

Consolidated financial statements of

Toronto District School Board

August 31, 2009

Toronto District School Board

August 31, 2009

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MANAGEMENT REPORT

To the Board of Trustees of
The Toronto District School Board

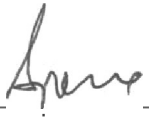
Re: Management's Responsibility for the Financial Statements

The accompanying financial statements of the Toronto District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, 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 financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Deloitte & Touche LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.



Dr. Chris Spencie
Director of Education



Don Higgins
Executive Officer, Business Services

November 6, 2009

Auditors' Report

To the Board of Trustees of
the Toronto District School Board

We have audited the consolidated statement of financial position of the Toronto District School Board as at August 31, 2009 and the consolidated statements of financial activities and fund balance and of 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. 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 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 expenditure, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which we 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 the Toronto District School Board as at August 31, 2009 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
November 6, 2009

Toronto District School Board

Consolidated statement of financial position

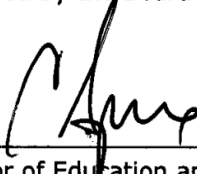
as at August 31, 2009

(in thousands of dollars)


	2009 Actual	2008 (Restated-See Note 16)
	\$	\$
Financial assets		
Cash	65,775	33,996
Due from City of Toronto	64,735	85,636
Accounts receivable	34,752	19,980
Mortgage receivable (Note 14)	1,524	19,095
Funds on deposit (Note 4(f))	122,880	121,148
Total financial assets	289,666	279,855
Financial liabilities		
Short-term borrowing (Note 2)	64,915	88,017
Accounts payable and accrued liabilities	153,962	150,034
Due to Province of Ontario	28,661	19,175
Accrued vacation pay	17,260	14,733
Deferred revenue		
Reserve funds (Note 3)	3,696	21,226
Other	36,765	28,132
Employee future benefits payable (Note 4)	531,626	514,749
Net long term debt (Note 5)	365,523	288,250
Total liabilities	1,202,408	1,124,316
Net financial liabilities	(912,742)	(844,461)
Non-financial asset - Prepaid expenses and supplies	8,150	8,249
Net liabilities	(904,592)	(836,212)
Financial position		
Fund balances		
Operating Fund - Schedule 1	9,237	506
Capital Fund - Schedule 2	(122,858)	(146,969)
Reserve Fund - Schedule 3 (Note 6)	112,173	116,375
School Generated Activity Fund - Schedule 4	16,733	15,871
Total fund balances	15,285	(14,217)
Amounts to be recovered in future years (Note 7)	(919,877)	(821,995)
Net financial position	(904,592)	(836,212)

Commitments and contingencies (Notes 10 and 11)

Approved by the Board



 Director of Education and Secretary Treasurer



 Chair of the Board

Toronto District School Board

Consolidated statement of financial activities and fund balance
year ended August 31, 2009
(in thousands of dollars)

	Budget (Note 1(j)) (unaudited)	2009 Actual	2008 (Restated-See Note 16)
	\$	\$	\$
Revenues			
Local taxation	1,430,321	1,454,833	1,434,784
Provincial grants			-
Grants for Student Needs	902,729	949,608	885,556
Other	22,876	51,865	41,080
Federal grants and fees	47,685	45,126	39,113
Other fees and revenues	170,884	137,160	95,876
School fundraising	-	44,022	44,092
Total revenues	2,574,495	2,682,614	2,540,501
Expenditures (Note 8)			
Instruction	2,034,391	2,102,673	2,021,166
Administration	91,300	93,009	87,192
Transportation	44,467	46,683	43,833
School operations and maintenance	272,601	279,253	273,937
Pupil accommodation	255,233	186,117	193,672
School funded activities	-	43,160	43,639
Total expenditures	2,697,991	2,750,895	2,663,439
Net expenditure	(123,496)	(68,281)	(122,938)
Increase in non-financial assets			
- prepaid expenses	-	(99)	886
Change in net liabilities	(123,496)	(68,380)	(122,052)
Financing transactions			
Debt repayments - principal	(9,919)	(10,829)	(6,318)
Debt issue	30,924	88,102	103,241
Increase in unfunded liabilities	-	20,609	17,308
Change in amounts to be recovered	21,005	97,882	114,231
Change in fund balance	(102,491)	29,502	(7,821)
Fund balance, beginning of year	1,675	(14,217)	(6,396)
Fund balance, end of year	(100,816)	15,285	(14,217)

