(17,088)
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Annual surplus, as restated	\$ 27,403

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

### 3. Accounts receivable - Government 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.

The Board has an account receivable from the Province of Ontario of \$689,915 as at August 31, 2010 with respect to this one-time grant.

### 4. Deferred revenue:

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement, as at August 31, 2010, comprises the following:

	Balance, August 31, 2009 (Restated - note 2)	Externally restricted revenue and investment income	Revenue recognized in the year	Balance, August 31, 2010
Legislative grants	\$ -	\$ 235,816	\$ 235,160	\$ 656
Gains on dispositions	2,432	-	-	2,432
Energy efficient schools	2,968	5,140	2,868	5,240
Other Ministry of Education	3,357	11,340	9,463	5,234
Other provincial grants	11	729	643	97
Other	1,809	10,537	9,149	3,197
<b>Total deferred revenue</b>	<b>\$ 10,577</b>	<b>\$ 263,562</b>	<b>\$ 257,283</b>	<b>\$ 16,856</b>

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 5. Retirement and other employee future benefits:

### (a) Retirement allowances and early retirement incentive plan:

The Board policy provides that allowances to full-time and permanent part-time employees, who have completed 10 years of continuous service with the Board and have attained the age of 60 years, or who are eligible for a pension under the provisions of the Teachers' Superannuation Act or OMERS, are payable on retirement. All allowances are expensed in the years they become due as outlined below:

The amount of allowance payable is calculated on the basis of 20% for 10 years of service, plus 2% for each additional year of service to a maximum of 50% of the annual salary being paid at the time of retirement. The following staff are not eligible for retirement allowances:

- (i) Members of C.U.P.E. Local 1628 hired after October 12, 1978;
- (ii) Members of C.U.P.E. Local 2544 hired after June 30, 1978;
- (iii) Members of the Media Technicians Association hired after April 24, 1979;
- (iv) All non-unionized staff hired after August 31, 1978; and
- (v) Teaching assistants and professional student support personnel.

Retirement allowances and early retirement incentives paid were as follows:

	2010	2009
Elementary staff	\$ 3,305	\$ 3,243
Secondary staff	3,046	3,344
Other staff	487	486
	<u>\$ 6,838</u>	<u>\$ 7,073</u>

In 1995, the Board established a retirement gratuity reserve to fund the retirement gratuity liability for all new teachers hired since 1995. For the year ended August 31, 2010, contributions to the fund amounted to \$4,000 (2009 - nil) and the reserve earned interest of nil (2009 - \$149). As at August 31, 2010, the reserve amounted to \$21,537 (2009 - \$17,537).

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 5. Retirement and other employee future benefits (continued):

Some employees of the Board, upon application, are eligible for the Early Retirement Incentive Plan. This option may be granted when approved by the Board and consists of a one-time payment of an amount ranging from \$2 to \$10 depending on the year of eligibility for a maximum pension and is paid on January 1 of the year following retirement. Included in the amounts listed is an amount of \$271 (2009 - \$310) pertaining to this plan.

### (b) Retirement and other employee future benefits:

The accrued benefit obligations for employee future benefit plans as at August 31 are based on actuarial valuations for PSAB reporting purposes. These actuarial valuations are based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimate assumptions.

	2010	2009
Wage and salary escalation - inflation component	3.0%	2.35%
Health care escalation	4.5% - 8.8%	4.5% - 9.0%
Dental care escalation	4.5% - 5.6%	4.5% - 6.0%
Discount on accrued benefit obligations	4.75%	4.75%

Sick leave utilization is based on experience and probability tables.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 5. Retirement and other employee future benefits (continued):

Retirement and other employee future benefits liabilities comprise future retirement benefit obligations, subsidized non-pension benefits on retirement, post-employment benefits and compensated absences. The retirement and other employee future benefits liability is summarized as follows:

			2010	2009
	Retirement	Other	Total	Total
	benefits	employee	employee	employee
		future	future	future
		benefits	benefits	benefits
Accrued employee future benefits liability, August 31	\$ 105,820	\$ 119,806	\$ 225,626	\$ 207,303
Unamortized actuarial loss	(7,190)	(16,820)	(24,010)	(18,502)
Accrued employee future benefits liability, August 31	\$ 98,630	\$ 102,986	\$ 201,616	\$ 188,801

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 5. Retirement and other employee future benefits (continued):

Retirement and other employee future benefits expense is summarized as follows:

			2010	2009
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit costs	\$ 6,965	\$ 9,853	\$ 16,818	\$ 12,077
Recognition of past service costs	–	596	596	–
Interest on accrued benefit obligations	4,707	5,384	10,091	9,884
Net amortization of estimation adjustment loss	5,025	3,040	8,065	8,489
<b>Employee future benefit expense<sup>(1)</sup></b>	<b>\$ 16,697</b>	<b>\$ 18,873</b>	<b>\$ 35,570</b>	<b>\$ 30,450</b>
Actual payments for the year	\$ 6,838	\$ 10,410	\$ 17,248	\$ 15,690

<sup>(1)</sup>Excluding pension contributions to OMERS, a multi-employer pension plan described below.

