

**PEEL DISTRICT SCHOOL BOARD**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**



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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, 2009 and the consolidated statements of financial activities and fund balances and changes in financial position 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, 2009 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

November 6, 2009

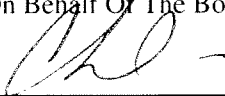
**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(all amounts in thousands of dollars)

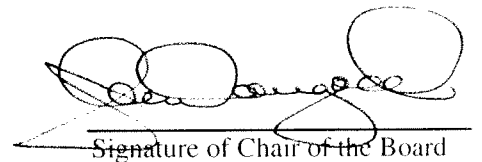
As at August 31	2009	2008
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 30,541	\$ 31,059
Cash from school activities	9,004	9,882
Accounts receivable	63,163	78,189
<b>TOTAL FINANCIAL ASSETS</b>	<b>102,708</b>	<b>119,130</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	77,588	74,159
Net debenture debt (note 4)	729,661	711,033
Deferred revenue - reserves (note 5)	6,148	3,067
Deferred revenue - other	5,124	3,330
Employee benefits payable (note 6)	188,801	171,013
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,007,322</b>	<b>962,602</b>
<b>NET FINANCIAL LIABILITIES</b>	<b>(904,614)</b>	<b>(843,472)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses (note 7)	60,555	55,070
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>60,555</b>	<b>55,070</b>
<b>NET LIABILITIES</b>	<b>\$ (844,059)</b>	<b>\$ (788,402)</b>
<b>FINANCIAL POSITION</b>		
Operating fund	-	-
Capital fund	(93,959)	36,628
Reserve fund	176,842	63,102
School activities fund	8,851	9,573
<b>TOTAL FUND BALANCES</b>	<b>91,734</b>	<b>109,303</b>
Amounts to be recovered (note 8)	(935,793)	(897,705)
<b>NET FINANCIAL POSITION</b>	<b>\$ (844,059)</b>	<b>\$ (788,402)</b>

See accompanying notes to the consolidated financial statements

Signed On Behalf Of The Board:



Signature of Chief Financial Officer



Signature of Chair of the Board

**PEEL DISTRICT SCHOOL BOARD**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(all amounts in thousands of dollars)

Year ended August 31	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
	(Unaudited)		
<b>REVENUES</b>			
Local taxation	\$ 511,846	\$ 503,488	\$ 483,091
Provincial legislative grants	744,890	782,518	724,587
Provincial grants - other	-	21,512	33,494
Federal grants	-	11,075	6,786
School fundraising	37,000	34,381	34,248
Proceeds on disposal of land	-	17,088	-
Other fees and revenues	15,702	20,423	31,944
Investment income	1,725	4,059	2,582
<b>TOTAL REVENUE</b>	<b>1,311,163</b>	<b>1,394,544</b>	<b>1,316,732</b>
<b>EXPENDITURES</b>			
Instruction	964,722	1,016,824	952,934
Administration	33,154	35,509	33,644
Transportation	35,339	38,551	40,041
School operations and maintenance	127,477	123,988	114,947
Pupil accommodation	372,710	181,436	215,966
School fundraising	36,500	35,103	33,257
Other	1,035	24,275	22,568
<b>TOTAL EXPENDITURES</b> (note 10)	<b>1,570,937</b>	<b>1,455,686</b>	<b>1,413,357</b>
<b>NET EXPENDITURE</b>	<b>(259,774)</b>	<b>(61,142)</b>	<b>(96,625)</b>
Increase in prepaid expenses	-	5,485	4,004
<b>INCREASE IN NON-FINANCIAL ASSETS</b>	<b>-</b>	<b>5,485</b>	<b>4,004</b>
<b>CHANGE IN NET LIABILITIES</b>	<b>(259,774)</b>	<b>(55,657)</b>	<b>(92,621)</b>
<b>FINANCING TRANSACTIONS</b>			
Long term financing issued (note 4)	-	32,544	244,964
Debt repayments and sinking fund contributions (note 4)	(13,765)	(13,916)	(10,239)
Increase in unfunded liabilities	13,524	19,460	15,140
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>(241)</b>	<b>38,088</b>	<b>249,865</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(260,015)</b>	<b>(17,569)</b>	<b>157,244</b>
Opening fund balances	(155,937)	109,303	(47,941)
<b>CLOSING FUND BALANCES</b>	<b>\$ (415,952)</b>	<b>\$ 91,734</b>	<b>\$ 109,303</b>

