

Toronto District School Board

Summary of Decisions of the Co-Management Team for November 2003

November 13, 2003

1. Contract Awards (10-03-0404) (see page 4)

- (a) That contract awards presented in Appendix 1, Chart A, be received;
- (b) That contract awards presented in Appendix 1, Chart C, be approved.

Approved

2. North Toronto CI: Status Update (10-03-0407) (see page 7)

That the North Toronto Collegiate Institute redevelopment project report be received for information.

Approved

November 20, 2004

3. Staff Changes

That staff changes on file in Employee Services be approved.

Approved

4. Terminations of Employment

That the following terminations of employment (individual reports attached to the private record of the Co-Management Team) be approved as shown below:

- (i) Victor Mishalow, Elementary Teacher (11-03-0409)

That the termination of employment of Victor Mishalow, elementary teacher, be effective Friday, November 21, 2003, with just cause: professional misconduct and contravention of Board policy.

- (ii) Maria Christina Godoy, Secondary Teacher (11-03-0411)

That the termination of employment of Maria Christina Godoy, secondary teacher at Sir John A. Macdonald Collegiate Institute be effective Friday, November 21, 2003 with just cause: for abandonment of employment.

- (iii) Christian Sensicle, Security Patrol Officer (11-03-0414)

That the termination of employment of Christian Sensicle be effective November 20, 2003, for just cause.

Approved

November 26, 2003

5. Compensation Adjustment: Principals and Vice-principals, 2003 and 2004 (11-03-0410) (see page 10)

That the Co-Management Team approve the adjustments to principal and vice-principal wages and benefits as follows:

- 3% increase to wages effective January 1, 2003;
- 3% increase to wages effective January 1, 2004;
- a \$1,000 increase to each step of each vice-principal grid, effective January 1, 2004, but after the application of 2 above;
- improvement to insured employee benefits that is similar and consistent with improvements to unionized employees' insured benefit plans.

Approved

6. Contract Awards (10-03-0413) (see page 16)

- (a) That the contract awards presented in Appendix 1, Chart A, be received for information;
- (b) That the contract awards presented in Appendix 1, Charts B and C, be approved.

Approved

November 27, 2003

7. Financial Statements for the Year Ended August 31, 2003 (11-03-0422) (see page 20)

After meeting as an Audit Committee, the Co-Management Team considered the following:

That the financial statements of the Toronto District School Board for its fiscal year ending August 31, 2003, be approved.

Approved

Subsequent to approval of the financial statements for the year ended August 31, 2003, the Co-Management Team approved that the amortization period for the debt be extended to ten years.

I hereby confirm that the above record is correct:

Shelley Laskin, Chair
Co-Management Team for the Board acting in the place
and stead of the Toronto District School Board

TORONTO DISTRICT SCHOOL BOARD

CONTRACT AWARDS

PURPOSE: To recommend approval, by Executive Council, to award contracts for products and/or services used by schools and administrative departments.

BACKGROUND: The Business and Finance Committee and the Board respectively must approve contracts for goods or services over \$175,000 and \$250,000, exclusive of taxes, prior to an award. The Board must also approve consulting contracts over \$50,000 prior to an award. Contracts for goods and services over \$50,000 and up to \$175,000 may be approved by the Director, or designate, and reported to the Business and Finance Committee for information.

The Board's Purchasing Policy allows the Director, in consultation with the Chair of the Business and Finance Committee, to call meetings to approve contracts during months where there are no scheduled meetings and report such approvals at the first scheduled Board meeting.

CONTENT: The recommended suppliers and the term of each contract are shown in the attached Appendices 1. Chart A outlines contract awards over \$50,000 and under \$175,000 provided for information; Chart B outlines contracts requiring Business and Finance approval; Chart C outlines contracts requiring Board approval. The amounts shown are based on the estimated annual consumption unless indicated otherwise. Actual amounts depend on the volume of products/services actually used during the term of the contract.

Purchasing and Distribution Services, where possible, invited bids from a minimum of three firms. Requirements expected to exceed \$100,000 were also posted on two electronic bulletin boards (MERX and ETN) to facilitate broader public access.

The lowest cost bid is accepted where quality, functional, safety, environmental and other requirements are met. Every effort is made to include input from the users in the development of specifications and the evaluation process. Copies of all bids received and detailed information regarding all recommended awards are available in the Purchasing and Distribution Services Department.

COST: As shown in the attached Appendices.

FUNDING: As shown in the attached Appendices.

TIMELINE: Not applicable.

APPENDICES: Appendix 1 - Contract Awards

RECOMMENDATIONS: Staff recommends "that:

1. the Contract awards presented in Appendix 1, Chart A, be received for information;
2. the Contract awards presented in Appendix 1, Chart C, be approved;
3. the Contract awards presented in Appendix 1, Chart A, be forwarded to the Co-Management Team for information; and
4. the Contract awards presented in Appendix 1, Chart C, be forwarded to the Co-Management Team for approval."

DISTRIBUTION:

From: For further information please contact Jim Scott, Manager-Purchasing and Distribution Services at (416) 395-8309 or jim.scott@tdsb.on.ca or Terry Kyritsis, Assistant Comptroller of Administrative Services, at (416) 395-8303 or terry.kyritsis@tdsb.on.ca

To:	Executive Council	04 November 2003
	Co-Management Team	TBD
	Trustees Meeting	TBD

COMMUNICATIONS:

Stakeholders and Target Audience N/A

Key Messages

Communication Methods and Timing

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Last Up Date: 6 November 2003

CONTRACT AWARDS

CHART A

Contract Awards Provided for Information

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1	Facility Services	Roof Replacement – Lescon PS CF04-023Q	Trio Roofing Systems Inc.	Yes	5	\$61,000	One time	Facility Services	Emergency Reserve

CHART B

Contracts Requiring Co-Management Team Approval (>\$175,000 to \$250,000)

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1									

*Nil Items

CHART C

Contracts Requiring Co-Management Team Approval (>\$250,000)

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1	Schools & Administrative Departments	Toner Cartridges LG03-259P	The Computer Media Group	Yes	14	\$230,000	Two years with three one year extension options	Schools & Administrative Departments	N/A

TORONTO DISTRICT SCHOOL BOARD

NORTH TORONTO CI - STATUS UPDATE

PURPOSE: To provide Executive Council with an update concerning circulation of the North Toronto CI surplus land parcels pursuant to requirements of *Regulation 444/98, Disposition of Surplus Real Property*.

BACKGROUND: On February 4, 2003 approval was granted for the Toronto District School Board's *Five-Year School Facilities Revitalization Master Plan* describing improvements to the Board's physical plants over a period from December 2002 to September 2007.

The five-year master plan calls for the replacement of the current North Toronto CI facility and an expected occupancy in the new facility for September 2007.

On May 21, 2003 the North Toronto CI Site Redevelopment Design Team, which included students, teachers, school administrators, alumni, ratepayers and the local Trustee, held its first workshop. The team held four meetings prior to the end of the school term to develop a concept for the rebuilding of the site.

On June 12, 2003 the Team unanimously approved a land use concept for the redevelopment of the 5.3-acre North Toronto CI site and an adjacent 0.78-acre lot owned by the Toronto parking Authority (see Appendix 1).

On June 26, 2003 the Toronto District School Board declared two parcels and subsurface lands on the North Toronto CI lands surplus to its needs and available for sale to facilitate residential and underground parking uses (see Appendix 2).