Toronto District School Board

Consolidated statement of changes in financial position year ended August 31, 2009

(in thousands of dollars)

	2009	2008
	Actual	(Restated-See Note 16)
	\$	\$
Operating activities		
Net expenditure	(68,281)	(122,938)
Sources and uses		
Decrease in due from City of Toronto	20,901	26,596
Increase in accounts receivable	(14,772)	(6,285)
Increase (decrease) in accounts payable and accrued liabilities and accrued vacation pay	6,455	(7,628)
Increase (decrease) in due to Province of Ontario	9,486	(15,139)
Increase (decrease) in deferred revenues		
Reserves funds	(17,530)	16,043
Other	8,633	(3,252)
Increase in employee future benefits payable	16,877	15,837
	(38,231)	(96,766)
Financing and investing activities		
Decrease (increase) in mortgage receivable	17,571	(19,095)
Funds on deposit	(1,732)	(8,377)
Short term borrowing - net	(23,102)	23,759
Debt repayments	(10,829)	(6,318)
Debt issue	88,102	103,241
	70,010	93,210
Net increase (decrease) in cash	31,779	(3,556)
Cash, beginning of year	33,996	37,552
Cash, end of year	65,775	33,996

Toronto District School Board

Schedule of operating fund financial activities and fund balance - Schedule 1

year ended August 31, 2009

(in thousands of dollars)

	Budget (Note 1(j)) (unaudited)	2009 Actual	2008 (Restated-See Note 16)
	\$	\$	\$
Revenues			
Local taxation	1,430,321	1,454,833	1,434,784
Provincial grants			
Grants for Student Needs	902,729	949,608	885,556
Other	22,876	51,865	41,080
Federal grants and fees	44,708	45,126	39,113
Other fees and revenues	173,861	79,257	76,691
Total revenues	2,574,495	2,580,689	2,477,224
Expenditures			
Instruction	2,019,594	2,090,226	2,003,828
Administration	90,975	92,432	86,542
Transportation	44,462	46,669	43,832
School operations and maintenance	271,800	277,829	273,268
Pupil accommodation	21,718	20,832	17,416
Total expenditures	2,448,549	2,527,988	2,424,886
Net revenue	125,946	52,701	52,338
Increase in non-financial assets			
Prepaid expenses	-	(99)	886
Financing transactions			
Debt repayments - Principal	(9,919)	(10,829)	(6,318)
Increase in unfunded liabilities	30,924	20,609	17,308
Change in amounts to be recovered	21,005	9,780	10,990
Net transfers (to) from other funds			
Transfers (to) from Capital Fund	(147,951)	(63,003)	(61,795)
Transfers (to) from Reserve Funds	1,000	9,352	(932)
Net transfers to other funds	(146,951)	(53,651)	(62,727)
Change in operating fund balance	-	8,731	1,487
Operating fund balance, beginning of year	-	506	(981)
Operating fund balance, end of year	-	9,237	506

Toronto District School Board

Schedule of capital fund financial activities and fund balance - Schedule 2
 year ended August 31, 2009
 (in thousands of dollars)

	Budget (Note 1(j)) (unaudited)	2009 Actual	2008
	\$	\$	\$
Revenues			
Other revenues	-	52,753	14,155
Expenditures			
Instruction	14,797	12,447	17,338
Administration	330	577	650
Transportation	5	14	1
School operations and maintenance	801	1,424	669
Pupil accommodation	233,515	165,285	176,256
Total expenditures	249,448	179,747	194,914
Net expenditure	(249,448)	(126,994)	(180,759)
Long term financing	-	88,102	103,241
Net transfers from	-		
Operating Fund	147,951	63,003	61,795
Change in capital fund balance	(101,497)	24,111	(15,723)
Capital fund balance, beginning of year	-	(146,969)	(131,246)
Capital fund balance, end of year	(101,497)	(122,858)	(146,969)

Toronto District School Board

Schedule of reserve fund financial activities and fund balance - Schedule 3
 year ended August 31, 2009
 (in thousands of dollars)

