

Consolidated Financial Statements of

**PEEL DISTRICT  
SCHOOL BOARD**

Years ended August 31, 2012 and 2011

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Independent 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

### Trustees

Janet McDougald, Chair  
Suzanne Nurse, Vice-Chair  
Stan Cameron  
Beryl Ford  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of Peel District School Board

We have audited the accompanying consolidated financial statements of Peel District School Board, which comprise the consolidated statements of financial position as at August 31, 2012 and 2011, the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Page 2

*Opinion*

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

*Emphasis of Matter*

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

November 27, 2012  
Toronto, Canada

# PEEL DISTRICT SCHOOL BOARD

Consolidated Statements of Financial Position  
(In thousands of dollars)

August 31, 2012 and 2011

	2012	2011
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 22,294	\$ 106,300
Accounts receivable	76,836	70,849
Accounts receivable - Government of Ontario - approved capital (note 2)	828,059	740,792
Assets held for sale (note 3)	259	-
	<u>927,448</u>	<u>917,941</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	100,869	95,010
Deferred revenue (note 4)	15,442	20,961
Retirement and other employee future benefits payable (note 6)	113,823	221,836
Net debenture debt (note 7)	796,668	818,883
Deferred capital contributions (note 5)	1,450,540	1,368,556
	<u>2,477,342</u>	<u>2,525,246</u>
Net debt	(1,549,894)	(1,607,305)
<b>Non-financial Assets</b>		
Prepaid expenses and inventory	5,353	35,928
Tangible capital assets (note 12)	1,771,268	1,662,236
	<u>1,776,621</u>	<u>1,698,164</u>
Contractual obligations and contingent liabilities (note 15)		
Subsequent event (note 18)		
Accumulated surplus	<u>\$ 226,727</u>	<u>\$ 90,859</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 Statements of Operations and Accumulated Surplus  
(In thousands of dollars)

Years ended August 31, 2012 and 2011

	Budget 2012	Actual 2012	Actual 2011
	(Unaudited - note 1(l))		
Revenues:			
Provincial grants:			
For student needs	\$ 986,506	\$ 968,004	\$ 893,377
Other	30,472	32,031	32,163
Local taxation	522,956	532,665	526,606
School-generated funds	34,950	32,496	34,757
Federal grants and fees	11,723	2,004	14,297
Investment income	1,000	2,858	3,438
Other fees and revenues	22,028	26,920	25,248
	<u>1,609,635</u>	<u>1,596,978</u>	<u>1,529,886</u>
Expenses (note 11):			
Instruction	1,212,074	1,108,929	1,139,813
Administration	41,859	36,147	39,701
Transportation	38,814	40,564	39,208
Pupil accommodation	262,464	238,544	246,971
School-generated funds	35,700	32,973	32,814
Other	24,881	3,953	29,164
	<u>1,615,792</u>	<u>1,461,110</u>	<u>1,527,671</u>
Annual surplus (deficit)	(6,157)	135,868	2,215
Accumulated surplus, beginning of year	64,087	90,859	88,644
Accumulated surplus, end of year	<u>\$ 57,930</u>	<u>\$ 226,727</u>	<u>\$ 90,859</u>

See accompanying notes to consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

Consolidated Statements of Changes in Net Debt  
(In thousands of dollars)

Years ended August 31, 2012 and 2011

	2012	2011
Annual surplus	\$ 135,868	\$ 2,215
Tangible capital asset activities:		
Purchase of tangible capital assets	(167,726)	(142,338)
Amortization of tangible capital assets	58,435	54,438
Transfer to assets held for sale	259	–
Loss on sale of tangible capital assets	–	1,146
Proceeds on sale of tangible capital assets	–	2,076
Gains on sale of tangible capital assets allocated to deferred revenue	–	(1,593)
	(109,032)	(86,271)
Other non-financial asset activities:		
Acquisition of prepaid expenses and inventory	(5,353)	(35,928)
Use of prepaid expenses and inventory	35,928	62,070
	30,575	26,142
Decrease (increase) in net debt	57,411	(57,914)
Net debt, beginning of year	(1,607,305)	(1,549,391)
Net debt, end of year	\$ (1,549,894)	\$ (1,607,305)