CONTENT On July 11, 2003 the surplus North Toronto CI parcels were circulated pursuant to the requirements of *Regulation 444/98, Disposition of Surplus Real Property*. The 90-day circulation period closed on November 10, 2003. The Board received no expressions of interest. However the City of Toronto did request an opportunity to discuss the possibility of affordable housing on the surplus residential parcels. Facility Services' staff will coordinate a meeting with the appropriate City staff to discuss their request.

Therefore, the Board has fulfilled the requirements of *Regulation 444/98* and can proceed with the preparation and release of a Proposal Call Brief, which will seek a development partner for the North Toronto project.

Next Steps

Facility Services' staff are preparing a *Request for Proposals* to retain consulting services which will assist in the management of the next phase of the North Toronto project - out to the development industry.

Following the appointment of the consultant team, Facility Services' staff will co-ordinate the next phase of the project which includes the following:

- Prepare a *Proposal Call Brief*
- Advertise and release the *Proposal Call Brief*
- Evaluate *Expressions of Interest* and recommend a short list
- Evaluate Proposals and select a preferred proponent
- Recommend a preferred proponent to the Board for its consideration.

COST: \$100,000 - \$150,000

FUNDING: Revenue from the disposition of the North Toronto parcels

TIMELINE:	▪ Report to Executive Council	Nov 4, 2003
	▪ <u>Issue a Consulting RFP</u>	<u>Nov 7, 2003</u>
	▪ Appoint Consultants	Nov 28, 2003
	▪ Prepare a <i>Proposal Call Brief</i>	Dec 1, 2003-Jan 31, 2004
	▪ Advertise and release the <i>Proposal Call Brief</i>	Feb 1 - Feb 23, 2004
	▪ Evaluate <i>Expressions of Interest</i> and recommend a short list	Feb 24 - Mar 10 2004
	▪ Evaluate Proposals and select a preferred proponent	Mar 11 - Apr 12, 2004
	▪ Recommend a preferred proponent to the Board for its consideration	Apr 2004

APPENDICES Appendix 1: North Toronto Preferred Development Option
Appendix 2: North Toronto - Land Parcels Available for Disposition

RECOMMENDATIONS: Staff recommends **“that:**

- 1. the North Toronto Collegiate Institute - Redevelopment Project report be received for information; and**
- 2. this report be forwarded to the Co-Management Team for information”.**

DISTRIBUTION:

From: For further information please contact Sheila Penny, Executive Superintendent, Facility Services at 416-394-3933 or email sheila.penny@tdsb.on.ca

To:

Executive Council

November 4, 2003

COMMUNICATIONS:

Stakeholders and Target Audience

- Students
- TDSB staff
- Trustees
- Parents
- Local community

Key Messages

Revenue from the sale of parcels of the North Toronto property will be used to partially fund replacement of the existing North Toronto CI facility with a new state-of-the-art facility.

Communication Methods and Timing

G05(P20031104Rp-NorthTorontoStatus)gs.1470578
Last up date: 6 November 2003

TORONTO DISTRICT SCHOOL BOARD

COMPENSATION ADJUSTMENT: PRINCIPALS AND VICE-PRINCIPALS - 2003 & 2004

PURPOSE: The purpose of this report is to obtain the approval of the Co-Management Team for adjustments to the salaries of principals and vice-principals for the years 2003 and 2004 and for adjustments to the Employee Benefits package for these same employees.

BACKGROUND: Increases to the General Legislative Grants (GLGs) for the school year 2002-2003 enabled school boards to finance salary increases for their employees for that year. Similarly, the GLGs for the 2003-04 school year enable salary increases of up to 3%.

Since March, 2003 several major employee groups have achieved salary increases. As a result of an arbitrator's award, TDSB CUPE 4400 employees were granted a 3% salary increase based on a 2% increase (September 2002) and a 1% increase (April 2003).

TDSB Elementary Regular Contract and Occasional Teachers, represented by the Elementary Teachers' Federation of Ontario and Secondary Regular Contract and Occasional Teachers have negotiated new collective agreements in which the GLG 3% annual increases served as the parameter leading to those settlements.

Past practice in the TDSB has been based on the use of the pattern of settlement with unionized or federated employees to determine the basis for adjustments to principal and vice-principal compensation. (See Appendix 1 for 2001-2002 adjustment).

CONTENT: Salary adjustments for principals and vice-principals and non-union staff are applied on a calendar year basis, rather than a school year basis.

Many principals and vice-principals are members of the Toronto School Administrators Association. Senior staff met with representatives of this association to discuss terms and conditions of employment – these meetings took place over several months. Many issues were addressed, but no consensus was reached on the issue of salary increases. TSAA proposed a series of adjustments that paralleled the settlements with teachers; senior staff were instructed to ensure that the resources available through the General Legislative Grants formed the basis of improvements.

Every collective agreement negotiated with TDSB employees in
G04(R:\Secretariat\Staff\Archive2003\G04\02\CoMgmt\311.doc)sec.1530

2003 contains an improvement in the area of insured employee benefits - a move to the 1999 Ontario Dental Association schedule of rates. The cost of this improvement was partially offset through some minor cost savings adjustment in other areas of the employee benefits package.

This report advocates compensation adjustments for principals and vice-principals, that follow the pattern outlined below:

1. 3% wage increase, effective January 2003;
2. 3% wage increase, effective January 2004;
3. \$1000 increase on every step of the vice-principals' grids, effective January 1, 2004, but after the application of 2 above.
4. adjustments to the insured employees benefits package that is similar to the adjustments made to the benefits of unionized employees.

Note: Items 1, 2 and 4 are precisely the same as the adjustments made for all Schedule I and II non-union and management staff. (See Appendix 2 for grid adjustment and comparison.)

COST:	2002-2003	\$1,741,000
	2003-2004	\$2,930,000
	2004-2005	\$1,030,000

FUNDING: The General Legislation Grant

TIMELINES: Implementation of the first adjustment should be immediate. (It will take approximately six weeks for retroactive adjustments to be paid out.)

Implementation of the adjusted insured benefits will be effective December 1, 2003.

APPENDICES: Appendix 1: Report to Toronto District School Board
Appendix 2: Principal & Vice-Principal Comparison Sheet

RECOMMENDATIONS: Staff recommends **"that:**

- 1. the Co-Management Team approve the adjustments to principal and vice-principal wages and benefits as follows:**
 - **3% increase to wages effective January 1, 2003;**
 - **3% increase to wages effective January 1, 2004;**
 - **a \$1,000 increase to each step of each vice-principal grid, effective January 1, 2004, but after the application of 2 above;**
 - **improvement to insured employee benefits that is similar and consistent with improvements to unionized employees' insured benefit plans; and**

DISTRIBUTION:

From: For further information please contact Peter Young, Executive Superintendent, Employee Services at (416) 397-3721 or e-mail at peter.young@tdsb.on.ca, Don Higgins, Executive Superintendent, Business Services (416) 394-8469 or e-mail at don.higgins@tdsb.on.ca; or Tony Brown, General Counsel, (416) 393-8297 or email at tony.brown@tdsb.on.ca.

To: Co-Management Team 13 November 2003

COMMUNICATIONS:

Stakeholders and Target Audience

Issue #1: Need for principals and vice-principals to know of adjustments.

Proposed Response: Memorandum from Employee Services announcing adjustments and dates of retroactive pay and implementation of improved insured employee benefits.

Impact: Potential negative response.

Key Messages

This package provides:

- maximum possible payout;
- protection of pension entitlement for principals and vice-principals who are close to retirement; and
- improved benefits.