	Budget (Note 1(j)) (unaudited)	2009 Actual	2008 (Restated-See Note 16)
	\$	\$	\$
Revenues			
Investment income	-	5,150	5,030
Net transfers (to) from Operating Fund	(1,000)	(9,352)	932
Change in reserve fund balance	(1,000)	(4,202)	5,962
Reserve fund balance, beginning of year as previously reported	1,675	11,526	11,522
Prior period adjustment (Note 16)	-	104,849	98,891
Reserve fund balance, beginning of year as restated		116,375	110,413
Reserve fund balance, end of year	675	112,173	116,375

Toronto District School Board

Schedule of school generated fund financial activities and fund balance - Schedule 4

year ended August 31, 2009

(in thousands of dollars)

	2009	2008
	Actual	
	\$	\$
Revenues		
School fundraising and other revenue	44,022	44,092
Expenditures		
School funded activities	43,160	43,639
Net income and change in school generated activity fund	862	453
School generated activity fund balance, beginning of year	15,871	15,418
School generated activity fund balance, end of year	16,733	15,871

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

1. Significant accounting policies

The consolidated financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Significant accounting policies adopted are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity includes all organizations which are controlled by the Toronto District School Board ("the Board").

School generated funds, which include 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.

The Board established the Toronto Lands Corporation (TLC) in 2008, a wholly owned subsidiary. Its mandate is to manage designated real estate holdings of the Board to maximize rental income and dispose of surplus sites. This entity which is controlled by the Board is included in the consolidated financial statements.

All material interdepartmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

b) Trust funds

Trust funds and their related operations administered by the Board amounting to \$7.2 million (2008 - \$7.0 million) are not included in the consolidated financial statements.

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 recognized as they are incurred and measurable as the result of the receipt of goods or services and the creation of a legal obligation to pay.

d) Capital assets

The historical cost and accumulated amortization of capital assets are not reported in the financial statement. Capital assets are reported as expenditures on the Consolidated Statement of Financial Activities and Fund Balance in the year of acquisition or construction. However, commencing with the 2010 fiscal year, the Board will be required to adopt Public Sector Accounting Standard PS3150 "Tangible Capital Assets" to report the historic cost, accumulated amortization, net book value and amortization expense of tangible capital assets (TCA) on the consolidated financial statement. As part of the transition, a note to the financial statements has been included to show the current ending balance of the tangible capital assets (See note 15). The Board will be required to retrospectively restate the comparative figures in the fiscal 2010 consolidated financial statements.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

e) *Deferred revenue*

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

f) *Retirement and other employee future benefits*

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, sick leave credit gratuity, accumulated sick leave, workers' 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 cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such as sick leave credit gratuities, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For non-vesting accumulating sick days, the accrued benefit obligation is the actuarial present value of the future expected cash flows with respect to the existing sick leave bank balances determined as at the valuation date, August 31, 2009. These cash flows will reflect expected salary increases and survivorship at each future date.

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

Actuarial gains and losses related to obligations for long-term disability are amortized over the expected average service life of the employee group.

- ii) The Board's contributions to multi-employer defined benefit pension plans, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.
- iii) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

g) *Reserves and reserve funds*

Certain amounts, as approved by the Board of 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 recorded as an adjustment to the respective reserve/reserve fund in accordance with Board approval.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

h) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, all eligibility criteria have been met and reasonable estimates of the amount can be made.

i) Investment income

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

Interest income earned on monies invested specifically for externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balances.

j) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the original budget approved by the Board of Trustees at the time of the submission of the Annual Estimates for 2008-2009 to the Ministry of Education on July 8, 2008. The budget approved by the Board of Trustees was developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures reported in the consolidated financial statements have been presented on a basis consistent with Public Sector Accounting Standards. These budget figures are unaudited and developed prior to the ratification of collective agreements with the Board's union groups. Therefore, no salary increase was included in the original budget figures.

k) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in the period in which they became known.

