

PEEL DISTRICT SCHOOL BOARD

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008



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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, 2008 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 these revenues. Accordingly, our verification of these revenues 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, 2008 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

October 31, 2008

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

(all amounts in thousands of dollars)

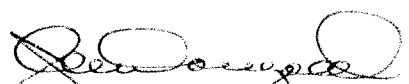
As at August 31	2008	2007 (Restated - note 17)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 31,059	\$ -
Cash from school activities	9,882	8,863
Accounts receivable	78,189	60,357
TOTAL FINANCIAL ASSETS	119,130	69,220
FINANCIAL LIABILITIES		
Temporary borrowing (note 3)	-	65,881
Accounts payable and accrued liabilities	74,159	107,346
Net debenture debt (note 4)	711,033	476,308
Deferred revenue - reserves (note 5)	3,067	3,180
Deferred revenue - other	3,330	5,335
Employee benefits payable (note 6)	171,013	158,017
TOTAL FINANCIAL LIABILITIES	962,602	816,067
NET FINANCIAL LIABILITIES	(843,472)	(746,847)
NON-FINANCIAL ASSETS		
Prepaid expenses (note 7)	55,070	51,066
TOTAL NON-FINANCIAL ASSETS	55,070	51,066
NET LIABILITIES	\$ (788,402)	\$ (695,781)
FINANCIAL POSITION		
Operating fund	-	(5,900)
Capital fund	36,628	(72,267)
Reserve fund	63,102	21,644
School activities fund	9,573	8,582
TOTAL FUND BALANCES	109,303	(47,941)
Amounts to be recovered (note 8)	(897,705)	(647,840)
NET FINANCIAL POSITION	\$ (788,402)	\$ (695,781)

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 2008	ACTUAL 2008	ACTUAL 2007
	(Unaudited)		(Restated - note 17)
REVENUES			
Local taxation	\$ 478,432	\$ 483,091	\$ 481,061
Provincial grants	732,044	758,081	653,698
Federal grants	-	6,786	12,422
School fundraising	38,000	34,248	35,317
Investment income	1,370	2,582	4,664
Other revenue	14,000	31,944	27,986
TOTAL REVENUE	1,263,846	1,316,732	1,215,148
EXPENDITURES			
Instruction	932,691	952,934	922,825
Administration	33,681	33,644	30,211
Transportation	32,671	40,041	39,028
School operations and maintenance	120,979	114,947	107,011
Pupil accommodation	282,458	215,966	236,330
School fundraising	38,000	33,257	34,837
Other	1,352	22,568	22,294
TOTAL EXPENDITURES (note 9)	1,441,832	1,413,357	1,392,536
NET EXPENDITURE	(177,986)	(96,625)	(177,388)
Increase in prepaid expenses	-	4,004	25,428
INCREASE IN NON-FINANCIAL ASSETS	-	4,004	25,428
CHANGE IN NET LIABILITIES	(177,986)	(92,621)	(151,960)
FINANCING TRANSACTIONS			
Long term financing issued (note 4)	26,000	244,964	47,560
Debt repayments and sinking fund contributions (note 4)	(9,672)	(10,239)	(9,253)
Increase in unfunded liabilities	11,412	15,140	11,308
CHANGE IN AMOUNTS TO BE RECOVERED	27,740	249,865	49,615
CHANGE IN FUND BALANCES	(150,246)	157,244	(102,345)
Opening fund balances	36,099	(47,941)	54,404
CLOSING FUND BALANCES	\$ (114,147)	\$ 109,303	\$ (47,941)

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 2008	ACTUAL 2007 (Restated - note 17)
OPERATIONS		
Net expenditure	\$ (96,625)	\$ (177,388)
SOURCES AND (USES)		
Accounts receivable	(17,832)	(1,301)
Accounts payable and accrued liabilities	(33,187)	6,956
Deferred revenue - reserves	(113)	(16)
Deferred revenue - other	(2,005)	4,109
Employee benefits payable	12,996	11,329
Net (decrease) in cash from operations	(136,766)	(156,311)
FINANCING		
Long term debt (note 4)	244,964	47,560
Debt repaid and sinking fund contributions (note 4)	(10,239)	(9,253)
Temporary borrowing (note 3)	(59,851)	59,851
Net increase in cash from financing	174,874	98,158
CHANGE IN CASH AND CASH EQUIVALENTS	38,108	(58,153)
Opening cash and cash equivalents	2,833	60,986
CLOSING CASH AND CASH EQUIVALENTS	\$ 40,941	\$ 2,833
CLOSING CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash and cash equivalents	\$ 31,059	\$ -
Cash from school activities	9,882	8,863
Temporary borrowing (note 3)	-	(6,030)
CLOSING CASH AND CASH EQUIVALENTS	\$ 40,941	\$ 2,833