See accompanying notes to consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

Consolidated Statements of Cash Flows  
(In thousands of dollars)

Years ended August 31, 2012 and 2011

	2012	2011
<b>Operating activities:</b>		
Annual surplus	\$ 135,868	\$ 2,215
Non-cash items including amortization, write-downs and loss on sale of tangible capital assets:		
Amortization of tangible capital assets	58,435	54,438
Amortization of deferred capital contributions	(57,762)	(53,998)
Transfer to assets held for sale	259	-
Transfers from deferred capital contributions	-	(1,146)
Loss on sale of tangible capital assets	-	1,146
Gains on sale of tangible capital assets allocated to deferred revenue	-	(1,593)
Change in non-cash assets and liabilities:		
Accounts receivable	(5,987)	17,409
Assets held for sale	(259)	-
Accounts payable and accrued liabilities	5,859	22,110
Deferred revenue operating	2,699	(5,609)
Retirement and other employee future benefits payable	(108,013)	20,220
Prepaid expenses and inventory	30,575	26,142
	<u>61,674</u>	<u>81,334</u>
<b>Capital activities:</b>		
Proceeds on sale of tangible capital assets	-	2,076
Purchase of tangible capital assets	(167,726)	(142,338)
	<u>(167,726)</u>	<u>(140,262)</u>
<b>Financing activities:</b>		
Debt repaid and sinking fund contributions	(22,215)	(20,423)
Increase in accounts receivable - Government of Ontario - approved capital, net	(87,267)	(46,868)
Decrease in deferred revenue capital, net	(8,218)	(5,809)
Transfer from deferred capital contributions to deferred revenue	(198)	(483)
Additions to deferred capital contributions	139,944	108,821
	<u>22,046</u>	<u>35,238</u>
Decrease in cash and cash equivalents	(84,006)	(23,690)
Cash and cash equivalents, beginning of year	106,300	129,990
<b>Cash and cash equivalents, end of year</b>	<b>\$ 22,294</b>	<b>\$ 106,300</b>

See accompanying notes to consolidated financial statements.



# PEEL DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies:

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below:

### (a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11, Accounting Policies and Practices Public Entities ("Regulation 395/11"), of the Financial Administration Act.

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

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

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian Public Sector Accounting Standards which requires that:

- (i) government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Public Sector Accounting Standard PS3410;

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

- (ii) externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Public Sector Accounting Standard PS3100; and
- (iii) property taxation revenue be reported as revenue when received or receivable in accordance with Public Sector Accounting Standard PS3510.

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

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

### (b) Reporting entity:

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

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

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.

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

### (c) 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.

### (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) 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.

### (f) Deferred capital contributions:

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

(i) Government transfers received or receivable for capital purpose;

(ii) Other restricted contributions received or receivable for capital purpose; and

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

(iii) Property taxation revenues which were historically used to fund capital assets.

(g) Retirement gratuities and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. On September 11, 2012, the Government of Ontario passed Bill 115, Putting Students First Act, which included changes to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

### (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.

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
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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# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statements of financial position.

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.

Tangible capital assets removed from service and/or held for resale are not amortized. They are recorded at lower of carrying value and estimated net realizable value.

### (i) 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.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

### (j) 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.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

### (k) Long-term debt:

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

### (l) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees ("Trustees") on June 14, 2011. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.

### (m) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note (a) 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 dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the years. Accounts subject to significant estimates include assumptions in estimating historical cost and useful lives of tangible capital assets, in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from those estimates.

## 2. Accounts receivable - Government of Ontario:

The Province replaced variable capital funding with a one-time debt support grant in 2009 - 2010. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 2. Accounts receivable - Government of Ontario (continued):

The Board has an account receivable from the Province of \$828,059 (2011 - \$740,792) as at August 31, 2012 with respect to capital grants.