See accompanying notes to the consolidated financial statements

**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

(all amounts in thousands of dollars)

As at August 31	ACTUAL 2009	ACTUAL 2008
<b>OPERATIONS</b>		
Net expenditure	\$ (61,142)	\$ (96,625)
<b>SOURCES AND (USES)</b>		
Accounts receivable	15,026	(17,832)
Accounts payable and accrued liabilities	3,429	(33,187)
Deferred revenue - reserves	3,081	(113)
Deferred revenue - other	1,794	(2,005)
Employee benefits payable	17,788	12,996
Net (decrease) in cash from operations	(20,024)	(136,766)
<b>FINANCING</b>		
Long term debt (note 4)	32,544	244,964
Debt repaid and sinking fund contributions (note 4)	(13,916)	(10,239)
Temporary borrowing (note 3)	-	(59,851)
Net increase in cash from financing	18,628	174,874
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,396)	38,108
Opening cash and cash equivalents	40,941	2,833
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	\$ 39,545	\$ 40,941
<b>CLOSING CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash and cash equivalents	\$ 30,541	\$ 31,059
Cash from school activities	9,004	9,882
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	\$ 39,545	\$ 40,941

See accompanying notes to the consolidated financial statements

**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED SCHEDULE OF OPERATING FUND**

(all amounts in thousands of dollars)

Year ended August 31	<b>BUDGET 2009</b>	<b>ACTUAL 2009</b>	<b>ACTUAL 2008</b>
	(Unaudited)		
<b>REVENUES</b>			
Local taxation	\$ 511,846	\$ 503,488	\$ 483,091
Provincial legislative grants	744,890	782,518	724,587
Provincial grants - other	-	21,512	33,494
Federal grants	-	11,075	6,786
Other fees and revenues	702	14,495	13,030
Investment income	650	3,024	1,560
<b>TOTAL REVENUES</b>	<b>1,258,088</b>	<b>1,336,112</b>	<b>1,262,548</b>
<b>EXPENDITURES</b>			
Instruction	958,177	1,008,967	945,856
Administration	32,577	33,282	33,046
Transportation	35,339	38,549	40,041
School operations and maintenance	127,353	123,601	114,633
Pupil accommodation	40,281	45,603	36,808
Other	1,035	24,250	21,755
<b>TOTAL EXPENDITURES</b>	<b>1,194,762</b>	<b>1,274,252</b>	<b>1,192,139</b>
<b>NET REVENUE</b>	<b>63,326</b>	<b>61,860</b>	<b>70,409</b>
Increase in prepaid expenses	-	5,485	4,004
<b>INCREASE IN NON-FINANCIAL ASSETS</b>	<b>-</b>	<b>5,485</b>	<b>4,004</b>
Debt principal repayments and sinking fund contributions (note 4)	(13,765)	(13,916)	(10,239)
Increase in unfunded liabilities	13,524	19,460	15,140
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>(241)</b>	<b>5,544</b>	<b>4,901</b>
<b>NET TRANSFER TO OTHER FUNDS</b>			
Transfers to Capital fund	(62,383)	(13,677)	(32,978)
Transfers to Reserve fund (note 11)	(702)	(59,212)	(40,436)
<b>NET TRANSFER (TO) OTHER FUNDS</b>	<b>(63,085)</b>	<b>(72,889)</b>	<b>(73,414)</b>
<b>CHANGE IN OPERATING FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>5,900</b>
Opening balance - Operating fund	-	-	(5,900)
<b>CLOSING BALANCE - OPERATING FUND</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to the consolidated financial statements