Communication Methods And Timing

Memorandum

A03(CompensationAdjP/VP)py.3408
Last up date: 13 November 2003

EXTRACT FROM:

Board Report to Toronto District School Board:

"TERMS AND CONDITIONS OF EMPLOYMENT

PRINCIPALS, VICE-PRINCIPALS AND

SCHEDULE I AND II NON-UNION EMPLOYEES

JUNE 20, 2001"

P1 – P2

Principals and Vice-Principals

In April of 1998 Principals and Vice-Principals across the Province of Ontario were made non-union employees as they were removed from the teacher Federations. Historically they had bargained for their collective terms and conditions along with the teachers and usually salary adjustments mirrored the teacher increases. Since becoming non-union they have entered into discussions with senior management to establish their terms and conditions.

Subsequent to the settlement of the TDSB's first Collective Agreement with its Support Staff, Principals and Vice-Principals received a parallel 1% grid adjustment and a 3% lump sum payment. With this pattern settlement Principals and Vice-Principals continued to be significantly behind their counterparts in the neighbouring boards in Peel and York Region (Appendix I). Not only has this created morale problems within the group but it has also eroded our competitiveness and there is strong evidence that current and prospective Principal and Vice-Principal candidates are being enticed to leave the TDSB for higher salaries in the surrounding Boards. At its extreme, our Elementary Vice-Principals are currently 11% behind their highest paid counterparts. By April of 2002, without an adjustment by the TDSB, this differential would be 15.2%.

To regain a competitive edge with Principal and Vice-Principal grids, an aggressive adjustment is required. It is recommended that the following grid adjustment be implemented over the two year period of January 1, 2001 to December 31, 2002.

January 1, 2001 - 1.95%

September 1, 2001 - 1.4%

January 1, 2002 - 2%

September 1, 2002 - 2.4%

In addition to these adjustments it is further recommended that a lump sum adjustment of \$2,000 be applied to the Elementary Principal and Vice-Principal grids at each step. Using this strategy the anomaly of the five step Elementary Principal grid could be removed aligning it with all other four step grids. Additionally the Elementary Vice-Principal grid could be adjusted forward eliminating the lowest step, which has now been exceeded by the maximum teacher salary, and making the Elementary Vice-Principal maximum more competitive with the surrounding regions.

The overall result of this application would ensure that the TDSB salaries for Principals would be at the highest levels. Vice-Principals would be competitively positioned in most areas. The

resulting grid structures are appended (Appendix II). By September of 2002, salaries would be competitive with Peel and York District School Boards in all categories except Elementary Vice-Principals (Appendix III).

Wage increases applied to these grids on January 1 and September 1 of 2001 would be funded through the provincial formula. Owing to the reduced costs of newly-hired and appointed Principals and Vice-Principals, and the four month delay in payment and receipt of the provincial grant increase, the 2% increase for January 1, 2002 can be temporarily absorbed by provincial funding resources.

The January 1, 2002 (2%) and the September 1, 2002 (2.4%) wage increases would require reductions to the complement of Vice-Principals as described in Appendix IV. This totals up to a further sixty-three full time equivalents. The financial overview of these adjustments are described in Appendix V.

p3

IT IS RECOMMENDED that:

1. Principal and Vice-Principal Salaries be increased as follows:

January 1, 2001	-	1.95%
September 1, 2001	-	1.40%
January 1, 2002	-	2.00%
September 1, 2002	-	2.40%

for the period of January 1, 2001 to December 31, 2002 and that a competitive adjustment factor of \$2000 per grid step for elementary Principals and Vice-Principals be added at January 1, 2002 and that 63.0 full time equivalent positions be removed from the Principal/Vice-Principal complement to fund salary improvement beyond the Provincial Funding formula.

Principal and Vice Principal Comparison Sheet 2002-2004

Current Rates

	Elementary	Junior High	Secondary	Elementary	Junior High	Secondary
	Principal	Principal	Principal	Vice Prin.	Vice Prin.	Vice Prin.
0	85857	85996	89812	71919	73359	76822
1	88038	88300	92124	74078	75664	79137
2	90217	90611	94431	76239	77978	81444
3	92398	92915	96730	78402	80287	83748

Jan1/03

	Elementary	Junior High	Secondary	Elementary	Junior High	Secondary
	Principal	Principal	Principal	Vice Prin.	Vice Prin.	Vice Prin.
0	88432.71	88575.88	92506.36	74076.57	75559.77	79126.66
1	90679.14	90949	94887.72	76300.34	77933.92	81511.11
2	92923.51	93329.33	97263.93	78526.17	80317.34	83887.32
3	95169.94	95702.45	99631.9	80754.06	82695.61	86260.44

3%
increase
1.03

Jan1/04

	Elementary	Junior High	Secondary	Elementary	Junior High	Secondary
	Principal	Principal	Principal	Vice Prin.	Vice Prin.	Vice Prin.
0	91085.69	91233.16	95281.55	76298.87	77826.56	81500.46
1	93399.51	93677.47	97734.35	78589.35	80271.94	83956.44
2	95711.22	96129.21	100181.85	80881.96	82726.86	86403.94
3	98025.04	98573.52	102620.86	83176.68	85176.48	88848.25

3% + 3%
increase
1.0609

Jan.1/04

	Elementary	Junior High	Secondary	Elementary	Junior High	Secondary
	Principal	Principal	Principal	Vice Prin.	Vice Prin.	Vice Prin.
0	91085.69	91233.16	95281.55	77298.87	78826.56	82500.46
1	93399.51	93677.47	97734.35	79589.35	81271.94	84956.44
2	95711.22	96129.21	100181.85	81881.96	83726.86	87403.94
3	98025.04	98573.52	102620.86	84176.68	86176.48	89848.25

\$1,000
for VPs
1.0609

Salary Comparision to GTA

**bold=we
pay more**

	York	Peel	Halton	Durham	Toronto	York	Peel	Halton	Durham
					PROPOSAL				
Elementary									
Prin. Min	91052	91962	87792	85084	91086	34	-876	3294	6002
Prin. Max	98508	98801	97748	96914	98025	-483	-776	277	1111
VP Min	80072	77194	79701	78082	77299	-2773	105	-2402	-783
VP Max	86672	83982	85171	79952	84177	-2495	195	-994	4225
Secondary									
Prin. Min	94683	96498	96020	93303	95281	598	-1217	-739	1978
Prin. Max	102487	103071	104151	101877	102261	-226	-810	-1890	384
VP Min	83306	84126	88117	82143	82501	-805	-1625	-5616	358
VP Max	90174	91071	92532	89383	89848	-326	-1223	-2684	465

TORONTO DISTRICT SCHOOL BOARD

CONTRACT AWARDS

To recommend approval of the award contracts for products and/or services used by schools and administrative departments.

BACKGROUND:

The Business and Finance Committee and the Board respectively must approve contracts for goods or services over \$175,000 and \$250,000, exclusive of taxes, prior to an award. The Board must also approve consulting contracts over \$50,000 prior to an award. Contracts for goods and services over \$50,000 and up to \$175,000 may be approved by the Director, or designate, and reported to the Business and Finance Committee for information.

The Board's Purchasing Policy allows the Director, in consultation with the Chair of the Business and Finance Committee, to call meetings to approve contracts during months where there are no scheduled meetings and report such approvals at the first scheduled Board meeting.

CONTENT:

The recommended suppliers and the term of each contract are shown in the attached Appendices 1. Chart A outlines contract awards over \$50,000 and under \$175,000 provided for information; Chart B outlines contracts requiring Business and Finance approval; Chart C outlines contracts requiring Board approval. The amounts shown are based on the estimated annual consumption unless indicated otherwise. Actual amounts depend on the volume of products/services actually used during the term of the contract.

