

Consolidated financial statements of

# **Toronto District School Board**

August 31, 2011

# Toronto District School Board

August 31, 2011

## Table of contents

Management Report

Independent Auditor's Report .....	1-2
Consolidated statement of financial position .....	3
Consolidated statement of operations .....	4
Consolidated statement of change in net debt .....	5
Consolidated statement of cash flows .....	6
Notes to the consolidated financial statements .....	7-24

## Management Report

Year ended August 31, 2011

Re: Management's Responsibility for the Consolidated Financial Statements


The accompanying consolidated financial statements of the Toronto District School Board are the responsibility of the Board management and have been prepared by management in compliance with legislation, and based on the financial reporting provisions described in Note 1 to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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



Dr. Chris Spence  
Director of Education



Vidya Rego  
Chief Financial Officer

December 7, 2011

## Independent Auditor's Report

To the Board of Trustees of  
The Toronto District School Board

We have audited the accompanying consolidated financial statements of Toronto District School Board, which comprise the statement of financial position as at August 31, 2011, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions described in Note 1 to the consolidated financial statements.

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

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

### Auditor's Responsibility

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

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

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

### **Basis for Qualified Opinion**

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, annual surplus (deficit), financial assets and accumulated deficit.

### **Opinion**

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Toronto District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of Toronto District School Board at as August 31, 2011, and its consolidated results of operations and changes in its consolidated net debt and consolidated cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist Toronto District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
December 7, 2011

# Toronto District School Board

## Consolidated statement of financial position

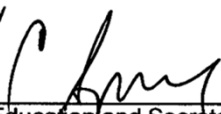
### as at August 31, 2011

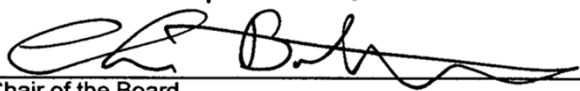
(In thousands of dollars)

	2011	2010 Restated (Note 2)
	\$	\$
<b>Financial assets</b>		
Cash	46,002	68,433
Due from City of Toronto	130,815	63,281
Accounts receivable	24,679	21,423
Accounts receivable - Province of Ontario (Note 3)	449,595	418,144
Mortgage and note receivable (Note 4)	-	7,235
Funds on deposit (Note 5(f))	119,880	127,903
Properties held for sale (Note 6)	14,064	7,201
<b>Total financial assets</b>	<b>785,035</b>	<b>713,620</b>
<b>Liabilities</b>		
Short-term borrowing (Note 7)	38,299	53,368
Accounts payable and accrued liabilities	174,887	151,962
Due to Province of Ontario	16,693	12,656
Accrued vacation pay	16,773	18,173
Deferred revenue (Note 8)	61,724	47,111
Deferred capital contributions (Note 9)	1,649,882	1,604,918
Retirement and other employee future benefits payable (Note 5)	562,459	542,121
Net long term debt (Note 10)	441,643	406,979
<b>Total liabilities</b>	<b>2,962,360</b>	<b>2,837,288</b>
<b>Net debt</b>	<b>(2,177,325)</b>	<b>(2,123,668)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	1,799,311	1,785,364
Prepaid expenses and supplies	8,125	11,901
<b>Total non-financial assets</b>	<b>1,807,436</b>	<b>1,797,265</b>
<b>Accumulated deficit (Note 12)</b>	<b>(369,889)</b>	<b>(326,403)</b>

Commitments and contingencies (Notes 13 and 14)

Approved by

  
 \_\_\_\_\_  
 Director of Education and Secretary Treasurer

  
 \_\_\_\_\_  
 Chair of the Board

# Toronto District School Board

## Consolidated statement of operations

year ended August 31, 2011

(In thousands of dollars)