**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED SCHEDULE OF CAPITAL FUND**

(all amounts in thousands of dollars)

Year ended August 31	<b>BUDGET 2009</b>	<b>ACTUAL 2009</b>	<b>ACTUAL 2008</b>
	(Unaudited)		
<b>REVENUES</b>			
Education development charges (note 9)	\$ 15,000	\$ 3,959	\$ 16,570
Proceeds on disposal of land	-	17,088	-
Other	-	1,969	2,344
<b>TOTAL REVENUES</b>	<b>15,000</b>	<b>23,016</b>	<b>18,914</b>
<b>CAPITAL EXPENDITURES</b>			
Instruction	6,545	7,857	7,078
Administration	577	2,227	598
Transportation	-	2	-
School operations and maintenance	124	387	314
Pupil accommodation	332,429	135,833	179,158
Other	-	25	813
<b>TOTAL EXPENDITURES</b>	<b>339,675</b>	<b>146,331</b>	<b>187,961</b>
<b>NET EXPENDITURE</b>	<b>(324,675)</b>	<b>(123,315)</b>	<b>(169,047)</b>
<b>LONG TERM FINANCING</b> (note 4)	-	32,544	244,964
<b>NET TRANSFERS (TO) FROM OTHER FUNDS</b>			
Transfers to Reserve fund (note 11)	-	(53,493)	-
Transfers from Operating fund	62,383	13,677	32,978
<b>NET TRANSFERS FROM OTHER FUNDS</b>	<b>62,383</b>	<b>(39,816)</b>	<b>32,978</b>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	<b>(262,292)</b>	<b>(130,587)</b>	<b>108,895</b>
Opening balance - Capital fund	(187,464)	36,628	(72,267)
<b>CLOSING BALANCE - CAPITAL FUND</b>	<b>\$ (449,756)</b>	<b>\$ (93,959)</b>	<b>\$ 36,628</b>

See accompanying notes to the consolidated financial statements

**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED SCHEDULE OF RESERVE FUND**

(all amounts in thousands of dollars)

Year ended August 31	<b>BUDGET 2009</b>	<b>ACTUAL 2009</b>	<b>ACTUAL 2008</b>
	(Unaudited)		
<b>REVENUES</b>			
Investment income	\$ 1,075	\$ 1,035	\$ 1,022
<b>TOTAL REVENUES</b>	<b>1,075</b>	<b>1,035</b>	<b>1,022</b>
<b>NET TRANSFERS FROM OTHER FUNDS</b>			
Transfers from Operating fund (note 11)	702	59,212	40,436
Transfers from Capital fund (note 11)	-	53,493	-
<b>NET TRANSFERS FROM OTHER FUNDS</b>	<b>702</b>	<b>112,705</b>	<b>40,436</b>
<b>CHANGE IN RESERVE FUND BALANCE</b>	<b>1,777</b>	<b>113,740</b>	<b>41,458</b>
Opening balance - Reserve fund	22,664	63,102	21,644
<b>CLOSING BALANCE - RESERVE FUND</b>	<b>\$ 24,441</b>	<b>\$ 176,842</b>	<b>\$ 63,102</b>

See accompanying notes to the consolidated financial statements



**PEEL DISTRICT SCHOOL BOARD  
CONSOLIDATED SCHEDULE OF SCHOOL ACTIVITIES FUND**

(all amounts in thousands of dollars)