### (c) Ontario Municipal Employees Retirement System ("OMERS"):

All non-teaching employees of the Board are eligible to be members of OMERS, which is a multi-employer defined benefit contribution plan. The employer contributions for the year amounted to \$11,339 (2009 - \$10,472).

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 5. Retirement and other employee future benefits (continued):

### (d) Ontario Teachers' Pension Plan:

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

### (e) Workplace Safety and Insurance Board ("WSIB") obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Board Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 6. Net debenture debt:

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

	2010	2009
OFA 2008 Debenture: 4.86%, 25-year debenture, maturing June 27, 2033	\$ 198,924	\$ 203,508
OSBFC 2006 A1 Debenture: 5.070%, 25-year debenture, maturing April 18, 2031	182,235	187,015
OSBFC 2004 A1 Debenture: 5.483%, 25-year debenture, maturing November 26, 2029	87,911	90,385
Good Places to Learn Debenture 2006: 4.56%, 25-year debenture, maturing November 15, 2031	43,665	44,841
OFA 2009 Good Places to Learn/Primary Class Size Debenture: 5.062%, 25-year debenture, maturing March 13, 2034	31,865	32,544
OFA 2008 Good Places to Learn/Primary Class Size Debenture: 4.90%, 25-year debenture, maturing March 3, 2033	37,527	38,407
OSBFC 2001 A2 Sinking Fund Debenture: 6.25%, 15-year debenture, maturing October 19, 2016	150,000	150,000
OFA 2010 Good Places to Learn/ Primary Class Size/Prohibitive to Repair Debenture: 5.232%, 25-year debenture, maturing April 13, 2035	40,204	-
OFA 2010 New Pupil Places Debenture: 4.947%, 25-year debenture, maturing May 15, 2035	89,343	-
	<u>861,674</u>	<u>746,700</u>
Less sinking fund assets	22,368	17,039
	<u>\$ 839,306</u>	<u>\$ 729,661</u>

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 6. Net debenture debt (continued):

Principal and interest payments relating to net debenture debt of \$839,306 outstanding as at August 31, 2010 are due as follows:

	Principal and sinking fund contributions	Interest payments	Total
2010 - 2011	\$ 19,135	\$ 44,329	\$ 63,464
2011 - 2012	20,985	43,975	64,960
2012 - 2013	21,948	43,011	64,959
2013 - 2014	22,961	41,999	64,960
2014 - 2015	24,025	40,935	64,960
Thereafter	730,252	326,898	1,057,150
Net long-term debt	\$ 839,306	\$ 541,147	\$ 1,380,453

Included in net long-term debt are outstanding sinking fund debentures of \$150,000 (2009 - \$150,000) secured by sinking fund assets with a carrying value of \$22,368 (market value - \$23,846). Sinking fund assets comprise short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

The terms of the sinking fund agreement require equal annual principal payments, as required by the Municipal Act. The actual amount to be paid out will be dependent upon the performance on the sinking fund assets.

Interest on long-term debt amounted to \$39,275 (2009 - \$37,225).

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 7. Temporary borrowing:

In accordance with Section 243(1) of the Education Act, the Board has a resolution to authorize the borrowing, by way of promissory note, bankers' acceptance or operating overdraft, up to a maximum of \$250,000. The outstanding amount at any given time would substantially represent the unreceived or uncollected balance of estimated revenues. At the year end, the Board has no borrowings on these credit facilities (2009 - nil). The interest on temporary borrowings, when drawn, would range from the bank's prime lending rate minus 0.375% to the prime lending rate plus 0.25%, or bankers' acceptance facility range from the bankers' acceptance rate plus 0.25% to 1.35%. Any temporary borrowings would be unsecured and due on demand.

The Board also has \$245 (2009 - \$238) in renewable, irrevocable standby letters of credit with a Canadian chartered bank. The letters of credit provide security for capital construction being done on behalf of the Board. There is an annual service fee of 1.2% until they are either utilized or cancelled upon completion of the project.