2. Short-term borrowing

	2009	2008
	\$	\$
90 day Bankers Acceptances bearing interest at rates ranging from 0.59% to 0.64%, maturing at various dates to November 27, 2009	62,915	88,017
City of Toronto Capital Loan (floating interest rate, entire principal payment due on maturity date of September 30, 2009)	2,000	-
Total	64,915	88,017

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

2. Short-term borrowing (continued)

The Board has incurred short term borrowing at August 31, 2009 in the amount of \$64.9 million, to provide interim financing for the Good Places to Learn (GPL) initiative of the Ministry of Education ("the Ministry"). The GPL initiative has provided the Board with approximately \$413.5 million for major renewal projects for its school buildings. GPL phase 1 provided \$175.5 million, GPL phase 2 provided \$97.2 million, GPL phase 3 provided \$98.4 million and GPL phase 4 is providing a further \$42.4 million. GPL funding was announced in 2005-2006, 2006-2007, 2007-2008 and 2008-2009 respectively. The Ministry is funding the interest cost incurred on the short term financing. Further, the Ministry will periodically arrange for the permanent financing, under a long term financing arrangement (see also Note 5 (d), (e) and (f)).

The Board has a \$50 million line of credit with a Canadian chartered bank for operating purposes. The amount outstanding as at August 31, 2009 was \$Nil (2008 - \$Nil).

3. Deferred revenue - reserve funds

Deferred revenue externally restricted for specific purposes by legislation, regulation or agreement as at August 31, 2009 is comprised of:

	2009	2008
	\$	\$
Pupil accommodation - facilities renewal	-	1,967
Proceeds of disposition - North Toronto Collegiate Inst. (see Note 14)	1,524	19,095
Energy Efficient Project	1,930	-
Assistance for student success	242	164
	3,696	21,226

The Continuity of Deferred Revenue - Reserve Funds of the Board is summarized below:

	2009	2008
	\$	\$
Balance, beginning of year	21,226	5,183
Increase in deferred revenue	50,710	71,052
Interest earned	66	418
	72,002	76,653
Deferred revenue recognized	68,306	55,427
Balance, end of year	3,696	21,226

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits

- a) The Board provides certain benefits to employees and retirees the majority of which are unfunded and will require funding in future periods. An actuarial valuation/update of each respective plan was completed as of August 31, 2009. A brief overview of these benefit plans is set out below.

Pension benefits

i) *Supplementary War Veterans Allowance*

The Supplementary War Veterans Allowance Plan (the "Plan") consists of allowances to be paid to retired employees of the former Board of Education for the City of Toronto. The Plan is closed to new members. The Plan includes survivor benefits of 66 2/3% for the surviving spouse. The pension is subject to indexing at 100% of the increase in CPI. This Plan is unfunded. The benefit costs and liability related to this plan are recorded in the Board's consolidated financial statements.

ii) *The Toronto District School Board Business and Support Employees' Paid-up Pension Plan (Formerly the North York Board of Education) ("the Plan")*

The Plan relates to the non-teaching employees of the former North York Board of Education who were hired before July 1, 1965 and who had paid-up entitlement in the former Metropolitan Toronto Pension Plan for service before their date of transfer to the OMERS Plan. The Plan has been closed to new members since July 1, 1965. The Plan includes, among other provisions, survivor benefits of 66 2/3% of the members' full accrued pension. The Plan has been subject to indexing at 100% of the increase in the CPI. The Plan is fully funded. The benefit costs and liability related to this plan are recorded in the Board's consolidated financial statements. This plan is in the process of being formally wound up.

Retirement benefits

i) *Sick leave credit gratuities*

The Board provides sick leave credit gratuities to certain groups of employees. The amount of the gratuities paid to eligible employees at retirement, death or total disability is based on their salary, accumulated sick days, and years of service at the time of the event. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are recorded in the Board's consolidated financial statements.

ii) *Retirement life insurance and health care benefits*

Employees are able to continue coverage for life insurance, dental and health care benefits after retirement until the members reach 65 years of age; however, the retirees pay the full premium associated with this coverage. For those employees retiring before September 1, 2004 the premiums are partially subsidized by the Board, as the retirees are in the same experience group as the active employees. All retirees on or after September 1, 2004 are not subsidized by the Board. The future liability of these benefits is unfunded.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

a) (continued)

Other employee future benefits

i) *Workplace safety and insurance board obligations*

The Board is a Schedule 2 employer under the Workplace Safety and Insurance 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 actuarially determined liabilities related to this plan based on management's best estimate are recorded in the Board's consolidated financial statements.

ii) *Long-term disability benefits*

The Board provides long term disability insurance coverage for non-teaching employees. The benefit costs and actuarially determined liabilities related to this plan are included in the Board's financial statements. The Board has internally restricted fund assets to fund these liabilities.