Year ended August 31	<b>BUDGET 2009</b>	<b>ACTUAL 2009</b>	<b>ACTUAL 2008</b>
	(Unaudited)		
<b>REVENUES</b>			
School fundraising and other revenues	\$ 37,000	\$ 34,381	\$ 34,248
<b>TOTAL REVENUES</b>	<b>37,000</b>	<b>34,381</b>	<b>34,248</b>
<b>EXPENDITURES</b>			
School funded activities	36,500	35,103	33,257
<b>TOTAL EXPENDITURES</b>	<b>36,500</b>	<b>35,103</b>	<b>33,257</b>
<b>CHANGE IN SCHOOL ACTIVITIES FUND BALANCE</b>	<b>500</b>	<b>(722)</b>	<b>991</b>
Opening balance - School activities fund	8,863	9,573	8,582
<b>CLOSING BALANCE - SCHOOL ACTIVITIES FUND</b>	<b>\$ 9,363</b>	<b>\$ 8,851</b>	<b>\$ 9,573</b>

See accompanying notes to the consolidated financial statements

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 1: MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The consolidated financial statements are the responsibility of Peel District School Board's ("the Board") management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants ("CICA"). A summary of the significant accounting policies are described in note 2 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 and by the Board's internal auditors.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared by the Board in accordance with generally accepted accounting principles for local governments established by the PSAB of the CICA. The consolidated financial statements are the representation of management.

a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

School Activities Fund, which includes the assets, liabilities, revenues, expenditures and fund balances of schools and school councils which are controlled by the Board, are included in the consolidated financial statements.

These consolidated financial statements include the accounts of:

- The Quality Continuous Improvement Centre for Community Education and Training ("QCIC")
- CET International Inc.
- Halton Business Institute Inc.
- School Activities Funds

All interdepartmental and inter-organizational transactions and balances between these organizations have been eliminated.

**PEEL DISTRICT SCHOOL BOARD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

c) **Basis of Accounting**

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

d) **Cash and Cash Equivalents**

Cash and cash equivalents comprise 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) **Capital Assets**

The historical cost and accumulated depreciation of capital assets are reported only as note disclosure (see Note 13). Capital assets are reported as expenditures on the Consolidated Statement of Financial Activities in the year of acquisition.

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 revenue in the fiscal year the related expenditures are incurred or services performed.

g) **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.

h) **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, worker's compensation and long-term disability benefits.

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Retirement Allowances and Other Employee Future Benefits (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 the employees, such as retirement gratuities and life insurance and healthcare 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 insurance 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 & health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the period that they arise.

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

**i) Investment Income**

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds are reported as revenue in the period earned.

Investment income earned on internally restricted funds such as retirement gratuities is allocated to the respective fund balance and forms part of the respective reserve fund balance. Investment income earned on externally restricted funds such as Pupil Accommodation Grant Reserve ("PAG Reserve") is added to the fund balance and forms part of the respective reserve fund balances.

## PEEL DISTRICT SCHOOL BOARD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2009

(all amounts in thousands of dollars)

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

##### j) Reserves and Reserve Funds

Certain amounts, as approved by the Board trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

##### k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board trustees. In the fall of 2008, Ontario school boards were required by the Ministry of Education to revise their 2008-09 budgets based on the Provincial Framework Agreements approved by the Province, which significantly changed the boards' funding levels and compensation costs for fiscal 2008-09.

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 Board reviews its operating and capital budgets annually. The approved operating and capital budgets for 2009 are reflected on the consolidated schedules of Operating Fund and Capital Fund. Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Budget figures have not been audited and are presented for information purposes.

##### l) 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 amount 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 current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenditures in the periods in which they become known. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

In addition, the Board's ultimate implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. For the year ended August 31, 2009, these amounts and the related estimation techniques have been disclosed in note 13.

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 3: 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, banker's 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 facilities (2008 - \$0). All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdraft. The Board also has \$238 (2008 - \$808) 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.