## 8. Debt charges and capital loans and interest:

	2010	2009
Principal payments on long-term liabilities, including contributions to sinking funds	\$ 19,125	\$ 13,115
Interest payments on long-term liabilities	39,275	37,225
Interest payments on temporary financing of capital projects	–	505
	<u>\$ 58,400</u>	<u>\$ 50,845</u>

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows in total of \$19,902 (2009 - \$13,916) are principal payments on long-term debt of \$19,125 (2009 - \$13,116) and sinking fund interest revenue of \$777 (2009 - \$801).

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 9. Educational development charges:

Effective June 2009, the Board and the Dufferin-Peel Catholic District School Board passed by-laws to collect lot levies charged for the purchase of new sites within the Region of Peel. The levies collected by the municipalities are forwarded to the school boards monthly. During the year, \$5,748 (2009 - \$3,959) was received for the educational development charges and used for the purchase of sites.

## 10. Expenses by object:

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

	Budget 2010 (Unaudited - note 16)	Actual 2010	Actual 2009 (Restated - note 2)
Salary and wages	\$ 947,232	\$ 980,884	\$ 922,153
Employee benefits	152,553	159,884	155,093
Staff development	4,662	4,659	3,890
Supplies and services	65,014	75,464	65,869
Interest charges on long-term debt	42,154	40,392	38,686
Rental expenditures	4,220	5,006	2,487
Fees and contract services	81,196	74,373	73,810
School fundraising	32,500	35,738	35,103
Other	3,086	6,730	6,348
Amortization of tangible capital assets	52,229	52,229	49,775
Loss on sale of tangible capital assets	532	532	-
Write-down of tangible capital assets	2,192	2,192	-
	<b>\$ 1,387,570</b>	<b>\$ 1,438,083</b>	<b>\$ 1,353,214</b>

The 2010 budget and 2009 actual figures have been adjusted since the Board did not account for amortization or loss on sale of tangible capital assets in those two reports. For the 2010 budget, actual 2010 amortization, loss on sale and write-down of tangible capital assets amounts were used.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 11. Tangible capital assets:

Cost	Balance, August 31, 2009	Additions	Disposal, write-offs and adjustments	Balance, August 31, 2010
Land	\$ 247,517	\$ 2,374	\$ -	\$ 249,891
Land improvements	6,309	952	-	7,261
Buildings	1,507,959	37,448	61,466	1,606,873
Portable structures	64,067	-	(10,390)	53,677
First-time equipping of schools	41,681	2,565	(4,111)	40,135
Furniture	3,696	140	(146)	3,690
Equipment	4,805	887	(647)	5,045
Computer hardware	12,188	961	(2,142)	11,007
Computer software	1,362	158	(159)	1,361
Vehicles	634	1,064	-	1,698
Leasehold improvements	2,368	856	-	3,224
Construction in progress	53,485	29,152	(65,091)	17,546
	\$ 1,946,071	\$ 76,557	\$ (21,220)	\$ 2,001,408

Accumulated amortization	Balance, August 31, 2009	Amortization	Disposal, write-offs and adjustments	Balance, August 31, 2010
Land improvements	\$ 1,238	\$ 440	\$ -	\$ 1,678
Buildings	315,778	41,029	(900)	355,907
Portable structures	39,985	3,171	(10,390)	32,766
First-time equipping of schools	19,658	4,091	(4,111)	19,638
Furniture	2,527	268	(146)	2,649
Equipment	2,469	693	(647)	2,515
Computer hardware	8,670	1,560	(2,142)	8,088
Computer software	543	285	(160)	668
Vehicles	359	195	-	554
Leasehold improvements	483	497	-	980
	\$ 391,710	\$ 52,229	\$ (18,496)	\$ 425,443

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 11. Tangible capital assets (continued):

Net book value	2010	2009
Land	\$ 249,891	\$ 247,517
Land improvements	5,583	5,071
Buildings	1,250,966	1,192,181
Portable structures	20,911	24,082
First-time equipping of schools	20,497	22,023
Furniture	1,041	1,169
Equipment	2,530	2,336
Computer hardware	2,919	3,518
Computer software	693	819
Vehicles	1,144	275
Leasehold improvement	2,244	1,885
Construction in progress	17,546	53,485
	<u>\$ 1,575,965</u>	<u>\$ 1,554,361</u>

### (a) Assets under construction:

Assets under construction having a value of \$17,546 (2009 - \$53,457) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$2,192 (2009 - nil).