## 3. Assets held for sale:

As of August 31, 2012, \$198 (2011 - nil) related to buildings and \$61 (2011 - nil) related to land were recorded as assets held for sale. During the year, no school properties were sold, and one property with a net book value of \$259 was reclassified during the year. Net proceeds of nil (2011 - \$2,076) were received on the sale of these properties, which had a carrying value of nil (2011 - \$483), resulting in a gain of nil (2011 - \$1,593). Of that gain, nil (2011 - \$2,076) was deferred for future capital asset purchases according to Ontario Regulation 193/10.

## 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 statements of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement, as at August 31, 2012, comprises the following:

2012	Balance, August 31, 2011	Externally restricted revenue	Revenue recognized in the year	Transfer to deferred capital contributions	Balance, August 31, 2012
Legislative grants	\$ 2,828	\$ 271,859	\$ (251,183)	\$ (18,615)	\$ 4,889
Other Ministry of Education	4,721	11,227	(9,461)	(1,850)	4,637
Other provincial grants	28	383	(94)	-	317
Energy-efficient schools	8,088	-	(64)	(8,024)	-
Proceeds of disposition	5,202	-	-	-	5,202
Other	94	11,846	(11,335)	(208)	397
<b>Total deferred revenue</b>	<b>\$ 20,961</b>	<b>\$ 295,315</b>	<b>\$ (272,137)</b>	<b>\$ (28,697)</b>	<b>\$ 15,442</b>



# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 4. Deferred revenue (continued):

2011	Balance, August 31, 2010	Externally restricted revenue	Revenue recognized in the year	Transfer to deferred capital contributions	Balance, August 31, 2011
Legislative grants	\$ 656	\$ 247,399	\$ (232,995)	\$ (12,232)	\$ 2,828
Other Ministry of Education	5,234	9,207	(9,292)	(428)	4,721
Other provincial grants	14,925	–	(69)	(14,828)	28
Energy-efficient schools	5,240	10,835	(246)	(7,741)	8,088
Proceeds of disposition	3,127	2,075	–	–	5,202
Other	3,197	10,971	(13,714)	(360)	94
<b>Total deferred revenue</b>	<b>\$ 32,379</b>	<b>\$ 280,487</b>	<b>\$ (256,316)</b>	<b>\$ (35,589)</b>	<b>\$ 20,961</b>

## 5. Deferred capital contributions:

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

	2012	2011
Deferred capital contributions, beginning of year	\$ 1,368,556	\$ 1,315,362
Additions to deferred capital contributions	139,944	108,821
Revenue recognized in the year	(57,762)	(53,998)
Transfers to deferred revenue	(198)	(483)
Loss on sale of tangible capital assets	–	(1,146)
<b>Deferred capital contributions, end of year</b>	<b>\$ 1,450,540</b>	<b>\$ 1,368,556</b>

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 6. Retirement and other employee future benefits:

Plan changes:

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

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

(a) Retirement gratuities and early retirement incentive plan:

The Board policy provides that gratuities 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 gratuities are expensed in the years they become due as outlined below:

The amount of gratuity 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.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service at August 31, 2012. The changes to the Board's retirement gratuity and early retirement incentive plans resulted in a one-time decrease to the Board's obligation of \$16,950 and a corresponding curtailment gain was reported in the consolidated statements of operations and accumulated surplus as at August 31, 2012.

The following staff are not eligible for retirement gratuities:

- (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.

The following staff are not eligible for early retirement incentive plans:

- (i) All staff who were not eligible for early retirement incentive plan payments as of August 31, 2012.

Retirement gratuities and early retirement incentives paid were as follows:

	2012	2011
Elementary staff	\$ 5,777	\$ 4,410
Secondary staff	4,943	3,037
Other staff	698	243
	<u>\$ 11,418</u>	<u>\$ 7,690</u>

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

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, 2012, there were no contributions to the internally appropriated surplus (2011 - nil). As at August 31, 2012, the internally appropriated surplus amounted to \$21,537 (2011 - \$21,537).