Purchasing and Distribution Services, where possible, invited bids from a minimum of three firms. Requirements expected to exceed \$100,000 were also posted on two electronic bulletin boards (MERX and ETN) to facilitate broader public access.

The lowest cost bid is accepted where quality, functional, safety, environmental and other requirements are met. Every effort is made to include input from the users in the development of specifications and the evaluation process. Copies of all bids received and detailed information regarding all recommended awards are available in the Purchasing and Distribution Services Department.

COST:

As shown in the attached Appendices.

FUNDING:

As shown in the attached Appendices.

TIMELINE:

Not applicable.

APPENDICES: Appendix 1 - Contract Awards

RECOMMENDATIONS: Staff recommends "that:

5. the Contract awards presented in Appendix 1, Chart A, be received for information; and
6. the Contract awards presented in Appendix 1, Chart B, and Chart C, be approved.

DISTRIBUTION:

From: For further information please contact Jim Scott, Manager-Purchasing and Distribution Services at (416) 395-8309 or jim.scott@tdsb.on.ca or Terry Kyritsis, Assistant Comptroller of Administrative Services, at (416) 395-8303 or terry.kyritsis@tdsb.on.ca

To: Executive Council 18 November 2003
Co-Management Team 20 November 2003

COMMUNICATIONS:

Stakeholders and Target Audience N/A

Key Messages

Communication Methods and Timing

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Last Up Date: 11 November 2003

CONTRACT AWARDS**CHART A**Contract Awards Provided for Information

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1	Facility Services	Barrier Free Alterations Corridors Lucy McCormick P.S. DW04-27T	Dole Contracting	Yes	4	\$85,500	One time	Facility Services	Capital
2	Facility Services	Swimming Pool Boilers Upgrade Earl Beatty P.S. DW04-022Q	Gimco Ltd.	Yes	6	\$80,143	One time	Facility Services	Emergency Reserve
3	Facility Services	Exterior Masonry Wall Repairs Bickford Centre DW04-017T	Clifford Restoration	Yes	4	\$70,500	One time	Facility Services	Conservation Maintenance
4	Facility Services	Air Handling Unit Replacement at City Adult Learning Centre DW04-013T	Dunford-Liscio	Yes	4	\$147,900	One time	Facility Services	Conservation Maintenance
5	Employee Services	Used Systems Furniture (Modular Workstations) MS04-010Q	Star Installations Group Inc.	No*	2	\$69,518	One time	Employee Services	NA

* Low bid was incomplete and did not meet the functional and quality requirements of Employee Services

CHART BContracts Requiring Co-Management Team Approval (>\$175,000 to \$250,000)

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1	Facility Services	Barrier Free Alterations Washrooms Lucy McCormick P.S. DW04-27T	Dole Contracting	Yes	4	\$207,500	One time	Facility Services	Capital

CHART C

Contracts Requiring Co-Management Team Approval (>\$250,000)

	User – School/Department	Products/Services Details	Recommended Supplier	Low Bid	No. of Bids Received	Estimated Annual Amount	Term of Contract	Budget Holder	Funding Source for Facilities Contract Awards
1	Facility Services	Unleaded Gasoline	Shell Canada*	Yes	N/A	\$500,000	One year	Facility Services	Operations & Technical Services
2	Facility Services	Low Sulphur Diesel Fuel	Petro Canada*	Yes	N/A	\$325,000	One year	Facility Services	Operations & Technical Services

* Joint tender with the City of Toronto

TORONTO DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2003

PURPOSE: The purpose of this report is to present the audited financial statements of the Toronto District School Board for the year ended August 31, 2003 for approval by the Co-Management Team.

BACKGROUND: The Education Act requires an annual audit of a school board's financial records by a qualified audit firm. KPMG has been the TDSB auditor since amalgamation as the result of a tendering process.

CONTENT: The attached financial statements (page 8) present the results of operations for the year ended August 31, 2003. These financial statements and the detailed Ministry financial report must be submitted to the Ministry by November 28, 2003. A copy of the Ministry financial report will be available for information in early December 2003.

The Revenue Fund, Statement of Operations, reflect the Board's expenditures, revenues and the financing of the Board's net expenditure. The Board has incurred a deficit of \$55.2 million as shown in the statement and is further referenced in Note 12 to the financial statements. The notes to the financial statements set out certain accounting policies, information on specific assets and liabilities and other required statutory information.

Appendix 'A' (page 21) provides additional information regarding the make-up of the major items on the Balance Sheet. Appendix 'B' (page 22) defines the expenditure categories on the Revenue Fund, Statement of Operations. Appendix 'C' (page 23) provides definitions for the items shown in the Capital Fund, Statement of Operations. Appendix 'D' (page 24) provides information regarding Capital Projects that have been permanently financed through Reserve Funds during the year.

The following comments are meant to provide additional information relating to matters of significance to note when reviewing the financial statements.

As noted above, Appendices 'A', 'B' and 'C' should be referenced when reviewing the financial statements to assist the reader to understand the nature of the various line items.

The Auditors' Report

This year the Auditors' Report contains a paragraph (last paragraph) describing the fact that the statements are not prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and that they have been prepared for specified users.

There was a change in the reporting rules for auditors that came into effect for audit reports rendered after September 30, 2003. Auditors are no longer permitted to render unqualified reports on financial statements prepared applying accounting principles other than generally accepted accounting principles when these financial statements are general purpose financial statement. The Ministry of Education has directed that the Board continue to apply the accounting rules it prescribes and as such auditors reports are being rendered on the basis that the financial statements are "special purpose" financial statements prepared in accordance with requirements of Section 252 of the Education Act.

There should be no significant impact on the Board as a result of this change in reporting by our auditors.

In January 2004, once the Minister approves the direction to Boards, we will provide the Board with full details on the impact of changing our accounting for transactions in accordance with Canadian GAAP.

These changes essentially will require school boards to record and account for the following transactions:

- Accrued expenditures such as accrued interest on debt since the last required payment and vacation pay entitlement earned but not paid;
- Recording of the liabilities for employee future benefits accruing over the working lives of employees such as retirement gratuity, Workers' Compensation and post retirement employee benefits.

Deficit for 2002-2003

The deficit for the fiscal year is \$55.2 million. This compares to a break-even position in 2001-2002 and to the Supervisor's approved deficit of \$15.8 million. The following table was presented to the Co-Management Team on November 13, 2003:

	Original Budget Plan (Nov. 22/02)	Actual
Operating Deficit	\$6.4M	\$17.5M
Severance costs related to 2002-03 expenditure reductions	9.4M	9.3M
Severance costs related to the absorption of surplus staff	_____ -	<u>28.4M</u>
Total deficit for the year	<u>\$15.8M</u>	<u>\$55.2M</u>

The total severance cost of \$37.7 million is net of Restructuring Grants of about \$17 million. The balance of the unused Restructuring Grants as of August 31, 2003 is \$29.9 million and has been shown as due to the Government of Ontario (see Note 3 to the financial statements.)

As referenced in the presentation to the Co-Management Team on November 13, 2003, dealing with the financial position of the Board, the variance in the operating deficit from \$6.4M to \$17.5M relates to numerous variances, principally:

1. Planned expenditure reductions not achieved due to either a delay in implementing changes and/or adjusting the level of reductions.
2. There were variances in revenues including:
 - impact of enrolment (original budget based on 272,581 ADE versus actual of 271,378);
 - recovery of costs such as printing and warehouse operations.