## 12. Controlled entities:

As disclosed in note 1(a)(i), (ii) and (iii), the Board controls QCIC and CET International Inc. (both of which are not-for-profit organizations, the former incorporated without share capital and the latter incorporated with share capital, both under the Corporations Act (Ontario) and exempt from income taxes under the Income Tax Act (Canada)), and Halton Business Institute Inc. (a for-profit organization, incorporated under the Canada Business Corporations Act) (collectively the "controlled entities"). The purposes of the controlled entities are the development, support, implementation and advancement of community education and training programs.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 12. Controlled entities (continued):

The financial information of the controlled entities included in these consolidated financial statements as at and for the year ended August 31, 2010 indicates the following:

	2010	2009
Total assets	\$ 7,617	\$ 5,181
Liabilities	4,739	3,181
Accumulated surplus	\$ 2,878	\$ 2,000
Revenue	\$ 25,359	\$ 21,904
Expenses	24,481	14,579
Surplus	\$ 878	\$ 7,325

## 13. Trust funds:

Trust funds administered by the Board amounting to \$1,310 (2009 - \$1,290) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

## 14. Insurance coverage:

### (a) Ontario School Board Insurance Exchange ("OSBIE"):

The Board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act. OSBIE insures property damage and certain other risks with an unlimited coverage per occurrence.

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2011.

### (b) Other:

The general public liability coverage for the Board is held by a public insurance company with a limit of \$20 million per occurrence with a policy that is renewed annually.

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

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## 15. Contractual obligations and contingent liabilities:

Contractual obligations for the construction of buildings, which are not reflected on the consolidated statement of financial position, amounted to approximately \$36,292 (2009 - \$17,492). Substantially all of these obligations will be financed by cash grants from the Province of Ontario, reserve funds and by the issue of debentures, the annual principal and interest charges of which will be recovered under existing legislation from grants.

The Board has commenced various capital projects for which the Region of Peel and the City of Brampton require security letters of credit, as indicated in note 7.

The Board self-insures for staff life insurance and health and dental benefits which are administered by Sun Life Assurance Company of Canada. As at August 31, 2010, there was no liability for claims or unreported claims for life insurance (2009 - \$1,000). As at August 31, 2010, there was a surplus for the health and dental benefits of \$529 included in prepaid expenses and inventory (2009 - \$60 deficit) included in accounts payable and accrued liabilities. Any surplus funds are held by Sun Life Assurance Company of Canada.

The Board is negotiating the settlement of a dispute arising from the purchase of a property used for a school site. The estimated amount is included in accounts payable and accrued liabilities. Adjustments, if any, to the estimated settlement amount, arising from the outcome of the settlement, will be recorded in the year in which they become known.

In the normal course of business, various claims and litigious matters are pending by and against the Board. In the opinion of the Board's management, these claims will not materially affect the Board's financial position, although no assurances can be given with respect to the ultimate outcome of any such claims. Any settlements will be recorded when the claims are resolved.

The minimum rentals payable under long-term leases in effect at August 31, 2010 for premises and equipment leases are as follows:

	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	Thereafter	Total
Rental commitment	\$ 3,254	\$ 2,259	\$ 2,001	\$ 1,538	\$ 1,045	\$ 3,074	\$ 13,171
Equipment lease commitment	472	-	-	-	-	-	472
<b>Total commitment</b>	<b>\$ 3,726</b>	<b>\$ 2,259</b>	<b>\$ 2,001</b>	<b>\$ 1,538</b>	<b>\$ 1,045</b>	<b>\$ 3,074</b>	<b>\$ 13,643</b>

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 16. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 9, 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in the consolidated statement of operations and accumulated surplus. 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 changes in net debt is a new statement in the 2009 - 2010 financial statements, the budget figures in that statement have not been provided.

	2009 - 2010 Budget	Change	Restated - 2009 - 2010 Budget
Total revenues	\$ 1,375,902	\$ -	\$ 1,375,902
Expenses:			
Total expenses as in the 2009 - 2010 budget	1,464,643	-	1,464,643
Capital asset expenditure	-	(132,026)	(132,026)
Amortization of tangible capital assets	-	52,229	52,229
Loss on sale of tangible capital assets	-	532	532
Write-down of tangible capital assets	-	2,192	2,192
Total expenses	1,464,643	(77,073)	1,387,570
Annual deficit	(88,741)	77,073	(11,668)
Accumulated deficit, beginning of year	(41,759)	-	(41,759)
Accumulated deficit, end of year	\$ (130,500)	\$ 77,073	\$ (53,427)

# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2010

## 17. Partnership in STOPR Transportation Consortium:

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

The Board's consolidated financial statements reflects its share of the Ministry transportation grants and related expenses. The following provides condensed financial information:

	2010		2009	
	Total	Board's portion	Total	Board's portion
Operations:				
Revenue	\$ 58,804	\$ 37,983	\$ 58,434	\$ 37,377
Expenses	59,811	39,957	57,964	38,552
Annual surplus (deficit)	\$ (1,007)	\$ (1,974)	\$ 470	\$ (1,175)

## 18. 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 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 PSAB and could not be implemented within these consolidated financial statements.