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 based on the plan design for the employee group. The plan design includes payments based upon the year of eligibility for an unreduced pension and age of the employee. Payments range from \$2 to \$10 or are based on a percentage of salary from 5% to 25%. Payments are typically paid on January 1 of the year following retirement. Included in the \$11,418 (2011 - \$7,690) amounts listed above is an amount of \$632 (2011 - \$170) pertaining to this plan.

### (b) Retirement life insurance and health care 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.

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	2012	2011
Wage and salary escalation - inflation component	2.00%	3.00%
Health care escalation	4.00% - 9.00%	4.50% - 8.60%
Dental care escalation	3.00% - 5.00%	4.50% - 5.30%
Discount on accrued benefit obligations	3.00%	4.00%

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Sick leave utilization is based on experience and probability tables.

Retirement and other employee future benefits liabilities comprise future retirement benefit obligations, subsidized non-pension benefits on retirement, post-employment benefits and compensated absences. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for Board-subsidized premiums or contributions. The changes to the Board's retirement health, life and dental plans resulted in a one-time reduction to the Board's obligation of \$19,013 and a corresponding curtailment gain was reported in the consolidated statements of operations and accumulated surplus as at August 31, 2012.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

The retirement and other employee future benefits liability is summarized as follows:

2012	Retirement benefits	Other employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 91,205	\$ 22,618	\$ 113,823
Accrued employee future benefits liability, end of year	\$ 91,205	\$ 22,618	\$ 113,823

2011	Retirement benefits	Other employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 119,479	\$ 139,063	\$ 258,542
Unamortized actuarial loss	(13,824)	(22,882)	(36,706)
Accrued employee future benefits liability, end of year	\$ 105,655	\$ 116,181	\$ 221,836

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

2012	Retirement benefits	Other employee future benefits	Total employee future benefits
Current year benefit costs	\$ 9,184	\$ (579)	\$ 8,605
Interest on accrued benefit obligations	4,734	4,427	9,161
Curtailement gain	(36,327)	(102,940)	(139,267)
Gain on plan amendments	-	(6,930)	(6,930)
Recognition of unamortized actuarial losses on plan curtailments	19,377	22,724	42,101
Employee future benefit expense <sup>(1)</sup>	\$ (3,032)	\$ (83,298)	\$ (86,330)
Actual payments for the year	\$ 11,418	\$ 10,265	\$ 21,683

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

2011	Retirement benefits	Other employee future benefits	Total employee future benefits
Current year benefit costs	\$ 7,700	\$ 10,426	\$ 18,126
Recognition of past service costs	–	6,324	6,324
Interest on accrued benefit obligations	5,230	5,800	11,030
Net amortization of estimation adjustment loss	8,419	7,519	15,938
<b>Employee future benefit expense<sup>(1)</sup></b>	<b>\$ 21,349</b>	<b>\$ 30,069</b>	<b>\$ 51,418</b>
Actual payments for the year	\$ 7,690	\$ 10,812	\$ 18,502

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

### (c) 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. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

### (d) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board are eligible to be members of OMERS, which is a multi-employer defined benefit contribution plan.

The plan provides defined benefit pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. The Board contributions for the year amounted to \$16,572 (2011 - \$13,585). As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

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

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Board Act ("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.

### (f) Long-term disability benefits:

The Board provides long-term disability benefits, including payment of life insurance premiums benefits during the period an employee is unable to work or until their normal retirement date. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

### (g) Sick leave benefits:

As a result of the plan changes, the Board's liability related to compensated absences from sick leave accumulations has been eliminated, resulting in a one-time reduction to the obligation of \$61,204 and a corresponding curtailment gain was reported in the consolidated statements of operations and accumulated surplus as at August 31, 2012.

### (h) Life insurance, health and dental benefits:

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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

The changes to the Board's life insurance, retiree health care and dental plans resulted in a one-time reduction to the Board's obligation of \$19,013 and a corresponding curtailment gain was reported in the consolidated statements of operations and accumulated surplus as at August 31, 2012.