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	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(Unaudited)		(Restated - note 17)
REVENUES			
Local taxation	\$ 478,432	\$ 483,091	\$ 481,061
Provincial grants	732,044	758,081	653,698
Federal grants	-	6,786	12,422
Investment income	350	1,560	3,698
Other revenue	-	13,030	14,836
TOTAL REVENUES	1,210,826	1,262,548	1,165,715
EXPENDITURES			
Instruction	926,857	945,856	916,407
Administration	33,149	33,046	28,721
Transportation	32,671	40,041	39,028
School operations and maintenance	120,949	114,633	106,609
Pupil accommodation	29,052	36,808	28,020
Other	1,035	21,755	22,099
TOTAL EXPENDITURES	1,143,713	1,192,139	1,140,884
NET REVENUE	67,113	70,409	24,831
Increase in prepaid expenses	-	4,004	25,428
INCREASE IN NON-FINANCIAL ASSETS	-	4,004	25,428
Debt principal repayments and sinking fund contributions (note 4)	(9,672)	(10,239)	(9,253)
Increase in unfunded liabilities	11,412	15,140	11,308
CHANGE IN AMOUNTS TO BE RECOVERED	1,740	4,901	2,055
NET TRANSFER (TO) FROM OTHER FUNDS			
Transfers (to) Capital fund	(68,853)	(32,978)	(64,669)
Transfers (to) from Reserve fund (note 12)	-	(40,436)	6,455
NET TRANSFER (TO) OTHER FUNDS	(68,853)	(73,414)	(58,214)
CHANGE IN OPERATING FUND BALANCE	-	5,900	(5,900)
Opening balance - Operating fund	-	(5,900)	-
CLOSING BALANCE - OPERATING FUND	\$ -	\$ -	\$ (5,900)

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	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(Unaudited)		
REVENUES			
Education development charges (note 13)	\$ 14,000	\$ 16,570	\$ 13,089
Other	-	2,344	61
TOTAL REVENUES	14,000	18,914	13,150
CAPITAL EXPENDITURES			
Instruction	5,834	7,078	6,418
Administration	532	598	1,490
School operations and maintenance	30	314	402
Pupil accommodation	253,406	179,158	208,310
Other	317	813	195
TOTAL EXPENDITURES	260,119	187,961	216,815
NET EXPENDITURE	(246,119)	(169,047)	(203,665)
LONG TERM FINANCING (note 4)	26,000	244,964	47,560
NET TRANSFERS FROM OTHER FUNDS			
Transfers from Operating fund	68,853	32,978	64,669
NET TRANSFERS FROM OTHER FUNDS	68,853	32,978	64,669
CHANGE IN CAPITAL FUND BALANCE	(151,266)	108,895	(91,436)
Opening balance - Capital fund	-	(72,267)	19,169
CLOSING BALANCE - CAPITAL FUND	\$ (151,266)	\$ 36,628	\$ (72,267)

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	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(Unaudited)		
REVENUES			
Investment income	\$ 1,020	\$ 1,022	\$ 966
TOTAL REVENUES	1,020	1,022	966
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) Operating fund (note 12)	-	40,436	(6,455)
NET TRANSFERS FROM (TO) OTHER FUNDS	-	40,436	(6,455)
CHANGE IN RESERVE FUND BALANCE	1,020	41,458	(5,489)
Opening balance - Reserve fund	28,099	21,644	27,133
CLOSING BALANCE - RESERVE FUND	\$ 29,119	\$ 63,102	\$ 21,644

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	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(Unaudited)		
REVENUES			
School fundraising and other revenues	\$ 38,000	\$ 34,248	\$ 35,317
TOTAL REVENUES	38,000	34,248	35,317
EXPENDITURES			
School funded activities	38,000	33,257	34,837
TOTAL EXPENDITURES	38,000	33,257	34,837
CHANGE IN SCHOOL ACTIVITIES FUND BALANCE	-	991	480
Opening balance - School activities fund	8,000	8,582	8,102
CLOSING BALANCE - SCHOOL ACTIVITIES FUND	\$ 8,000	\$ 9,573	\$ 8,582

See accompanying notes to the consolidated financial statements

PEEL DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2008

(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 various organizations that exist at the school level and 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.

b) **Trust Funds**

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

PEEL DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(all amounts in thousands of dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

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 not reported. 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. 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 accumulated 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.