The deficit in 2002-2003 compared to the balanced position in 2001-2002 is attributed to the Board's expenditure levels that are in excess of our funding, and that in 2001-2002 the Board had available to support this funding gap Transition Assistance of \$87.1 million versus \$30.1 million in 2002-2003. There is no Transition Assistance remaining as of August 31, 2003.

Permanent Financing of Capital Projects

In June 2003, the Ministry arranged for the permanent financing of the "Old Legacy Boards" capital program amounting to approximately \$275.1 million. The related debt service costs of the

debenture is to be funded by annual grants. Note 14 to the financial statements provides further details of the transaction.

In addition a number of projects set out in Appendix 'D' amounting to approximately \$33.5 million were permanently financed from Capital Reserves. These projects, except Rose Avenue Public School, were referenced in the report "A Five Year School Facilities Revitalization Master Plan – September 2002 – September 2007", as projects to be financed from Capital Reserves. This report was approved by the Supervisor in January, 2003. The cost of \$2.0 million relating to Rose Avenue Public School relates to the final costs associated with this project that arose from a contractual dispute.

Total Expenditures - Year over Year Variance

The total expenditures of the Board for 2002-2003 of \$2,251.9 million compares with the total for 2001-2002 of \$2,173.8 million or a net increase of \$78.1 million. Although there are many individual variances, overall the net increase is attributable to:

Increase in salaries & benefits	\$39.0M
Increase in severance costs	42.1M
All other variances	<u>(3.0)M</u>
<u>Total Variance</u>	<u>\$78.1M</u>

EQUITY IN RESERVE FUNDS

Note 8 to the financial statements provide the details of the Board's Equity in Reserve Funds as of August 31, 2003.

The Education Act recognizes and mandates that certain reserves be established for specific purposes where required. Other than defining the use of such reserve funds, there is no stated timeframe during which such reserve funds must be used. The Reserves for "Proceeds for Disposition", "Pupil Accommodation", and "Working Funds" are specified by the Act and/or Regulations. The "Reserve for School Surplus" was established for specific purposes by the Board at the end of the 1999–2000 fiscal year and represents surplus funds that were approved by the Board to be set aside.

The following is a description of the Board's Reserves and provides a "context" with which to understand their relative significance.

A. Reserves Available for Capital Projects

- **Proceeds of Disposition Reserve Funds** \$4,952,248

This reserve, which was established as a result of the funding model, reflects the net rental revenue the Board earns from its property leases, net of any approved permanent financing of capital projects. The use of the funds is governed by Regulation 446/98 Section 2. Generally it includes acquiring sites, building of schools, additions, alterations and major renovations or repairs to school buildings and net proceeds from rentals. The change in 2002–2003 represents expenditures of \$8 million relating to real estate transactions, less \$1.5 million in net rental income, \$1.1 million in proceeds from sales and other revenue and interest of \$0.2 million.

Appendix “D” lists projects financed from this reserve fund.

As a result of agreements of sales of surplus properties, proceeds of about \$56 million will be added to this reserve in 2003–2004. (See Note 17 to financial statements.)

- **Other Capital Reserve – Pre 1998** \$24,062,947

The “Other Capital Reserve” represents the balance of the Board’s former “Board Equity Capital Reserves” and “Reserve for Permanent Improvements”. The restrictions are similar to that set out in Regulation 446/98.

During the year \$25.5 million was used to finance prior year capital projects. Other transactions amounting to \$1.0 million, relating to legacy projects was credited to the reserve during the year. Interest in the amount of \$1.4 million was also credited to the reserve.

Appendix “D” lists projects financed with reserve funds.

B. Reserves Committed for Specific Purposes

- **Facility Renewal Reserve** \$8,387,960
The reserve represents the unspent balance of the Facility Renewal Grant for 2002 – 2003. This is an enveloped grant, which must be used for facility renewal. There were Board approved projects in process of completion as of August 31, 2003, which will utilize the full amount of the reserve.
- **Reserve for Special Education** \$4,937,870
As per ministry regulations, this reserve is the amount of unspent Special Education funding. This arose as a result of the in-year increase of \$9 million in Special Education funding that was not spent due to the timing of the grant. The planned expenditures for 2003-2004 incorporates these funds.
- **School Surplus Reserve** \$2,690,153
This reserve represents the unspent balance of all schools 2002-2003 budgets. As part of the school budget model that was approved in 1999-2000, schools can carry forward their surpluses and deficits into the following year. This reserve was established to ensure that this committed amount was set aside for release to the schools in 2003 – 2004.
- **Reserve for Working Funds** \$219,644
This reserve represents funds that are available for the general operations of the Board.
- **Improved Access for Special Education** \$2,184,601
This represents the balance of a grant of \$4 million received from the Ministry of Education in 2000-2001 that must be spent for improving access for special education students. The Board must set aside any unspent balance in a reserve to be used for that purpose in 2003-2004.

- **Site-funded Improvements** \$324,521
 This reserve represents unspent funds allocated to schools and Superintendent of Education for minor renovations or improvements in schools.
- Total** \$47,759,944

COST: N/A

FUNDING: N/A

TIMELINE:

APPENDICIES: Appendix A Analysis of Balance Sheet 2002 - 2003
 Appendix B Definition of Statement of Operations Categories
 Appendix C Definition of Capital Fund Statement of Operations
 Appendix D Schedule of Capital Projects Permanently Financed
 from Reserves for the year ended August 31, 2003

RECOMMENDATIONS: Staff recommends “**that the financial statements of the Toronto District School Board for its fiscal year ending August 31, 2003 be approved.**”

COMMUNICATIONS:

From: For further information please contact Colin Deschamps, Comptroller of Finance, at 395-9058 or e-mail at colin.deschamps@tdsb.on.ca or Don Higgins, Executive Superintendent Business Services, at 395-8469 or e-mail at don.higgins@tdsb.on.ca.

To: David Reid November 27, 2003
 Co-Management Team November 27, 2003
Copy to: Executive Council December 2, 2003

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 Last up date: 27 November, 2003

TORONTO DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
AUGUST 31, 2003**

TORONTO DISTRICT SCHOOL BOARD
5050 YONGE STREET
TORONTO, ONTARIO
M2N 5N8

D. REID, DIRECTOR & SECRETARY-TREASURER



AUDITORS' REPORT

To the Co-Management Team of the Toronto District School Board:

We have audited the balance sheet of the Toronto District School Board as at August 31, 2003 and the statements of operations for the revenue fund and the capital fund and the reserve funds statement of continuity for the year then ended. These financial statements have been prepared to comply with Section 252 of the Education Act of Ontario. 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2003 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Co-Management Team of the Board and the Minister of Education of Ontario for complying with Section 252 of the Education Act of Ontario. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Toronto
November 14, 2003

(signed).....
CHARTERED ACCOUNTANTS

TORONTO DISTRICT SCHOOL BOARD
Balance Sheet
as at August 31, 2003

ASSETS

Current Assets

Cash/Term deposits	\$ 54,687,765	\$ 73,413,992
Accounts receivable	10,682,358	26,072,036
Due from City of Toronto	118,656,596	147,011,507
Prepaid expenses	2,594,685	2,955,733
Other current assets	1,026,634	1,419,156

Total Current Assets

\$ 187,648,038 \$ 250,872,424

Capital outlay to be recovered in future years

Permanently Financed (Note 5)	115,220,354	142,693,560
Not Permanently Financed	11,553,108	286,648,603