## 7. Net debenture debt:

Net debenture debt reported on the consolidated statements of financial position comprises the following:

	2012	2011
OFA 2008 Debenture:		
4.86%, 25-year debenture, maturing June 27, 2033	\$ 189,069	\$ 194,115
OSBFC 2006 A1 Debenture:		
5.070%, 25-year debenture, maturing April 18, 2031	171,925	177,209
OSBFC 2004 A1 Debenture:		
5.483%, 25-year debenture, maturing November 26, 2029	82,544	85,300
Good Places to Learn Debenture 2006:		
4.56%, 25-year debenture, maturing November 15, 2031	41,147	42,434
OFA 2009 Good Places to Learn/Primary Class Size Debenture:		
5.062%, 25-year debenture, maturing March 13, 2034	30,402	31,152
OFA 2008 Good Places to Learn/Primary Class Size Debenture:		
4.90%, 25-year debenture, maturing March 3, 2033	35,633	36,603
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	38,534	39,390
OFA 2010 New Pupil Places Debenture:		
4.947%, 25-year debenture, maturing May 15, 2035	86,404	88,388
	<u>825,658</u>	<u>844,591</u>
Less sinking fund assets	28,990	25,708
	<u>\$ 796,668</u>	<u>\$ 818,883</u>



# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 7. Net debenture debt (continued):

Principal and interest payments relating to net debenture debt of \$796,668 outstanding as at August 31, 2012 are due as follows:

	Principal and sinking fund contributions	Interest payments	Total
2012 - 2013	\$ 21,948	\$ 43,011	\$ 64,959
2013 - 2014	22,961	41,999	64,960
2014 - 2015	24,025	40,935	64,960
2015 - 2016	25,143	39,816	64,959
2016 - 2017	26,318	33,953	60,271
Thereafter	676,273	253,129	929,402
Net debenture debt	\$ 796,668	\$ 452,843	\$ 1,249,511

Included in net debenture debt are outstanding sinking fund debentures of \$150,000 (2011 - \$150,000) secured by sinking fund assets with a carrying value of \$28,990 (2011 - \$25,708) (market value - \$31,007; 2011 - \$27,188). 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 net debenture debt amounted to \$43,695 (2011 - \$44,637).

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 8. 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.

The Board has available credit facilities of \$165,000 and as of year end had no borrowings against these facilities (2011 - nil). The interest on temporary borrowings, when drawn, would range from the bank's prime lending rate minus 0.75% 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 \$405 (2011 - \$165) 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 1.0% until they are either utilized or cancelled upon completion of the project.

## 9. Debt charges and interest:

	2012	2011
Principal payments on net debenture debt, including contributions to sinking funds	\$ 20,985	\$ 19,135
Interest payments on net debenture debt	43,975	44,329
	<u>\$ 64,960</u>	<u>\$ 63,464</u>

Included in debt repayment and sinking fund contributions on the consolidated statements of cash flows in total of \$22,215 (2011 - \$20,423) are principal payments on net debenture debt, including contributions to sinking funds of \$20,985 (2011 - \$19,135) and sinking fund interest revenue of \$1,230 (2011 - \$1,288).

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 10. 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, \$10,760 (2011 - \$9,342) was received for the educational development charges and used for the purchase of sites. The entire amount is included in other fees and revenues on the consolidated statements of operations and accumulated surplus.

## 11. Expenses by object:

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

	Budget 2012	Actual 2012	Actual 2011
	(Unaudited)		
Salary and wages	\$ 1,104,954	\$ 1,102,742	\$ 1,048,364
Employee benefits	189,608	65,441	179,236
Staff development	4,401	4,098	4,791
Supplies and services	81,850	70,870	69,772
Interest charges on capital	44,302	43,695	44,637
Rental expenditures	4,770	4,345	4,624
Fees and contract services	76,330	75,455	79,599
School-generated funds	35,700	32,973	32,814
Other	5,983	3,056	8,250
Amortization of tangible capital assets	67,894	58,435	54,438
Loss on sale of tangible capital assets	–	–	1,146
	\$ 1,615,792	\$ 1,461,110	\$ 1,527,671