	Budget (unaudited) (Note 19)	2011	2010 Restated (Note 2)
	\$	\$	\$
<b>Revenues</b>			
Local taxation	1,438,149	1,469,195	1,464,350
Provincial grants			
Grants for student needs	1,093,194	1,064,921	999,302
Deferred capital contributions recognized as grant revenue	92,626	93,122	85,017
Other	52,027	83,322	69,613
Federal grants and fees	44,100	30,489	26,404
Other fees and revenues	69,619	83,470	103,598
School fundraising	40,000	44,046	45,157
<b>Total revenues</b>	<b>2,829,715</b>	<b>2,868,565</b>	<b>2,793,441</b>
<b>Expenses (Note 15)</b>			
Instruction	2,211,754	2,231,123	2,110,808
Administration	77,197	81,574	75,062
Transportation	49,525	52,082	48,119
School operations and maintenance	295,457	296,445	281,186
Pupil accommodation	146,660	138,948	143,382
Other programs	52,383	65,413	74,984
School funded activities	40,000	44,541	44,370
Loss on disposal of tangible capital assets	-	1,925	-
<b>Total expenses</b>	<b>2,872,976</b>	<b>2,912,051</b>	<b>2,777,911</b>
Annual (deficit) surplus	(43,261)	(43,486)	15,530
Accumulated deficit, beginning of year	(419,444)	(326,403)	(341,933)
<b>Accumulated deficit, end of year</b>	<b>(462,705)</b>	<b>(369,889)</b>	<b>(326,403)</b>

**Toronto District School Board**  
**Consolidated statement of change in net debt**  
**year ended August 31, 2011**  
(In thousands of dollars)

	2011	2010 Restated (Note 2)
	\$	\$
<b>Annual (deficit) surplus</b>	<b>(43,486)</b>	15,530
Acquisition of tangible capital assets	<b>(121,921)</b>	(127,656)
Amortization of tangible capital assets	<b>95,067</b>	90,758
Loss from tangible capital assets disposal	<b>1,925</b>	-
Net book value of tangible capital assets reclassified as properties held for sale during the year (Note 6)	<b>10,982</b>	4,107
	<b>(57,433)</b>	(17,261)
Acquisition of inventories of supplies	<b>(43)</b>	(652)
Acquisition of prepaid expenses	<b>(430)</b>	(3,263)
Consumption of inventories of supplies	<b>1,198</b>	152
Use of prepaid expenses	<b>3,051</b>	12
Change in net debt	<b>(53,657)</b>	(21,012)
Net debt at beginning of year	<b>(2,123,668)</b>	(2,102,656)
<b>Net debt at end of year</b>	<b>(2,177,325)</b>	(2,123,668)



# Toronto District School Board

## Consolidated statement of cash flows

year ended August 31, 2011

(In thousands of dollars)

	2011	2010 Restated (Note 2)
	\$	\$
<b>Operating activities</b>		
Annual (deficit) surplus	(43,486)	15,530
Items not involving cash		
Amortization	95,067	90,758
Net book value of tangible capital assets reclassified as properties held for sale during the year (Note 6)	10,982	4,107
Net transfer from deferred capital contributions to deferred revenue (Note 9)	(9,180)	(4,571)
Loss on disposal of tangible capital assets	1,925	-
Deferred capital contributions recognized (Note 9)	(93,122)	(85,017)
Change in non-cash assets and liabilities		
(Increase) decrease in due from City of Toronto	(67,534)	1,454
(Increase) decrease in accounts receivable	(3,256)	13,329
Increase in accounts receivable - Province of Ontario	(31,451)	(12,412)
Decrease (increase) in prepaid expenses and supplies	3,776	(3,751)
(Increase) decrease in properties for sale	(6,863)	9,549
Increase (decrease) in accounts payable and accrued liabilities and accrued vacation pay	21,525	(1,087)
Increase (decrease) in due to Province of Ontario	4,037	(16,005)
Increase in deferred revenues	14,613	4,129
Increase in employee future benefits payable	20,338	10,495
<b>Net change in cash from operating activities</b>	<b>(82,629)</b>	<b>26,508</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(121,921)	(127,656)
<b>Net change in cash from capital activities</b>	<b>(121,921)</b>	<b>(127,656)</b>
<b>Investing activities</b>		
Issuance of mortgage and note receivable (Note 15)	-	(7,235)
Collection of mortgage and note receivable (Note 15)	7,235	1,524
Decrease (increase) in funds on deposit	8,023	(5,023)
<b>Net change in cash from investing activities</b>	<b>15,258</b>	<b>(10,734)</b>
<b>Financing activities</b>		
Capital grant contributions (Note 9)	147,266	84,639
Short term borrowing - net	(15,069)	(11,547)
Long-term debt repayments	(13,976)	(12,378)
Issuance of long-term debt	48,640	53,826
<b>Net change in cash from financing activities</b>	<b>166,861</b>	<b>114,540</b>
Net (decrease) increase in cash	(22,431)	2,658
Cash, beginning of year	68,433	65,775
<b>Cash, end of year</b>	<b>46,002</b>	<b>68,433</b>