TOTAL ASSETS

\$ 314,421,500 \$ 680,214,587

LIABILITIES and FUND BALANCES

Current Liabilities

Accounts payable and accrued liabilities	\$ 139,311,007	\$ 107,097,569
City of Toronto - Capital advances (Note 14)	-	275,146,340
Government of Ontario (Note 3)	67,372,950	2,816,884
Deferred Contribution (Note 3)	-	47,336,526
Current portion of debt charges (Note 5)	20,031,471	19,677,378

Total Current Liabilities

226,715,428 452,074,697

Net long-term liabilities (Note 5)

95,188,883 123,016,182

Equity in reserve funds (Note 8)

47,759,944 75,600,336

Transition Assistance Reserve (Note 6)

29,523,372

Deficit (Note 12)

(55,242,755)

TOTAL LIABILITIES and FUND BALANCES

\$ 314,421,500 \$ 680,214,587

Signed on Behalf of the Co-Management Team:

**Director of Education & Secretary-
Treasurer**

Chair

TORONTO DISTRICT SCHOOL BOARD
Revenue Fund, Statement of Operations
For the year ended August 31, 2003

Expenditures	2003	2002
Classroom	\$ 1,294,777,464	\$ 1,272,336,967
Non-classroom	408,129,481	406,292,103
Administration	94,114,707	97,862,769
Pupil transportation	36,064,429	34,538,209
Pupil accommodation	249,783,799	258,588,572
Facility renewal	38,102,427	42,086,778
Capital projects	33,982,789	2,966,998
Debt service costs (Note 4)	41,803,629	46,136,670
Non-operating - Severance Costs	55,139,800	12,998,926
Total expenditures	\$ 2,251,898,525	\$ 2,173,807,992
Recovery of Expenditures		
Government of Canada	30,249,692	\$ 25,468,689
Government of Ontario - other	22,221,634	15,353,274
Individuals, tuition fees	7,547,083	7,404,998
Other revenue (excluding transfers from reserves)	51,520,073	63,078,946
Total recovery of expenditures	\$ 111,538,482	\$ 111,305,907
NET EXPENDITURES	\$ 2,140,360,043	\$ 2,062,502,085
Financing of Net Expenditures		
Legislative grants	\$ 703,277,445	\$ 609,136,569
Transfer from Transition Assistance Reserve (Note 6)	30,117,852	87,078,265
Total Grants	733,395,297	696,214,834
Local taxes	1,322,167,729	1,330,684,577
Decrease in reserves (Note 8)	29,554,262	35,602,674
Accumulated (surplus) deficit at year end (Note 12)	55,242,755	0
TOTAL FINANCING	\$ 2,140,360,043	\$ 2,062,502,085

TORONTO DISTRICT SCHOOL BOARD
Capital Fund, Statement of Operations
For the year ended August 31, 2003

Capital Expenditures	2003	2002
Capital Assets and Work in Progress:		
Capital Projects	\$ 34,033,635	\$ 50,000,891
School Renewal	38,102,427	42,086,778
Non-instructional capital	5,720,175	4,409,911
Instructional computers	4,666,976	5,679,846
Personalized special education equipment	<u>1,449,776</u>	<u>876,400</u>
Total Capital Expenditures	\$ <u>83,972,989</u>	\$ <u>103,053,826</u>
Capital Financing		
Balance at Beginning of Year not Permanently Financed	\$ (286,648,603)	\$ (242,568,903)
Long-term liabilities issued and sold		2,954,193
Other Capital Contributions (Note 14)	275,146,340	
Capital Expenditure financed from the Revenue Fund	49,939,355	53,052,935
Capital Expenditure financed from the Reserve Fund	33,982,789	2,966,998
Balance at End of Year not Permanently Financed	<u>11,553,108</u>	<u>286,648,603</u>
Total Capital Financing	\$ <u>83,972,989</u>	\$ <u>103,053,826</u>

TORONTO DISTRICT SCHOOL BOARD
Reserve Funds, Statement of Continuity
For the year ended August 31, 2003

Reserve Fund	Opening Balance	Transfer In	Earnings	Transfer Out	Closing Balance
Proceeds of Disposition	10,017,046	2,816,451	198,057	8,079,306	4,952,248
Other Capital Reserve	47,054,620	1,040,312	1,421,708	25,453,694	24,062,947
Facility Renewal	4,370,674	8,387,960	10,329	4,381,003	8,387,960
Reserve for School Surplus	3,632,643	2,690,153		3,632,643	2,690,153
Reserve for Textbook Allocation	6,342,863			6,342,863	0
Reserve for Working Funds	219,644				219,644
Reserve for Special Education		4,937,870			4,937,870
Improved Access for Spec Ed	3,962,845		83,776	1,862,020	2,184,601
Site Funded Improvements		324,521			324,521
Total Reserve Funds	75,600,336	20,197,267	1,713,870	49,751,529	47,759,944

TORONTO DISTRICT SCHOOL BOARD

Notes to Financial Statements

August 31, 2003

1. Significant Accounting Policies

The financial statements have been prepared by the Board in accordance Section 252 of the Education Act, using accounting principles prescribed by the Ministry of Education and considered appropriate for Ontario school boards. These principles are consistent with those used in prior years. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as described in paragraph (a) to (d).

(a) Accrual Accounting

Revenue and expenditure are accounted for on the accrual basis of accounting, with the following exceptions:

- (i) No provision is made for interest on unmatured debenture debt from the date of payment to the year-end (see note 4).
- (ii) No provision is made to record the liability for employee future benefits accruing over the working lives of employees (see note 2).
- (iii) Vacation pay is recorded as a salary expense when it is paid.
- (iv) The education portion of municipal supplementary taxes and tax write-offs has not been accrued for 2003.

(b) Capital Assets

The acquisition of capital assets is expensed unless they are or will be financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Capital expenditures permanently financed are included on the balance sheet only to the extent of the balance of the related net long-term liabilities outstanding. Capital expenditures not permanently financed are recorded separately on the balance sheet until permanent financing has been arranged.

(c) Reserves and Reserve Funds

Reserve and Reserve Funds represent funds appropriated for general and specific purposes are charged or credited to Revenue Fund Operations in the year appropriated or drawn down. The amounts in Reserves and Reserve Funds are approved by the Board and are within the limits defined in the Education Act and its Regulations.

(d) Accumulated Deficit (Surplus) at year-end

The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the following year to either increase or reduce the net revenue requirement.

(e) Legislative Grants

The Legislative Grants calculations are prepared annually by the Board and submitted to the Ministry of Education for final approval. Adjustments, if any, are recorded in the year in which they are made.

(f) 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, disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(g) Financial Instruments

The balance sheet values for short-term investments are stated at the lower of cost or market value.

(h) Fund Accounting

The Board uses fund accounting practices to report separately the operations of the Revenue Fund from the operations of the Capital Fund. In accordance with instructions received from the Ministry of Education and Training, the balance sheet combines both funds.

2. Employee Future Benefits

The Board provides certain employee benefits and other liabilities, which will require funding in future periods. No provision has been made to record these liabilities accruing over the working lives of the employees.

(a) A brief overview of the Board's principal employee benefit plans is set out below.

(i) Sick Leave Credit Gratuity Plan

The sick leave credit gratuity plan entitles employees to a cash payment upon retirement, upon becoming permanently disabled, upon death, or in certain circumstances, upon termination. The gratuity is the least of: (i) one-half of the employee's accumulated unused sick leave credits, (ii) one-half of the employee's final annual salary, or (iii) 2% of the employee's final annual salary multiplied by the number of full years' service with the Board.