**NOTE 4: NET DEBENTURE DEBT**

Net debenture debt outstanding reported on the Consolidated Statement of Financial Position includes amortizing and sinking fund debentures issued on behalf of the Board by the Ontario School Board Financing Corporation ("OSBFC") from 2000 to 2007 and the Ontario Financing Authority ("OFA") since 2007, summarized as follows:

	<u>2009</u>	<u>2008</u>
OFA 2008 – Debenture	\$203,508	\$205,718
OSBFC 2006 – A1 Debenture	187,015	191,562
OSBFC 2004 – A1 Debenture	90,385	92,728
Good Places to Learn Debenture 2006	44,841	45,965
OFA 2009 - Good Places to Learn / Primary Class Size Debenture	32,544	-
OFA 2008 - Good Places to Learn / Primary Class Size Debenture	38,407	39,246
OSBFC 2001 – A2 Sinking Fund Debenture	150,000	150,000
Less: Sinking Fund Assets	<u>(17,039)</u>	<u>(14,186)</u>
<b>Balance as at August 31</b>	<b><u>\$729,661</u></b>	<b><u>\$711,033</u></b>

These debentures and sinking funds mature in the fiscal years 2016 to 2034 and bear interest at rates ranging from 4.56% to 6.25%. During the year, the Board issued, through the OFA, a 25 year debenture in the amounts of \$32,544 (2008 – two debentures in the amounts of \$205,718 and \$39,246) with an annual interest rate of 5.062% (2008 – 4.86% and 4.90% respectively).

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 4: NET DEBENTURE DEBT (continued)**

Principal payments and Sinking Fund Contributions relating to net debenture debt of \$729,661 outstanding as at August 31, 2009 are due as follows:

	<u>Principal and Sinking Fund Contributions</u>	<u>Interest</u>	<u>Total</u>
2009-2010	\$ 16,625	\$ 39,096	\$ 55,721
2010-2011	17,366	38,355	55,721
2011-2012	18,144	37,577	55,721
2012-2013	18,963	36,758	55,721
2013-2014	19,823	35,898	55,721
Thereafter	638,740	292,905	931,645
	<u>\$ 729,661</u>	<u>\$480,589</u>	<u>\$1,210,250</u>

Included in net debenture debt are outstanding debentures of \$150,000 (2008 - \$150,000) secured by sinking fund assets with a carrying value of \$17,039 (market value \$17,888). Sinking fund assets are comprised of short-term notes and deposits, government and government guaranteed bonds and debentures and corporate bonds.

The expenditure for debt charges and capital loan interest includes principal and interest payments as follows:

	<u>2009</u>	<u>2008</u>
Principal payments on long-term liabilities including contribution to sinking funds	\$13,916	\$10,239
Interest payments on long-term liabilities	37,225	26,946
Interest payments on temporary financing of capital projects	505	1,300
	<u>\$51,646</u>	<u>\$38,485</u>

**NOTE 5: DEFERRED REVENUE**

The use of certain reserve funds are restricted by provincial government regulations. It is a requirement of PSAB of the CICA that these reserve funds be reported as deferred revenue. During the year, \$141 for proceeds of disposition and \$2,968 for Energy Efficient schools were transferred from operations to deferred revenue and \$28 for proceeds of disposition was transferred into revenue.

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

	<u>2009</u>	<u>2008</u>
Proceeds of Disposition	\$3,180	\$3,067
Energy Efficient Schools	2,968	-
	<u>\$6,148</u>	<u>\$ 3,067</u>

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 6: RETIREMENT & OTHER EMPLOYEE FUTURE BENEFITS**

a) **Retirement allowances and early retirement incentive plan**

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 the Ontario Municipal Employees Retirement System ("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:

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

Retirement allowances and early retirement incentives paid were as follows:

	<u>2009</u>	<u>2008</u>
Elementary staff	\$3,243	\$4,334
Secondary staff	3,344	3,736
Other staff	486	443
	<u>\$7,073</u>	<u>\$8,513</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, 2009 the reserve earned interest of \$149. As at August 31, 2009, the reserve amounted to \$17,537 (2008 - \$17,388).