PEEL DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2008

(all amounts in thousands of dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Retirement Allowances and Other Employee Future Benefits (continued)

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, education development charges and special education is added to the fund balance and forms part of the respective deferred revenue balances.

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. The budget approved by the Board trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the PSAB, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. Actual financing and expenditures in respect of capital may differ significantly from annual budgets due to timing and the long-term nature of capital projects. The budget figures are unaudited.

l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(all amounts in thousands of dollars)

NOTE 3: TEMPORARY BORROWING

In accordance with Section 243(1) of the Education Act, the Board is authorized to borrow, 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 (2007 - \$65,881). All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdraft. The Board also has \$808 (2007 - \$1,008) 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.

Bank indebtedness and loans consist of the following:

	<u>2008</u>	<u>2007</u>
Bank loans (2007 - bearing interest at 4.88% to 5.17% per annum)	\$ -	\$ 59,851
Bank indebtedness	-	6,030
Temporary borrowing	<u>\$ -</u>	<u>\$ 65,881</u>

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>2008</u>	<u>2007</u>
OFA 2008 – Debenture	\$ 205,718	\$ -
OSBFC 2006 – A1 Debenture	191,562	195,886
OSBFC 2004 – A1 Debenture	92,728	94,948
Good Places to Learn Debenture 2006	45,965	47,041
OFA - Good Places to Learn / Primary Class Size Debenture 2008	39,246	-
OSBFC 2001 – A2 Sinking Fund Debenture	150,000	150,000
Less: Sinking Fund Assets	<u>(14,186)</u>	<u>(11,567)</u>
Balance as at August 31	<u>\$711,033</u>	<u>\$476,308</u>

These debentures and sinking funds mature in the fiscal years 2016 to 2033 and bear interest at rates ranging from 4.56% to 6.25%. During the year, the Board issued, through the OFA, two 25 year debentures in the amounts of \$205,718 and \$39,246 (2007 - \$47,560) with an annual interest rate of 4.86% and 4.90% respectively (2007 -4.56%).

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(all amounts in thousands of dollars)

NOTE 4: NET DEBENTURE DEBT (continued)

Principal payments and Sinking Fund Contributions relating to net debenture debt of \$711,033 outstanding as at August 31, 2008 are due as follows:

	<u>Principal and Sinking Fund Contributions</u>	<u>Interest</u>	<u>Total</u>
2008-2009	\$ 13,116	\$ 36,940	\$ 50,056
2009-2010	15,946	37,457	53,403
2010-2011	16,652	36,751	53,403
2011-2012	17,394	36,009	53,403
2012-2013	18,175	35,229	53,404
Thereafter	629,750	310,165	939,915
	<u>\$ 711,033</u>	<u>\$492,551</u>	<u>\$1,203,584</u>

Included in net debenture debt are outstanding debentures of \$150,000 (2007 - \$150,000) secured by sinking fund assets with a carrying value of \$14,186 (market value \$ 14,576). 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>2008</u>	<u>2007</u>
Principal payments on long-term liabilities including contribution to sinking funds	\$10,239	\$ 9,253
Interest payments on long-term liabilities	26,946	25,841
Interest payments on temporary financing of capital projects	1,300	975
	<u>\$38,485</u>	<u>\$36,069</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 \$13 for proceeds of disposition was transferred from operations and \$113 for school success and \$13 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>2008</u>	<u>2007</u>
Proceeds of disposition	3,067	3,067
School success	-	113
	<u>\$3,067</u>	<u>\$ 3,180</u>

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(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 funded in the years they become due except for those teachers hired since 1995 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>2008</u>	<u>2007</u>
Elementary staff	\$4,334	\$4,855
Secondary staff	3,736	3,356
Other staff	443	195
	<u>\$8,513</u>	<u>\$8,406</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, 2008 the reserve earned interest at the rate of 5.5%. As at August 31, 2008, the reserve amounted to \$17,388 (2007 - \$18,533).

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 \$345 (2007 - \$203) 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.

	<u>2008</u>	<u>2007</u>
Wage and salary escalation	3.40%	3.75%
Discount on accrued benefit obligations	4.75%	4.75%

Sick leave utilization is based on experience and probability tables.

The economic assumptions used in the workers compensation obligation valuations are:
Inflation 2% and interest 4.5%.