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 1. Significant accounting policies

The consolidated financial statements are the representations of management prepared in accordance with the basis of accounting as described in Note 1a) below.

Significant accounting policies adopted are as follows:

#### a) *Basis of accounting*

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, a directive was provided by the Ontario Ministry of Education (the Ministry) within memorandum 2004:B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in Note 2 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in Note 2. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

#### b) *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses 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, and expenses 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 inter-departmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

#### c) *Trust funds*

Trust funds and their related operations administered by the Board amounting to \$7.6 million (2010 – \$7.5 million) are not included in the consolidated financial statements.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 1. Significant accounting policies (continued)

#### d) *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.

#### e) *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, 2011. 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.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 1. Significant accounting policies (continued)

#### f) *Tangible capital assets*

Tangible capital assets are recorded at cost which 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.

Tangible capital assets, except land, are amortized 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 with finite lives	15 years
Portable structures	20 years
First time equipping of schools	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

Assets under construction are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and net realizable value. These assets are recorded as “properties held for sale” on the Consolidated Statement of Financial Position.

Works of art and historic artifacts are not recorded as assets in these consolidated financial statements.

#### g) *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.

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

#### h) *Investment income*

Investment income is 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.

#### i) *Long term debt*

Long term debt includes debentures and Ontario financing Authority (OFA) loans which were arranged for financing Board's capital projects or high priority renewal projects. Long term debt is recorded net of related sinking fund balances.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 1. Significant accounting policies (continued)

#### j) Use of estimates

The preparation of financial statements in conformity with the basis of accounting described in Note 1a) 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 expenses during the year. Estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in the period in which they became known. Accounts subject to estimates include allowance of doubtful accounts receivable, certain accrued liabilities, employee future benefits, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions. Actual results could differ from these estimates.

### 2. Change in accounting policies

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook section 3410 Government Transfers as described in Note 1a. This change has been applied retroactively and prior periods have been restated. Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

At the direction of the Ministry, the Board has calculated the opening deferred capital contribution balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of outstanding debt that is not supported by the Ministry funding. This calculation provides a cost effective solution to determine the opening balance, allowing for the standard to be implemented retroactively. Retroactive implementation results in a set of financial statements that is relevant, understandable to the user, and comparable over periods and amongst school boards in Ontario.

This change in accounting policy has changed amounts reported in the prior period as follows:

\$

#### Accumulated deficit at August 31, 2010

Accumulated surplus, as previously reported	1,285,607
Transfer to deferred revenue	(7,092)
Transfer to deferred capital contributions	(1,604,918)
<b>Accumulated deficit, as restated</b>	<b>(326,403)</b>

#### Annual surplus for the year ended August 31, 2010

Annual surplus, as previously reported	420,884
Plus: Capital grants recognized in revenue	85,017
Less: In-year provincial capital grant contributions	(490,371)
<b>Annual surplus, as restated</b>	<b>15,530</b>

The Impact for the year ended August 31, 2011 is as follows:

#### Annual deficit for the year ended August 31, 2011

Annual surplus, before restatement impact	10,658
Less: In-year provincial capital grant contributions	(147,266)
Plus: Capital grants recognized in revenue	93,122
<b>Annual deficit, as currently reported</b>	<b>(43,486)</b>

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 3. Accounts receivable - Province of Ontario

The an account receivable from the Province of Ontario of is composed mainly of amounts related to capital grants in the amount of \$444.7 million (2010 - \$415.9 million).