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 1st of the year following retirement. Included in the amounts listed is an amount of \$310 (2008 - \$345) 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.



**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 6: RETIREMENT & OTHER EMPLOYEE FUTURE BENEFITS (continued)**

b) **Retirement and other employee future benefits (continued)**

	<u>2009</u>	<u>2008</u>
Wage and salary escalation	2.35%	3.40%
Discount on accrued benefit obligations	4.75%	4.75%

Sick leave utilization is based on experience and probability tables.

Accrued employee future benefit liability is comprised of employee future benefits relating to retirement benefit obligations, subsidized non-pension benefits on retirement, post employment benefits and compensated absences.

**Retirement and Other Employee Future Benefit Liabilities**

	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>2009 Total Employee Future Benefits</u>	<u>2008 Total Employee Future Benefits</u>
Accrued Benefit Obligations at August 31	\$95,960	\$111,343	\$207,303	\$203,848
Unamortized Actuarial Losses at August 31	(3,607)	(14,895)	(18,502)	(32,835)
<b>Accrued Employee Future Benefit Liability at August 31</b>	<b>\$92,353</b>	<b>\$96,448</b>	<b>\$188,801</b>	<b>\$171,013</b>

**Retirement and Other Employee Future Benefit Expenditures**

	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>2009 Total Employee Future Benefits</u>	<u>2008 Total Employee Future Benefits</u>
<b>Estimated Costs for the year</b>				
Current year benefit costs	\$8,063	\$4,014	\$12,077	\$17,265
Interest on accrued benefit obligation	5,030	4,854	9,884	8,923
Net amortization of estimation adjustment loss	1,879	6,610	8,489	2,948
Employee future benefit expenditures <sup>(1)</sup>	14,972	15,478	30,450	29,136
Actual payments for the year	(7,073)	(8,617)	(15,690)	(16,140)
<b>Net estimated costs</b>	<b>\$7,899</b>	<b>\$6,861</b>	<b>\$14,760</b>	<b>\$12,996</b>

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

**PEEL DISTRICT SCHOOL BOARD**  
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**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 6: RETIREMENT & OTHER EMPLOYEE FUTURE BENEFITS (continued)**

c) **Pension plan costs**

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 \$10,472 (2008 - \$9,630).

Not shown in the consolidated financial statements of the Board are the employer's contributions to the Teachers' Superannuation Fund. The funding for such is provided directly by the Province of Ontario.

d) **Workplace Safety and Insurance Board("WSIB")**

The Board is a Schedule 2 employer under the WSIB 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 financial statements.

**NOTE 7: PREPAID EXPENSES**

The terms of the employment contracts for teachers and other 10 month staff require salaries to be paid on a bi-weekly 12 month pay schedule. As a result, two pays were made before the beginning of the following school year. This payroll and benefit expenditure has been recorded as a prepaid expense and will be charged to the following school year.

	<u>2009</u>	<u>2008</u>
Prepaid salaries and benefits	\$58,935	\$52,775
Other prepaid expenses	1,620	2,295
<b>Total prepaid expenses</b>	<b>\$60,555</b>	<b>\$55,070</b>

**NOTE 8: AMOUNTS TO BE RECOVERED**

The amounts to be recovered from future year funding reported on the Consolidated Statement of Financial Position are comprised of the following:

	<u>2009</u>	<u>2008</u>
<b>Capital outlay to be recovered in future years</b>		
Net debenture debt (note 4)	\$729,661	\$711,033
<b>Amounts to be financed in future years</b>		
Retirement benefits (note 6)	92,353	84,453
Other employee future benefits (note 6)	96,448	86,560
Vacation accrual	4,578	4,368
Interest accrual on long term debt	12,753	11,291
	206,132	186,672
<b>Total amount to be recovered in future years</b>	<b>\$935,793</b>	<b>\$897,705</b>

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 9: EDUCATIONAL DEVELOPMENT CHARGES**

Effective June 2009, the Peel District School 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, \$3,959 (2008 - \$16,570) was received for the Educational Development Charge and used for the purchase of sites.