Accrued employee future benefit liability is comprised of employee future benefits relating to retirement benefit obligations and compensated absences.

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(all amounts in thousands of dollars)

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

Retirement and Other Employee Future Benefit Liabilities

	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>2008 Total Employee Future Benefits</u>	<u>2007 Total Employee Future Benefits (Restated - note 17)</u>
Accrued Benefit Obligations at August 31	\$101,363	\$102,485	\$203,848	\$192,313
Unamortized Actuarial Losses at August 31	(16,910)	(15,925)	(32,835)	(34,296)
Accrued Employee Future Benefit Liability at August 31	<u>\$84,453</u>	<u>\$86,560</u>	<u>\$171,013</u>	<u>\$158,017</u>

Retirement and Other Employee Future Benefit Expenditures

	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>2008 Total Employee Future Benefits</u>	<u>2007 Total Employee Future Benefits (Restated - note 17)</u>
Estimated Costs for the year				
Current year benefit costs	\$7,697	\$9,568	\$17,265	\$14,806
Interest on accrued benefit obligation	4,743	4,180	8,923	8,655
Net amortization of estimation adjustment loss	1,798	1,150	2,948	3,810
Employee future benefit expenditures ⁽¹⁾	14,238	14,898	29,136	27,271
Actual payments for the year	<u>(7,984)</u>	<u>(8,156)</u>	<u>(16,140)</u>	<u>(15,942)</u>
Net estimated costs	<u>\$6,254</u>	<u>\$6,742</u>	<u>\$12,996</u>	<u>\$11,329</u>

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

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 \$9,630 (2007 - \$9,434).

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.

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008

(all amounts in thousands of dollars)

NOTE 7: PREPAID EXPENSES

The terms of the employment contracts for teachers and other 10 month staff require that the first payment for the school year be made before the end of August. The biweekly payroll system resulted in two pays being made before the new school years commencing on September 1. This payroll and benefit expenditure has been recorded as a prepaid expense and will be charged to the following school year.

	<u>2008</u>	<u>2007</u>
Prepaid salaries and benefits	\$52,775	\$50,258
Other prepaid expenses	2,295	808
Total prepaid expenses	<u>\$55,070</u>	<u>\$51,066</u>

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>2008</u>	<u>2007</u>
Capital outlay to be recovered in future years		
Net debenture debt (note 4)	<u>\$711,033</u>	<u>\$476,308</u>
Amounts to be financed in future years		
Retirement benefits (note 6)	84,453	75,256
Other employee future benefits (note 6)	86,560	82,761
Vacation accrual	4,368	4,407
Interest accrual on long term debt	<u>11,291</u>	<u>9,108</u>
Total amount to be recovered in future years	<u>\$897,705</u>	<u>\$647,840</u>

NOTE 9: EXPENDITURES BY OBJECT

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

	<u>Budget</u>	<u>2008</u>	<u>2007</u>
	(Unaudited)		
Salaries and wages	\$841,887	\$859,872	\$831,608
Employee benefits	135,269	143,891	134,062
Staff development	5,143	743	2,637
Supplies and services	68,313	79,309	77,877
Replacement furniture and equipment	1,472	1,219	1,409
Interest	29,052	30,430	27,124
Rental expenditures	2,319	2,353	3,513
Fees and contract services	57,453	72,066	59,732
School fundraising	38,000	33,257	34,837
Other	2,805	2,256	2,922
Capital expenditures	260,119	187,961	216,815
Total	<u>\$1,441,832</u>	<u>\$1,413,357</u>	<u>\$1,392,536</u>

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(all amounts in thousands of dollars)

NOTE 10: CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contractual obligations and holdbacks for the construction of buildings, which are not reflected on the Consolidated Statement of Financial Position, amounted to approximately \$66,831 (2007 - \$52,960). 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 of Canada. As at August 31, there was a liability for claims or unreported claims for life insurance of \$217 (2007 – \$894). As at August 31, 2008 there was a surplus for the health and dental benefits of \$741 (2007 liability – \$121). These liabilities (surplus) are included in accounts payable and accrued liabilities (accounts receivable) on the consolidated statement of financial position. The surplus funds are held by Sun Life 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. The outcome of the settlement will be recorded when the dispute is resolved.