Teaching staff have their own long term disability plans through their Federations and are responsible for the entire cost. Accordingly, no costs or liabilities related to these plans are included in the Board's consolidated financial statements.

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carriers waive the life insurance premiums for employees on long-term disability; however, the Board and employee are responsible for the payment of the costs of health care benefits under this plan under the same cost-sharing arrangements to which the employee would be entitled as an active employee. Continuation of dental coverage is also available subject to the employee paying the full cost.

iii) *Accumulating, non-vesting sick leave*

The Board provides accumulating, non-vesting sick day entitlements which may be used by the employee through paid time off. The benefit costs and liabilities related to the portion of the "sick days" accumulated to the fiscal year end and considered likely to be used by employees based on probabilities relating to usage, salary escalation and discount rates, are actuarially determined and are recorded in the Board's consolidated financial statements.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

b) Retirement and other employee future benefits liabilities

	2009			2008	
	Pension benefits	Retirement benefits	Other benefits	Total	Total (Restated-see Note 16)
	\$	\$	\$	\$	\$
Accrued Benefit Obligation					
Balance, beginning of year	15,448	265,436	250,364	531,248	523,276
Employer current service cost	-	19,328	16,314	35,642	41,158
Interest cost	691	13,003	8,806	22,500	22,125
Benefit paid	(1,820)	(22,196)	(26,919)	(50,935)	(49,010)
Actuarial losses (gains)	(173)	8,969	9,577	18,373	(6,301)
Balance, end of year	14,146	284,540	258,142	556,828	531,248
Plan assets					
Fair value, beginning of year	7,880	-	-	7,880	8,463
Actual return on plan assets	(208)	-	-	(208)	474
Employer contributions	873	22,196	26,919	49,988	47,979
Valuation allowance	353	-	-	353	(26)
Benefits paid	(1,820)	(22,196)	(26,919)	(50,935)	(49,010)
Fair value, end of year	7,078	-	-	7,078	7,880
Funded status					
Plan deficit	7,068	284,540	258,142	549,750	523,368
Unamortized net actuarial loss	-	(14,434)	(3,690)	(18,124)	(8,619)
Accrued benefit liability	7,068	270,106	254,452	531,626	514,749

c) Retirement and other employee future benefits expenses

	2009			2008	
	Pension benefits	Retirement benefits	Other benefits	Total	Total (Restated-see Note 16)
	\$	\$	\$	\$	\$
Current service costs	-	19,328	16,314	35,642	41,158
Interest costs	691	13,003	8,806	22,500	22,125
Expected return on plan assets	208	-	-	208	(474)
Amortization of net actuarial loss	(173)	1,851	7,190	8,868	980
Increase (decrease) in valuation allowance	(352)	-	-	(352)	26
Balance, end of year	374	34,182	32,310	66,866	63,815

These amounts are included in the respective expenditure categories on the Consolidated Statement of Financial Activities and Fund Balance.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

d) Actuarial assumptions

The accrued benefit obligations for the Long Term Disability and Workplace Safety and Insurance Board plans as at August 31, 2009 are based on the actuarial valuations for accounting purposes as at August 31, 2009. The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2009 are based on actuarial valuations for accounting purposes as at August 31, 2009, except for the war veterans and North York pensions, which are based on actuarial valuations for accounting purposes as at August 31, 2007 and December 31, 2006, respectively. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2009	2008
	%	%
Estimated inflation		
Heath	9.00	11.00
Dental	6.00	7.00
War veterans	2.40	2.50
North York pension	2.40	2.50
WSIB (COLA)	1.00	2.50
LTDI (COLA)	1.00	2.40
Wages and salary calculation	3.00	3.40
Discount on accrued benefit obligations		
Sick leave credit gratuity	4.75	4.75
Life, health and dental	4.75	4.75
War veterans	4.75	4.75
North York pension	4.75	4.75
WSIB	4.75	4.50
LTDI	4.75	4.40
Sick leave accumulation	4.75	4.75

e) Multi-employer pension plans

i) *Ontario Teachers' Pension Plan*

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

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

4. Retirement and other employee future benefits (continued)

e) Multi-employer pension plans (continued)

ii) *Ontario Municipal Employees Retirement System*

Non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employees' contributions to the Plan. During the year ended August 31, 2009, the Board contributed \$29.0 million (2008 - \$28.1 million) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

f) Funds held on deposit for employee benefit plans

i) *Health and dental funds on deposit*

The board has funds held on deposit with Legg Mason and Manulife to fund current liabilities for the health and dental plans of the Board in the amount of \$33.1 million (2008 - \$30.1 million). These funds primarily cover estimated current period claims yet to be submitted by employees.