**NOTE 10: EXPENDITURES BY OBJECT**

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

	<u>Budget</u>	<u>2009</u>	<u>2008</u>
	(Unaudited)		
Salaries and wages	\$871,206	\$928,194	\$859,872
Employee benefits	140,881	155,212	143,891
Staff development	4,890	3,890	743
Supplies and services	66,236	64,373	79,309
Replacement furniture and equipment	2,021	770	1,219
Interest charges on long term debt	40,281	38,686	30,430
Rental expenditures	4,445	2,487	2,353
Fees and contract services	61,839	74,065	72,066
School fundraising	36,500	35,103	33,257
Other	2,963	6,575	2,256
Capital expenditures	339,675	146,331	187,961
<b>Total</b>	<b><u>\$1,570,937</u></b>	<b><u>\$1,455,686</u></b>	<b><u>\$1,413,357</u></b>

**NOTE 11: INTERNALLY RESTRICTED RESERVE**

The following net transfers to (from) reserves occurred during the year:

	<u>2009</u>	<u>2008</u>
PAG Reserve	\$40,444	\$ 35,537
Retirement Gratuity Reserve	-	(2,168)
Cafeteria Repair Reserve	573	240
Working Fund Reserve	17,721	6,518
Cafeteria repairs	(143)	(302)
Coca Cola Reserve	617	611
<b>Total transfers from Operating fund</b>	<b><u>\$59,212</u></b>	<b><u>\$ 40,436</u></b>
<b>Total transfers from Capital fund – PAG Reserve</b>	<b><u>\$53,493</u></b>	<b><u>-</u></b>

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 12: 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 \$17,492 (2008 - \$66,831). 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 3.

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, there was a liability for claims or unreported claims for life insurance of \$1,000 (2008 – \$217). As at August 31, 2009 there was a deficit for the health and dental benefits of \$60 (2008 surplus – \$741). These liabilities (surplus) are included in accounts payable and accrued liabilities (accounts receivable) on the consolidated statement of financial position. 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, 2009 for premises and equipment leases are as follows:

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>Thereafter</u>	<u>Total</u>
Rental							
commitment	\$ 3,090	\$ 2,334	\$ 1,323	\$ 1,305	\$ 919	\$ 1,976	\$10,947
Equipment							
lease							
commitment	723	-	-	-	-	-	723
<b>Total</b>							
<b>commitment</b>	<b>\$ 3,813</b>	<b>\$ 2,334</b>	<b>\$ 1,323</b>	<b>\$ 1,305</b>	<b>\$ 919</b>	<b>\$ 1,976</b>	<b>\$11,670</b>

## PEEL DISTRICT SCHOOL BOARD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2009

(all amounts in thousands of dollars)

#### NOTE 13: TANGIBLE CAPITAL ASSETS

For the fiscal year ending August 31, 2010, the Board will be required to report the historical cost and the accumulated depreciation of tangible capital assets in its financial statements in accordance with the Public Sector Accounting Handbook PS3150 – Tangible Capital Assets. For 2009, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available.

Upon implementation, tangible capital assets will be recorded at historical cost. 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.

Land and buildings are recorded at an estimate of historical cost. 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 at historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

Amortization is provided on a straight-line basis over the estimated useful life of the assets. The Board has \$53,451 in tangible capital assets not being amortized: \$47,270 of buildings under construction and \$6,181 relating to pre-acquisition and pre-construction costs.