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, 2008 for premises and equipment leases are as follows:

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Thereafter</u>	<u>Total</u>
Rental commitment	\$ 2,561	\$ 2,087	\$ 1,511	\$ 605	\$ 563	\$ 297	\$ 7,624
Equipment lease commitment	2,168	723	-	-	-	-	2,891
Total commitment	\$ 4,729	\$ 2,810	\$ 1,511	\$ 605	\$ 563	\$ 297	\$10,515

NOTE 11: TANGIBLE CAPITAL ASSETS

For fiscal years beginning on or after January 1, 2009 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 Accounting Handbook PS3150 -Tangible Capital Assets.

For 2008, 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. The Board currently does not have detailed information related to furniture, equipment computer hardware, computer software and vehicles to disclose. Information related to land and buildings summarized in note 11 below has been obtained from the Ministry of Education for purposes of Provincial Consolidation. As these amounts were used for purposes of the provincial consolidation, the amounts reported are as of March 31st which is the Province of Ontario's fiscal year-end.

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. Estimated historical cost was used to record existing tangible capital assets, if the actual cost was unknown when the Board first started to prepare to implement tangible capital asset accounting.

PEEL DISTRICT SCHOOL BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts in thousands of dollars)

NOTE 11: TANGIBLE CAPITAL ASSETS (continued)

Amortization is reflected on a straight-line basis over the estimated useful life of the assets at the following amortization rates:

Land Improvements with finite lives	15 years
Buildings	40 years
Portable Structures	20 years
Other Buildings	20 years

The following information relating to tangible capital assets will be subject to audit when PS 3150 is fully implemented for purposes of the Board's consolidated financial statements.

UNAUDITED

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE MARCH 31, 2008	NET BOOK VALUE MARCH 31, 2007
	Balance at Mar 31, 2007	Additions & (Transfers)	Disposals	Balance at Mar 31, 2007	Amortization	Disposals		
Land	\$ 205,435	\$ 6,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,435
Land Improvements	4,873	498	-	313	346	-	659	4,560
Buildings	1,167,411	189,240	(1,142)	226,011	35,251	(486)	260,776	941,400
Portable Structures	78,301	3,273	(9,949)	47,453	4,556	(9,949)	42,060	30,848
Construction in Progress	46,726	(6,227)	-	-	-	-	-	46,726
Pre acquisition and construction costs	4,331	2,275	(26)	-	-	-	-	6,580
TOTAL	\$ 1,507,077	\$ 195,416	\$ (11,117)	\$ 273,777	\$ 40,153	\$ (10,435)	\$ 303,495	\$ 1,233,300

PEEL DISTRICT SCHOOL BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(all amounts in thousands of dollars)

NOTE 12: INTERNALLY RESTRICTED RESERVE

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

	<u>2008</u>	<u>2007</u>
Pupil Accommodation Grant Reserve	\$ 35,537	\$ -
Retirement Gratuity Reserve	(2,168)	-
Cafeteria Repair Reserve	240	261
Working Fund Reserve	6,518	(6,375)
Insurance Claim Reserve	-	(894)
Cafeteria repairs	(302)	(132)
Coca Cola Reserve	611	685
Total transfers from (to) Operating fund	<u>\$ 40,436</u>	<u>\$ (6,455)</u>

NOTE 13: EDUCATIONAL DEVELOPMENT CHARGE RESERVE

Effective September 2004, 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, \$16,570 (2007 - \$13,089) was received for the Educational Development Charge and used for the purchase of sites.

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>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Total assets	\$ 4,898	\$ 3,842	Revenue	\$ 18,254	\$ 17,621
Total liabilities	9,716	7,102	Expenditures	19,810	19,835
Net assets	<u>\$(4,818)</u>	<u>\$(3,260)</u>	Net (loss)	<u>\$ (1,556)</u>	<u>\$(2,214)</u>

NOTE 15: TRUST FUNDS

The Board manages trust funds in the amount of \$1,258 (2007 - \$1,155), which belong to different schools and departments within the Board. These funds are invested in guaranteed investment certificates and the interest earned is used to provide scholarship awards annually. These funds are not reported in the consolidated financial statements.

NOTE 16: 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, 2008

(all amounts in thousands of dollars)

NOTE 17: RESTATEMENT OF 2007 FIGURES

During 2008, it was determined that the subsidized non-pension post retirement future benefit costs were accounted for on a cash basis. The 2007 Consolidated Financial Statements have been restated to accrue the actuarially determined estimated liability of \$18,800 for the subsidized non-pension post retirement future benefit obligations that arise from specific events that have occurred. The effect of the restatement resulted in a decrease in the net consolidated financial position of \$18,800 as at August 31, 2007 and a decrease in the consolidated net expenditure of \$812 for the year then ended.