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 12. Tangible capital assets:

Cost	Balance, August 31, 2011	Additions and transfers	Disposal and write-offs	Balance, August 31, 2012
Land	\$ 282,324	\$ 23,124	\$ –	\$ 305,448
Land improvements	9,283	2,519	–	11,802
Buildings and building improvements	1,695,317	143,304	–	1,838,621
Portable structures	45,177	–	(1,063)	44,114
First-time equipping of schools	41,607	6,099	(4,006)	43,700
Furniture	1,652	28	(111)	1,569
Equipment	7,703	764	(611)	7,856
Computer hardware	5,598	1,089	(2,114)	4,573
Computer software	1,282	199	(217)	1,264
Vehicles	1,698	322	–	2,020
Asset permanently removed from service	1,569	(800)	–	769
Leasehold improvements	1,692	–	–	1,692
Construction in progress	27,115	(10,553)	–	16,562
	<u>\$ 2,122,017</u>	<u>\$ 166,095</u>	<u>\$ (8,122)</u>	<u>\$ 2,279,990</u>

Accumulated amortization	Balance, August 31, 2011	Amortization and transfers	Disposal and write-offs	Balance, August 31, 2012
Land improvements	\$ 2,245	\$ 735	\$ –	\$ 2,980
Buildings and building improvements	398,249	47,118	–	445,367
Portable structures	26,863	2,348	(1,063)	28,148
First-time equipping of schools	21,488	4,265	(4,006)	21,747
Furniture	863	161	(111)	913
Equipment	3,021	1,267	(611)	3,677
Computer hardware	3,512	1,017	(2,114)	2,415
Computer software	771	255	(217)	809
Vehicles	814	253	–	1,067
Asset permanently removed from service	1,371	(602)	–	769
Leasehold improvements	584	246	–	830
	<u>\$ 459,781</u>	<u>\$ 57,063</u>	<u>\$ (8,122)</u>	<u>\$ 508,722</u>

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 12. Tangible capital assets (continued):

Cost	Balance, August 31, 2010	Additions and transfers	Disposal and write-offs	Balance, August 31, 2011
Land	\$ 249,891	\$ 32,433	\$ –	\$ 282,324
Land improvements	7,261	2,022	–	9,283
Buildings and building improvements	1,606,873	89,220	(776)	1,695,317
Portable structures	53,677	–	(8,500)	45,177
First-time equipping of schools	40,135	3,709	(2,237)	41,607
Furniture	3,690	42	(2,080)	1,652
Equipment	5,045	3,145	(487)	7,703
Computer hardware	11,007	519	(5,928)	5,598
Computer software	1,361	83	(162)	1,282
Vehicles	1,698	–	–	1,698
Asset permanently removed from service	–	1,569	–	1,569
Leasehold improvements	3,224	27	(1,559)	1,692
Construction in progress	17,546	9,569	–	27,115
	<b>\$ 2,001,408</b>	<b>\$ 142,338</b>	<b>\$ (21,729)</b>	<b>\$ 2,122,017</b>

Accumulated amortization	Balance, August 31, 2010	Amortization and transfers	Disposal and write-offs	Balance, August 31, 2011
Land improvements	\$ 1,678	\$ 567	\$ –	\$ 2,245
Buildings and building improvements	355,907	42,636	(294)	398,249
Portable structures	32,766	2,597	(8,500)	26,863
First-time equipping of schools	19,638	4,087	(2,237)	21,488
Furniture	2,649	168	(1,954)	863
Equipment	2,515	980	(474)	3,021
Computer hardware	8,088	1,265	(5,841)	3,512
Computer software	668	262	(159)	771
Vehicles	554	260	–	814
Asset permanently removed from service	–	1,371	–	1,371
Leasehold improvements	980	245	(641)	584
	<b>\$ 425,443</b>	<b>\$ 54,438</b>	<b>\$ (20,100)</b>	<b>\$ 459,781</b>