(ii) Workers' Compensation

Workers' compensation is an Ontario statutory program under which the Workplace Safety and Insurance Board (WSIB) adjudicates and pays income replacement and health care benefits to injured workers in accordance with the Workplace Safety and Insurance Act (WSIA). The Board is permitted under the WSIA to self insure its workers' compensation obligations. The WSIB invoices the Board directly for workers' compensation costs.

(iii) Supplementary War Veterans Allowance

The Supplementary War Veterans Allowance plan consists of allowances paid to retired employees of the former Board of Education for the City of Toronto. It also includes survivor benefits of 66 2/3% for the surviving spouse.

(iv) Post Retirement Employee Benefits

Employees who retire have the option of continuing with the Board health, dental and life benefit plans until age 65 at their own cost. A select group of employees are entitled to these benefits until age 65, where the Board pays for the employer portion of the premium cost.

(b) Payments made on account of these employee future benefits are as follows:

<u>Plan</u>	<u>2003</u>	<u>2002</u>
Sick Leave Credit Gratuity	\$ 25,704,386	\$ 31,031,769
Workers' Compensation	9,299,432	9,198,238
Supplementary War Veterans Allowance	1,134,078	1,205,000
Post Retirement Employee Benefits	501,483	520,000
	<u>\$ 36,639,379</u>	<u>\$ 41,955,007</u>

(c) The Board accounts for the annual costs associated with these future benefits on a cash basis. No reserves or funding have been established to provide for the liabilities associated with these benefits.

(d) The Board has an estimated liability related to employee future benefits as described in (a) above. An actuarial estimate of future liabilities has been completed, as of August, 31, 2003 except for WSIB which is as of December 31, 2002, based upon a number of assumptions about the future events as follows:

<u>Plan</u>	<u>2003</u>
Sick Leave Gratuity Plan	\$ 208,317,304
Workers' Compensation	44,172,533
Supplementary War Veteran Allowance	10,020,400
Post Retirement Employee Benefits	10,249,775
Amount to be funded from future revenues	<u>\$ 272,760,012</u>

The following represents the significant assumptions made in estimating these future liabilities:

	<u>Sick Leave</u>	<u>WSIB</u>	<u>War Veterans</u>	<u>Retirees' Benefits</u>
Expected Inflation Rate	N/A	3.0%	2.5%	Dental - 4% Health - 7.5%
Expected Salary Increase	2.0%	N/A	N/A	N/A
Interest (Discount) Rate	6.25%	7.0%	5.5%	6.25%

3. Government of Ontario

Included in the payable to the Government of Ontario is an amount of \$29,888,552 representing the balance of the restructuring funds from the Government of Ontario. These funds are repayable to the Province, on demand, as the legislated time frame for its use to partially offset severance costs incurred by the Board in its restructuring, expired August 31, 2003.

4. Debt Charges on Debentures

Debt charges on debentures include principal and interest payments as follows:

	<u>2003</u>	<u>2002</u>
Principal payments on long-term liabilities (including contribution to sinking funds)	\$ 14,985,223	\$ 14,985,223
Interest payments on long-term liabilities	16,712,300	16,712,300
Debt charges on interim borrowings	<u>10,106,106</u>	<u>14,439,147</u>
	<u>\$ 41,803,629</u>	<u>\$ 46,136,670</u>

5. Net Long-term Liabilities

(a) Net long-term liabilities represent debenture debt and capital loans as follows:

	<u>2003</u>	<u>2002</u>
Debenture Debt	\$ 106,396,057	\$ 128,859,239
Capital Loans	<u>8,824,297</u>	<u>13,834,321</u>
	115,220,354	142,693,560
Less: Current Portion	<u>20,031,471</u>	<u>19,677,378</u>
Net Long-term Liabilities	<u>\$ 95,188,883</u>	<u>\$ 123,016,182</u>

(b) Debenture debt was issued by the City of Toronto for school purposes. The Board provides for the annual sinking fund payment and interest. The annual sinking fund payment and interest amounts payable over the next five years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003-4	\$ 14,985,223	\$ 17,910,073	\$ 32,895,296
2004-5	9,968,302	12,289,278	22,257,580
2005-6	9,968,302	10,328,218	20,296,520
2006-7	6,128,777	6,496,882	12,625,659
2007-8	2,293,803	4,626,606	6,920,409
Thereafter	<u>63,051,650</u>	<u>43,952,757</u>	<u>107,004,407</u>
	<u>\$ 106,396,057</u>	<u>\$ 95,603,814</u>	<u>\$ 201,999,871</u>

- (c) Capital loans are funds borrowed from the City of Toronto to fund the cost of the energy conservation programs relating to Phases 1, 2 and 3. The annual payments of principal and interest over the next four years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003-4	\$ 5,046,248	\$ 494,161	\$ 5,540,409
2004-5	2,578,050	211,571	2,789,621
2005-6	300,000	67,200	367,200
2006-7	300,000	50,400	350,400
Thereafter	600,000	50,400	650,400
	<u>\$ 8,824,298</u>	<u>\$ 873,732</u>	<u>\$ 9,698,030</u>

6. Transition Assistance Grant (Mitigation Funds)

On March 31, 2000 the Board received a Transition Assistance Grant from the Ministry of Education of \$248,587,812 representing the discounted value of the mitigation funding that would have been received by the Board in each of the years 2000-2001 to 2002-2003. In 2002-2003, the balance of the mitigation funds was drawn down amounting to \$30.1 million, including interest of \$0.6 million.

7. Pension Plan Costs

All non-teaching employees of the school Board are eligible to be members of the Ontario Municipal Employees Retirement System that is a multi-employer defined benefit contributory plan. No employer contributions were made to the plan up to December 31, 2002 due to a contribution holiday. Contributions at a reduced rate were reinstated effective January 1, 2003.

The funding for the employers' contributions to the Ontario Teachers' Pension Plan is provided directly by the Provincial Government, not by the Board, and thus is not reflected in these financial statements.

8. Equity in Reserve Funds

The balance of \$47,759,944 is comprised of the following comparative figures:

<u>Purpose for which the fund was established</u>	<u>2003</u>	<u>2002</u>
Proceeds of Disposition Reserve Funds	\$ 4,952,248	\$ 10,017,046
Other Capital Reserve - pre 1998	24,062,947	47,054,620
Facility Renewal	8,387,960	4,370,674
Reserve for School Surplus	2,690,153	3,632,643
Reserve for Textbooks Allocation	-	6,342,863
Reserve for Working Funds	219,644	219,644
Reserve for Special Education	4,937,870	-
Improved Access for Special Education	2,184,601	3,962,845
Site-funded Improvements	324,521	-
Total	<u><u>\$ 47,759,944</u></u>	<u><u>\$ 75,600,336</u></u>

During 2002- 2003 there was a decrease in Equity in Reserve Funds of \$27.8 million net of interest earned on the Reserve Funds of \$1.7 million. The transfer of Reserves to Operations, to cover various expenditures associated with the reserves, was \$29.5 million.

9. Insurance Coverage – Ontario School Board Insurance Exchange (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Boards' Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act, that is funded by the member boards across Ontario. Liability insurance is available to a maximum of \$20 million per occurrence.

10. Trust Funds

The Board administers various Scholarship and Bursary funds on behalf of various donors. The assets of \$4,153,433 (2001-2002 \$3,868,430) and offsetting liabilities of these Trust Funds are not included in these financial statements. During 2002-2003, the revenues and expenses for the Scholarship and Bursary funds are \$587,477 (2001-2002 \$390,510) and \$302,474 (2001-2002 \$418,412) respectively.