Amortization is calculated on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	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 the term of the lease

**PEEL DISTRICT SCHOOL BOARD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 13: TANGIBLE CAPITAL ASSETS (continued)**

<b>Cost</b>	<b>Balance at August 31, 2008</b>	<b>Additions</b>	<b>Disposals, Write-offs and adjustments</b>	<b>Balance at August 31, 2009</b>
Land	\$222,101	\$32,632	\$(14,176)	\$240,557
Land Improvements	5,371	938	-	6,309
Buildings	1,412,284	94,893	(472)	1,506,705
Portable Structures	71,625	-	(7,557)	64,068
First-Time equipping of Schools	40,545	2,848	(1,712)	41,681
Furniture	1,754	143	(99)	1,798
Equipment	4,770	641	(704)	4,707
Computer Hardware	9,300	841	(1,820)	8,321
Computer Software	1,266	312	(216)	1,362
Vehicles	606	-	-	606
Leasehold Improvements	-	1,241	-	1,241
<b>Total</b>	<b>\$1,769,622</b>	<b>\$134,489</b>	<b>\$(26,756)</b>	<b>\$1,877,355</b>

<b>Accumulated amortization</b>	<b>Balance at August 31, 2008</b>	<b>Amortization</b>	<b>Disposals, Write-offs and adjustments</b>	<b>Balance at August 31, 2009</b>
Land	-	-	-	-
Land Improvements	\$842	\$396	-	\$1,238
Buildings	277,883	38,075	(353)	315,605
Portable Structures	43,714	3,829	(7,557)	39,986
First-Time equipping of Schools	17,259	4,111	(1,712)	19,658
Furniture	681	178	(99)	760
Equipment	2,401	690	(704)	2,387
Computer Hardware	4,884	1,762	(1,820)	4,826
Computer Software	496	263	(216)	543
Vehicles	248	109	-	357
Leasehold Improvements	-	89	-	89
<b>Total</b>	<b>\$348,408</b>	<b>\$49,502</b>	<b>\$(12,461)</b>	<b>\$385,449</b>

**PEEL DISTRICT SCHOOL BOARD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 13: TANGIBLE CAPITAL ASSETS (continued)**

	Net Book Value August 31, 2008	Net Book Value August 31, 2009
Land	\$222,101	\$240,557
Land Improvements	4,529	5,071
Buildings	1,134,401	1,191,100
Portable Structures	27,911	24,082
First-Time equipping of Schools	23,286	22,023
Furniture	1,073	1,038
Equipment	2,369	2,320
Computer Hardware	4,416	3,495
Computer Software	770	819
Vehicles	358	249
Leasehold Improvements	-	1,152
<b>Total</b>	<b>\$1,421,214</b>	<b>\$1,491,906</b>

**NOTE 14: CONTROLLED ENTITIES**

As disclosed in Note 2 (a), 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 purpose of the controlled entities is the development, support, implementation and advancement of community education and training programs.

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

	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
Total assets	\$5,639	\$4,898	Revenue	\$21,904	\$18,254
Total liabilities	10,731	9,716	Expenditures	22,179	19,810
<b>Net assets</b>	<b><u>\$(5,092)</u></b>	<b><u>\$(4,818)</u></b>	<b>Net (loss)</b>	<b><u>\$ (275)</u></b>	<b><u>\$(1,556)</u></b>

**NOTE 15: ONTARIO SCHOOL BOARD INSURANCE EXCHANGE**

The Board is a member of the Ontario School Board Insurance Exchange ("OSBIE"), a reciprocal insurance company licensed under the Insurance Act. The Board uses OSBIE to insure for property damage, boiler and machinery coverage and crime coverage. Automobile and general liability coverage is provided by a public broker.

**PEEL DISTRICT SCHOOL BOARD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

(all amounts in thousands of dollars)

**NOTE 16: TRUST FUNDS**

Trust funds administered by the Board in the amount of \$1,290 (2008 - \$1,258), are invested in guaranteed investment certificates and the interest earned is used to provide scholarship awards annually. Trust funds and their related operations are not presented as part of the Board's consolidated financial position or financial activities as the balances are held in trust and not controlled by the Board.