ii) *Group life funds on deposit*

The Board has funds held on deposit with Legg Mason and Great West Life to fund current liabilities for the group life insurance plans of the Board in the amount of \$7.1 million (2008 - \$9.1 million).

iii) *Long term disability funds on deposit*

The Board has funds held on deposit with Legg Mason and CIBC to fund long term disability plan of the Board in the amount of \$82.7 million (2008 - \$81.9 million). These funds primarily cover the actuarially determined liabilities of the Plan and cover reduced Board premiums otherwise required by the Plan.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

5. Net long-term debt

- a) Net long-term debt reported in the Consolidated Statement of Financial Position is comprised of the following:

	2009	2008
	\$	\$
5.071% Amortizing Debenture (Note 5(b))	34,130	35,551
City of Toronto Debentures, net of sinking fund assets (Note 5(c))	40,674	45,028
4.56% Ontario Financing Authority, (Note 5(d))	101,582	104,130
4.90% Ontario Financing Authority, (Note 5(e))	101,035	103,241
4.90% Ontario Financing Authority, (Note 5(f))	88,102	-
City of Toronto Capital Loan (floating interest rate, principal payments of \$300 annually; maturing August 31, 2009)	-	300
Balance as at August 31	365,523	288,250

- b) On December 17, 2004 the Board issued a \$40 million debenture to fund an equivalent amount of major renovation projects. The debenture bears interest at 5.071% and has a 20-year amortization with semi-annual interest and principal payments of \$1.6 million. The annual debt service of \$3.2 million will be funded from the annual Facility Renewal Grant.
- c) City of Toronto Debentures in the amount of \$75.8 million maturing December 12, 2017, with an interest rate of 6.1%. Sinking fund assets in the amount of approximately \$35.2 million (2008 - \$30.8 million) have been set aside to retire the long-term City of Toronto debentures. The market value of sinking fund assets as at August 31, 2009 was \$37.6 million (2008 - \$31.6 million).
- d) On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$107.7 million of the GPL Phase 1 outstanding at that time (see also Note 2). The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.56%. The annual principal and interest costs will be funded by the Ministry of Education.
- e) On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$103.2 million of the GPL Phase 2 outstanding at that time (see also Note 2). The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.90%. The annual principal and interest costs will be funded by the Ministry of Education.
- f) On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$88.1 million of the GPL Phase 3 outstanding at that time (see also Note 2). The loan is repayable by semi-annual installments of principal and interest of \$3.1 million based on a 25 year amortization schedule and bears interest of 5.06%. The annual principal and interest costs will be funded by the Ministry of Education.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

5. Net long-term debt (continued)

- g) Principal and sinking fund payments relating to net long-term liabilities of \$365.5 million outstanding as at August 31, 2009 are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2010	10,605	20,300	30,905
2011	11,014	19,892	30,906
2012	11,442	19,463	30,905
2013	11,892	19,013	30,905
2014	12,364	18,541	30,905
Thereafter	288,177	158,419	446,596
	345,494	255,628	601,122

In addition, debenture interest on sinking fund contributions estimated to amount to approximately \$20.0 million is expected to be earned during the remaining life of the City of Toronto debentures. This interest together with the sinking fund contributions will fund the total outstanding City of Toronto debentures principal of \$75.8 million.

- h) Interest on long-term debt amounted to \$17.9 million (2008 - \$13.8 million).

6. Reserves and reserve funds

Internally restricted reserves and reserve funds set aside for specific purposes by the Board of Trustees as at August 31, 2009 are comprised of:

	2009	2008 (Restated-see Note 16)
	\$	\$
Special education	1,675	1,822
Employee Benefit Plans	101,800	104,849
School surplus	7,965	9,330
Site funded improvements	733	374
	112,173	116,375

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

7. Amounts to be recovered

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	2009	2008 (Restated-see Note 16)
	\$	\$
Net long-term debt (Note 5(a))	365,523	288,250
Retirement and other employee future benefit liabilities (Note 4b)	531,626	514,749
Accrued vacation pay	17,260	14,733
Interest accrual	5,468	4,263
	919,877	821,995