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

### 4. Mortgage and notes receivable

	2011	2010
	\$	\$
Mortgage relating to the sale of TDSB's 50% ownership of Harold R Lawson School, due December 8, 2010, interest only payable monthly at the CIBC prime rate in effect on the first business day of the month.	-	2,835
Promissory note receivable resulting from the termination by TDSB of a land lease and the resulting transfer of the building to the lessor for a sum of \$9.4 million settled with \$5 million in cash and \$4.4 million by way of a promissory note due on or before June 30, 2011 with interest calculated monthly at 7% per annum and payable on the date of payment of the principal.	-	4,400
	-	7,235

### 5. 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 extrapolation of each respective plan was completed as of August 31, 2011. 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.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 5. Retirement and other employee future benefits (continued)

#### *Pension benefits (continued)*

#### 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. The Plan is in the process of being formally wound up. As at August 31, 2011, the obligation had been settled and the parties had agreed to the sharing of the Plan surplus. Subsequent to year end, final approval for the distribution of the Plan surplus was granted by the Financial Services Commission of Ontario.

#### *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.

#### *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 consolidated 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.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 5. Retirement and other employee future benefits (continued)

*Other employee future benefits (continued)*

ii) *Long-term disability benefits (continued)*

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.

b) Retirement and other employee future benefits liabilities

				2011	2010
	Pension benefits	Retirement benefits	Other benefits	Total	Total
	\$	\$	\$	\$	\$
<b>Accrued benefit obligation</b>					
Balance, beginning of year	12,327	303,601	264,397	580,325	556,826
Employer current service cost	-	19,070	13,663	32,733	29,449
Interest cost	408	14,788	12,507	27,703	23,316
Benefit paid	(1,218)	(23,502)	(28,040)	(52,760)	(55,590)
Actuarial losses (gains)	(525)	21,088	15,049	35,612	26,324
Obligation settled	(5,322)	-	-	(5,322)	-
<b>Balance, end of year</b>	<b>5,670</b>	<b>335,045</b>	<b>277,576</b>	<b>618,291</b>	<b>580,325</b>
<b>Plan assets</b>					
Fair value, beginning of year	6,209	-	-	6,209	7,077
Actual return on plan assets	(100)	-	-	(100)	859
Employer contributions	742	23,502	28,040	52,284	54,701
Valuation allowance	(312)	-	-	(312)	(838)
Benefits paid	(1,217)	(23,502)	(28,040)	(52,759)	(55,590)
Assets settled	(5,322)	-	-	(5,322)	-
<b>Fair value, end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,209</b>
<b>Funded status</b>					
Plan deficit	5,670	335,045	277,576	618,291	574,116
Unamortized net actuarial loss	-	(42,303)	(13,529)	(55,832)	(31,995)
<b>Accrued benefit liability</b>	<b>5,670</b>	<b>292,742</b>	<b>264,047</b>	<b>562,459</b>	<b>542,121</b>



# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 5. Retirement and other employee future benefits (continued)

#### c) Retirement and other employee future benefits expenses

				2011	2010
	Pension benefits	Retirement benefits	Other benefits	Total	Total
	\$	\$	\$	\$	\$
Current service costs	-	19,070	13,663	32,733	28,790
Interest costs	409	14,787	12,507	27,703	23,317
Expected return on plan assets	(367)	-	-	(367)	(507)
Amortization of net actuarial loss	488	3,218	9,081	12,787	12,758
Increase (decrease) in valuation allowance	312	-	-	312	838
Settlement gain	(547)	-	-	(547)	-
	<b>295</b>	<b>37,075</b>	<b>35,251</b>	<b>72,621</b>	<b>65,196</b>

These amounts are included in the respective expense categories on the Consolidated Statement of Operations.