11. Employee Benefit Plans

The Board provides health, dental and life benefit plans for all employees and long-term Disability Plans for support staff. The Health and Dental Plans operate under an administrative service-only arrangement with insurance companies. The known and projected liabilities associated with the Plans are covered by funds maintained for that purpose.

12. Year end deficit

The board has been subject to a vesting order under Division D, subsection 257.31(2) of the Education Act. The approved deficit management plan in respect of the 2002-2003 deficit provides for the amortization of the deficit over ten (10) years. The year end deficit of \$55.2 million (2001-2002 Nil) is currently financed through working funds.

13. Financial Contribution Agreements

During 2001-2002, the Board established three joint trust accounts with the Toronto Catholic District School Board pertaining to Education Development Levy Agreements. These Agreements pertain to building developments that pre-date the passing of the Education Development Charges By-law of the Board under provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2003 is \$9.4 million (2001-2002 \$2.6 million). This amount is not reflected on the Statement of Financial Position, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction. In October 2003, an additional levy amount of \$0.8 million was received, bringing the total levies in the accounts to \$10.2 million.

14. Not Permanently Financed Debt

On June 01, 2003, the board received \$275.1 million from The 55 School Board Trust (the "Trust") for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered with the Trust. The Trust was created to refinance the outstanding NPF debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 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.

15. Debenture Interest Accrual

The amount of unaccrued interest on net long-term debt from the date of payment to the year-end is \$4,388,550 (2001-2002, \$4,388,550).

16. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted for the current year.

17. Subsequent Events

Subsequent to August 31, 2003 the Board has entered into several agreements to dispose of real estate, having an estimated value of about \$56 million, not required for future operations. These transactions will be accounted for during the period they are completed as a contribution to the Proceeds of Disposition Reserve Fund. Details are as follows:

- (a) Seven properties have been sold to the Toronto Catholic District School Board. The closing date for these properties is on or before March 30, 2004. The sale price of the properties is about \$25 million. The final selling price for the properties is to be established by the parties prior to closing.
- (b) The Board closed the sale of 155 College Street property on September 12, 2003. The final sale price was \$17 million.
- (c) The Board expects to close the sale of 45 York Mills Road property in the spring of 2004, for an estimated selling price of about \$14 million.

**TORONTO DISTRICT SCHOOL BOARD
ANALYSIS OF BALANCE SHEET 2002/2003**

ASSETS

Cash and Term Deposit	Bank and Investments	
Accounts Receivable	The balance includes amounts receivable from:	
	- Government of Canada – GST \$2.1 million	
	- Net Secondments \$1.6 million	
	- Net Leases \$0.8 million	
City of Toronto – Current account	The balance represents the current operating account utilized by the Board for its day-to-day cash flow operations. This continues a long-standing relationship with the City.	
Prepaid Expenses	The balance includes:	
	- \$1.55 million insurance premium to the Ontario School Board Insurance Exchange for period September 1 – December 31, 2003 as part of their January to December invoice	
	- \$1.04 million working capital balance to the Workers Safety Insurance Board.	
Other Current Assets	The balance includes inventory of Enbridge Gas and the Distribution Centre inventory as at August 31, 2003.	
Capital Outlay to be Recovered In Future Years	This asset is comprised of	
	- Outstanding debenture debt	\$ 115.2 million
	- Capital projects to be permanently financed	\$ <u>11.6 million</u>
		\$ <u>126.8 million</u>

LIABILITIES

Accounts payable and	Trade payables owing to vendors and employee benefit carriers	
Accrued Liabilities	and tuition fees (Visa/Continuing Education students) for the school year received in advance.	
City of Toronto – Capital advances	The 2002 balance represents interim financing for the Board's capital projects, these were permanently financed in 2003.	
Government of Ontario	The balance includes GLG adjustment \$35.4 million, restructuring funds of \$29.9 million, Employer Health Tax \$2 million and (reference Note 3).	
Current Portion of Debt Charges	Year 2003/2004 portion of Debenture and Capital Loans.	
Net Long Term Liabilities	Debenture and Capital Loans due in future years.	
Equity in Reserves	Reference Note 8 in Financial Statements.	
Transition Assistance Reserve	Final installment of the grant utilized during 2002-2003.	
Deficit	Reference Note 12 in Financial Statements.	

**TORONTO DISTRICT SCHOOL BOARD
DEFINITION OF STATEMENT OF OPERATIONS CATEGORIES**

EXPENSE

CLASSROOM

Classroom Teachers
Occasional / Supply Teachers
Teacher Assistants
Classroom Computers
Textbooks, Learning Materials, Classroom Supplies & Equipment
Professionals, Paraprofessionals and Technicians
Library & Guidance
Staff Development

NON-CLASSROOM

Coordinators & Consultants
Teachers' Preparation Time
Principals & Vice-Principals
Department Heads Allowance
School Office – Secretarial & Supplies
Continuing Education, Summer School, International Languages & LINC

ADMINISTRATION

Trustees
Director & Supervisory Officers
Board Administration including non-instructional operations, maintenance and capital

PUPIL TRANSPORTATION

Pupil Transportation

PUPIL ACCOMMODATION

Operations & Maintenance – Schools
School Renewal
New Pupil Places
Debt Principal & Interest

OTHER – NON-OPERATING

Severance & Restructuring expenses

RECOVERY OF EXPENDITURE

Government of Canada – LINC, HRDC grants
Government of Ontario – Other – grants for restructuring, LBS, course profiles
Individuals – Tuition fees – Continuing Education, VISA students
Other Revenue (excluding transfers from reserves) – Property rental, permits, interest, salary
recovery re secondments, cafeteria, other

**TORONTO DISTRICT SCHOOL BOARD
DEFINITIONS OF CAPITAL FUND STATEMENT OF OPERATIONS**

Capital Assets & Work in Process

Capital Projects – Energy Conservation, School Construction/Renovation

School Renewal – Projects defined under Ministry guidelines

Non-Instructional Capital – Technology infrastructure, non-classroom computers, Facilities maintenance equipment

Instructional Computers – Classroom technology infrastructure and computers

Personalized Special Education Equipment – as identified through ISA grants

Financing

Balance at Beginning of Year not Permanently Financed – balance carried forward from prior year, see below for offset

Other Capital Contributions – amount transferred to the 55 School Board Trust for capital related expenditures

Capital Expenditure financed from the Revenue Fund – school renewal, non-instructional capital, instructional computers, personalized special education equipment above

Capital Expenditure financed from the Reserve Fund – amount transferred from reserves

Balance at end of Year not Permanently Financed – net with beginning balance yields the school construction/renovation amount

Toronto District School Board

Schedule of Capital Projects
Premanently Financed from Reserves
For the year ended August 31, 2003

Capital Projects

Rose Avenue PS	\$ 1,972,491
Leep Funding	1,939,057
BAS Y2K Project	1,410,517
TDSB Playground Replacement Project	10,382,308
Prior Year School Closures Costs	10,167,663
Greenland PS Childcare	436,450
155 College Street	5,663,442
840 Coxwell/RH McGregor Separation	1,139,099
Other Projects	421,973
Total Projects	<u><u>\$ 33,533,000</u></u>

Sources of Financing

Pre 1998 Capital Reserve	\$ 25,453,694
Proceeds of Disposition Reserve	8,079,306
Total Financing	<u><u>\$ 33,533,000</u></u>

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