8. Expenditures by object

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

	2009	2008 (Restated-see Note 16)
	\$	\$
Current expenditures		
Salary and wages	1,933,219	1,848,263
Employee benefits	289,857	278,231
Staff development	5,725	3,953
Supplies and services	170,260	171,415
Replacement, furniture and equipment	8,143	4,057
Interest	18,964	17,401
Rental expenditures	15,822	16,782
Fees and contract services	84,293	81,838
Other	1,705	2,946
Capital expenditures	179,747	194,914
School activities expenditures	43,160	43,639
	2,750,895	2,663,439

9. 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.

The ultimate premiums over a five year period are based on both the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in January 2012.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

10. Contractual obligations and commitments

Capital, facility renewals and renovations

The Board's commitments for approved capital and facility renewal programs as of August 31, 2009 amounted to \$42.5 million (2008 - \$55.8 million).

Other significant obligations

The Board awarded contracts for student transportation, which expire August 31, 2012. The estimated annual commitment under these contracts is \$38.5 million.

The Board is committed to purchase natural gas through supply contracts with various expiry dates; the latest contract expires on November 1, 2010. The estimated annual costs of these contracts are \$20.4 million.

The Board is committed to a Wide Area Network contract which expires December 2020. The estimated annual commitment under this contract is \$3.8 million.

11. Contingent liabilities

Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Where the outcomes of these actions is not determinable as at August 31, 2009, no provision has been made in the financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or when any likely amounts are measurable.

Pay equity

The Board is continuing to negotiate several pay equity issues with union employee groups. An estimate of the total of these issues is not determinable at this time. Management will record any future pay equity settlements in the year in which the claim is settled or the amount is determined to be likely and the liability is measurable.

12. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$275.1 million from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the board's debt in consideration for the assignment by the board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$20.5 million (2008 - \$20.5 million) in grants in respect of the above agreement for the year ended August 31, 2009, is not recorded in these consolidated financial statements.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

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 provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2009 is \$31.4 million (August 31, 2008 - \$28.9 million). The Board's financial interest in these joint trust accounts has not been reflected in the Consolidated Statement of Financial Position, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction. These funds must be used for construction of school facilities in specific designated areas of the City of Toronto.

14. Mortgage receivable

In fiscal 2008, the Board sold a parcel of land attached to the North Toronto Collegiate Institute School (NTCI) for \$22.3 million to a developer for the purposes of building a multi-use site. The site plan is to develop two high rise residential buildings and construct a new high school building on the site. The contract to build the new school building including the demolition of the old school building is estimated to be \$50 million.

The board agreed to take back a first mortgage in the amount of \$19.8 million on the development to secure the balance of the purchase price after deposits and adjustments were taken into account. The mortgage is an open mortgage and can be paid back at any time without notice or bonus. Credits are applied to the mortgage as construction of the new NTCI School is completed. The mortgage interest is calculated on funds outstanding after deducting the first \$1.5 million of the mortgage, at the end of each quarter. The interest rate to be used for the first two years after closing is the same interest rate payable from time to time on the ninety day Government of Canada Treasury bills per annum. After the first two years the interest is 4.5% per annum.

During the year, \$17.5 million (2008 - \$0.7 million) in construction credits were applied to reduce the mortgage receivable.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

15. 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 amortization of tangible capital assets in its financial statements in accordance with The Public Sector Accounting Handbook PS3150 – Tangible Capital Assets.

For 2009, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available.

a) Summary of significant accounting policies - Tangible Capital Assets

- i. Acquisition cost: tangible capital assets were recorded at historical cost when the acquisition cost was available. 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.

When historical cost was not available, estimated historical cost was used to record existing tangible capital asset. The following methods were used to establish opening balances for the asset classes note below:

Asset class	Pre-1965	1965 to March, 2005
Building	Benchmark estimate	Appraiser estimate
Land	At nominal value	Appraiser estimate
Equipment 15 years	N/A	Deflated replacement cost by CPI

- ii. Amortization is reflected on a straight-line basis over the estimated useful life of the assets. Amortization rates are generally as follows:

Asset class	Estimated useful life
Buildings	40 years
Other buildings	20 years
Land improvements	15 years
Portable structures	20 years
First time equipping	15 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 - 10 years
Leasehold improvement	Over the lease term

Remaining service life for legacy building and land improvement (acquisitions prior to March 2005) were established by Book Value Calculator (BVC) a tool used to estimate the historical cost and remaining service life of buildings and land improvements.