Net book value	2012	2011
Land	\$ 305,448	\$ 282,324
Land improvements	8,822	7,038
Buildings and building improvements	1,393,254	1,297,068
Portable structures	15,966	18,314
First-time equipping of schools	21,953	20,119
Furniture	656	789
Equipment	4,179	4,682
Computer hardware	2,158	2,086
Computer software	455	511
Vehicles	953	884
Asset permanently removed from service	–	198
Leasehold improvements	862	1,108
Construction in progress	16,562	27,115
	<b>\$ 1,771,268</b>	<b>\$ 1,662,236</b>

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 12. Tangible capital assets (continued):

### (a) Assets under construction:

Assets under construction having a value of \$16,562 (2011 - \$27,115) 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 nil (2011 - nil).

### (c) Asset inventories for resale (assets permanently removed from service):

The Board has no building property that qualifies as assets permanently removed from service (2011 - one). The net book value ending balance as of August 31, 2012 includes nil (2011 - \$198) of assets permanently removed from service.

## 13. Trust funds:

Trust funds administered by the Board amounting to \$1,268 (2011 - \$1,308) have not been included in the consolidated statements of financial position nor have their operations been included in the consolidated statements 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 one-year term expires January 1, 2013.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## 14. Insurance coverage (continued):

(b) Other:

The general public liability coverage for the Board is held by a public insurance company with a limit of \$5,000 per occurrence with a policy that is renewed annually.

## 15. Contractual obligations and contingent liabilities:

Contractual obligations for the construction of buildings, which are not reflected on the consolidated statements of financial position, amounted to approximately \$38,437 (2011 - \$37,014). Substantially all of these obligations will be financed by cash grants from the Province, 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 8.

In previous years, the Board had self-insured for staff life insurance and health and dental benefits, which was administered by Sun Life Assurance Company of Canada. As at August 31, 2011, there was surplus of \$350. Any surplus funds were held by Sun Life Assurance Company of Canada. Due to plan design changes, there are no surplus funds as at August 31, 2012.

The Board is negotiating settlements of disputes arising from purchases of properties used for school sites. Adjustments, if any, arising from the outcome of these settlements, 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.

# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

## 15. Contractual obligations and contingent liabilities (continued):

The minimum rentals payable under long-term leases in effect at August 31, 2012 for premises and equipment leases are as follows:

2012 - 2013	\$ 1,275
2013 - 2014	983
2014 - 2015	514
2015 - 2016	514
2016 - 2017	514
Thereafter	488
	\$ 4,288

## 16. 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 school boards. Under the agreement, decisions related to the financial and operating activities of the STOPR Transportation Consortium are shared. No party is in a position to exercise unilateral control.

The following provides condensed financial information:

	2012		2011	
	Total	Board's portion	Total	Board's portion
Operations:				
Revenues	\$ 60,654	\$ 39,915	\$ 59,847	\$ 39,013
Expenses	59,708	40,613	58,829	39,208
Annual surplus (deficit)	\$ 946	\$ (698)	\$ 1,018	\$ (195)



# PEEL DISTRICT SCHOOL BOARD

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

Years ended August 31, 2012 and 2011

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## **17. Repayment of "55 School Board Trust" funding:**

On June 1, 2003, the Board received \$13,896 from the "55 School Board Trust" for its capital-related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. The "55 School Board Trust" was created to refinance without recourse the outstanding not permanently financed ("NPF") debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$1,035, in respect of the above agreement for the year ended August 31, 2012, is recorded in these consolidated financial statements (2011 - \$1,035).

## **18. Subsequent event:**

On September 11, 2012, the Government of Ontario passed Bill 115, the Putting Students First Act, that was introduced on August 27, 2012. The requirement of this new legislation was used by the actuaries in the calculations of the Board's estimates for retirement and other employee future benefits obligations. The impact of the changes to the various plans has been disclosed in note 6.

## **19. Comparative figures:**

Certain 2011 figures have been reclassified to conform with the financial statement presentation adopted in 2012.