#### d) Actuarial assumptions

The accrued benefit obligations for the Long Term Disability and War Veterans plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2011 and as at August 31, 2010 respectively. The accrued benefit obligations for the Workplace Safety and Insurance Board plan, retirement and other employee future benefit plans as at August 31, 2011 are based on the actuarial valuations for accounting purposes as at August 31, 2009, except for the North York pensions, which is based on actuarial valuations for accounting purposes as at December 31, 2006. 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:

	2011	2010
	%	%
Estimated inflation		
Heath	8.60	9.00
Dental	5.30	6.00
War veterans	2.20	2.50
North York pension	2.20	2.20
WSIB (COLA)	1.25	1.00
LTDI (COLA)	1.25	1.00
Wages and salary calculation	3.00	3.00
Discount on accrued benefit obligations		
Sick leave credit gratuity	4.00	4.75
Life, health and dental	4.00	4.75
War veterans	4.00	4.75
North York pension	4.00	4.75
WSIB	4.00	4.75
LTDI	4.00	4.75
Sick leave accumulation	4.00	4.75

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

### 5. Retirement and other employee future benefits (continued)

#### 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.

##### *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, 2011, the Board contributed \$36.9 million (2010 – \$32.2 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 \$32.1 million (2010 – \$32.6 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 \$5.9 million (2010 – \$7.6 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 \$81.9 million (2010 – \$87.7 million). These funds primarily cover the actuarially determined liabilities of the Plan and cover reduced Board premiums otherwise required by the Plan.

### 6. Properties held for sale

As of August 31, 2011, \$14.02 million (2010 – \$7.1 million) related to buildings and \$0.04 million (2010 – \$0.1 million) related to land were recorded as properties held for sale (PHFS). The net book value of properties reclassified to properties held for sale was \$11.0 million (2010 - \$4.1 million). During the year, a number of school properties were sold. Net proceeds of \$50.1 million (2010 – \$65.8 million) were received on the sale of these properties, which had a carrying value of \$5.4 million (2010 – \$13.8 million), resulting in a gain on sale of \$44.7 million (2010 – \$52.0 million). The proceeds from the sale of these properties have been used to fund in-year capital projects or prior year capital deficit, in accordance with Ontario Regulation 193/10.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 7. Short-term borrowing

	2011	2010
	\$	\$
88 day to 91 day Bankers Acceptances bearing interest from 2.02% to 2.04% maturing from September 14, 2011 to November 25, 2011.	38,299	34,368
City of Toronto Capital Loan (floating interest rate, entire principal payment due on maturity date of November 30, 2010)	-	19,000
<b>Total</b>	<b>38,299</b>	<b>53,368</b>

The Board has incurred short term borrowing at August 31, 2011 in the amount of \$38.3 million (2010 - \$53.4 million), to provide interim financing for the Good Places to Learn (GPL) initiative of the Ministry of Education. 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, GPL phase 4 provided \$42.4 million and GPL phase 5 provided a further \$48.4 million. GPL funding was announced in 2005-2006, 2006-2007, 2007-2008, 2008-2009 and 2009-2010 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 10 (d), (e), (f), (g) and (h)).

The Board has a \$50 million line of credit with a Canadian chartered bank for operating purposes. The amount outstanding as at August 31, 2011 was \$Nil (2010 - \$Nil).

### 8. Deferred revenue

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2011 is comprised of:

	Balance as at August 31, 2010 (Restated - See Note 2)	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to/(from) deferred capital grants	Balance as at August 31, 2011
	\$	\$	\$	\$	\$
Special Education	-	291,768	287,990	-	3,778
Other Ministry of					
Education grants	11,090	50,497	54,462	-	7,125
Other Provincial grants	5,798	28,653	28,855	-	5,596
Tuition fees	11,611	19,542	13,455	-	14,698
Other	7,196	46,312	48,040	-	5,468
Energy efficient schools	870	22,476	-	17,053	6,293
Renewable energy	-	3,924	-	1,060	2,864
Minor TCA	-	62,700	50,539	12,161	-
School renewal	-	42,284	37,358	4,926	-
Interest on capital	-	21,880	21,880	-	-
Ministry of Health -					
Pool grants	3,453	3,412	45	6,397	423
Proceeds of disposition	-	50,062	1,382	48,680	-
Proceeds of disposition -					
PHFS	7,093	(2,255)	-	(9,180)	14,018
Other	-	9,632	883	7,288	1,461
<b>Total deferred revenue</b>	<b>47,111</b>	<b>650,887</b>	<b>544,889</b>	<b>88,385</b>	<b>61,724</b>

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 9. Deferred capital contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in Note 2.