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2009

(Tabular amounts in thousands of dollars)

15. Tangible capital assets (TCA) (continued)

b) Opening and closing balances with activities during the year

Asset class	Cost (in 000's)				Accumulated depreciation (in 000's)				Net book value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	
Land	66,187	4,225	612	69,800	-	-	-	-	69,800
Land improvements	26,840	10,400	-	37,240	2,936	2,299	3	5,232	32,008
Buildings (40 years)	2,257,692	84,188	8,321	2,333,559	719,912	65,948	3,946	781,914	1,551,645
Portable structures	43,469	2,698	2,401	43,766	26,898	2,253	2,401	26,750	17,016
Assets permanently removed from service	22,135	89	-	22,224	5,474	-	-	5,474	16,750
Construction in progress (CIP)	4,905	26,402	1,844	29,463	-	-	-	-	29,463
Pre-acquisition costs (PAC)	-	-	-	-	-	-	-	-	-
Equipment (5 years)	182	-	23	159	92	34	23	103	56
Equipment (10 years)	4,302	540	-	4,842	1,988	460	-	2,448	2,394
Equipment (15 years)	2,678	61	279	2,460	1,167	161	279	1,049	1,411
First time equipping (10 years)	355	1,077	-	1,432	77	131	-	208	1,224
Furniture (10 years)	930	478	-	1,408	475	55	-	530	878
Computer hardware	37,769	8,027	3,707	42,089	16,077	7,891	3,707	20,261	21,828
Computer software	36,233	1,447	1,565	36,115	7,814	7,145	1,565	13,394	22,721
Vehicles (< 10,000 pounds)	384	-	28	356	167	76	28	215	141
Vehicles (> 10,000 pounds)	2,807	814	-	3,621	1,709	367	-	2,076	1,545
building	38	610	-	648	2	121	-	123	525
Leasehold improvement - land	16	-	-	16	-	1	-	1	15
Total	2,506,922	141,056	18,780	2,629,198	784,788	86,942	11,952	859,778	1,769,420

c) Inventories for resale (permanently removed from service)

The board has identified 14 properties qualifying as "inventories held for resale" as defined in the Public Sector Accounting Handbook which will be recognized as a financial asset in fiscal 2010.

As of August 31, 2009, \$15.6M related to buildings and \$1.1M related to land has been shown separately in note 15(b).

Toronto District School Board

Notes to the consolidated financial statements

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(Tabular amounts in thousands of dollars)

16. Prior period adjustment

During the year management changed the method of recognizing Funds on Deposit for Long Term Disability (LTDI) obligations. Previously, the board reported its long term disability obligations net of the market value of the disability insurance plan assets (DIP fund). A reassessment of the nature of the DIP funds compared to the definition as described in Retirement Benefits, Section PS 3250 was conducted in 2009, and concluded that the fund does not meet the criteria of a plan asset under PS 3250. As a result, effective for the fiscal year ending August 31, 2009, the LTDI liability and fund assets are no longer netted in the consolidated financial statements. The LTDI liability will be reported as the actuarially determined liability under Future Employee Benefits liability section and the fund assets will be reported as financial assets under Funds on Deposit at cost.

In addition, a reassessment of the reserves held by the benefit carrier was also completed and reserves previously recorded as part of accounts payable and accrued liabilities and deferred revenue were concluded as not meeting the definition of a liability in accordance with PS3200.05 and have been recategorized as internally restricted reserves.

These changes were applied retroactively with restatement and have resulted in an increase in funds on deposit of \$82,690 (2008 - \$81,138), a decrease in deferred revenue of \$11,070 (2008 - \$11,780), a decrease in accounts payable and accrued liabilities of \$8,840 (2008 - \$11,931) and an increase in the opening reserve fund balance of \$104,849 (2008 - \$98,891). In addition transfers from reserve funds to operating funds and operating fund expenditures increased by \$8,199 (2008 - decreased by \$928) and investment income increased by \$5,150 (2008 - \$5,030).

Employee future benefits liability and amounts to be recovered on the statement of financial position increased by equal amounts. This restatement had no net impact on the operating fund balance.