	2011	2010 Restated (Note 2)
	\$	\$
Balance, beginning of year	1,604,918	1,204,135
Additions to deferred capital contributions	147,266	84,639
One time capital wrap up grant contribution	-	405,732
Revenue recognized in the period	(93,122)	(85,017)
Transfers to deferred revenue relating to properties held for sale	(9,180)	(4,571)
<b>Balance, end of year</b>	<b>1,649,882</b>	<b>1,604,918</b>

Additions to deferred capital contributions includes net proceeds from disposition of properties held for sale in the amount of \$50.1 million (2010 - \$65.8 million).

### 10. Net long-term debt

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

			2011	2010	
	Interest rate	Maturity date	\$	\$	
	%		\$	\$	
Critical renewal debenture	Note 10(b)	5.07	December 17, 2024	31,066	32,637
Sinking Fund (City of Toronto)	Note 10(c)	6.10	December 12, 2017	75,846	75,846
Less: sinking fund assets	Note 10(c)	-	-	(43,391)	(39,232)
Ontario Financing Authority	Note 10(d)	4.56	November 15, 2031	96,129	98,917
Ontario Financing Authority	Note 10(e)	4.90	March 3, 2033	96,289	98,720
Ontario Financing Authority	Note 10(f)	5.06	March 13, 2034	84,334	86,265
Ontario Financing Authority	Note 10(g)	5.23	April 13, 2035	52,737	53,826
Ontario Financing Authority	Note 10(h)	4.83	March 11, 2036	48,377	-
Sustainable Energy Funds	Note 10(i)	-	October 1, 2030	185	-
Sustainable Energy Funds	Note 10(j)	-	June 1, 2022	71	-
<b>Balance as at August 31</b>				<b>441,643</b>	<b>406,979</b>

- 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 is funded from the annual Facility Renewal Grant.
- c) City of Toronto Debenture 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 \$43.4 million (2010 – \$39.2 million) have been set aside to retire the long-term City of Toronto debenture. The market value of sinking fund assets as at August 31, 2011 was \$45.6 million (2010 – \$41.6 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 7). 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 are funded by the Ministry of Education.

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 10. Net long-term debt (continued)

- 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 7). 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 are 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 7). 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 are funded by the Ministry of Education.
- g) On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$53.8 million of the GPL Phase 4 outstanding at that time (see also Note 7). The loan is repayable by semi-annual installments of principal and interest of \$1.9 million based on a 25 year amortization schedule and bears interest of 5.23%. The annual principal and interest costs are funded by the Ministry of Education.
- h) On March 11, 2011, the Board entered into a loan agreement with the Ontario Financing Authority to refinance \$48.4 million of the GPL Phase 5 outstanding at that time (see also Note 7). The loan is repayable by semi-annual installments of principal and interest of \$1.7 million based on a 25 year amortization schedule and bears interest of 4.83%. The annual principal and interest costs are funded by the Ministry of Education.
- i) On September 29, 2010, the Board entered into an interest free loan agreement with the City of Toronto Better Building Partnership (Sustainable Energy Funds - Highfield JPS) for \$192,570. The loan is repayable by quarterly principal installments of \$9,629. The annual principal costs are funded by operations.
- j) On September 29, 2010, the Board entered into an interest free loan agreement with the City of Toronto Better Building Partnership (Sustainable Energy Funds – William Lyon Mackenzie CI) for \$70,632. The loan is repayable by quarterly installments of principal of \$6,421. The annual principal costs are funded by operations.
- k) Principal and sinking fund payments relating to net long-term liabilities of \$441.6 million outstanding as at August 31, 2011 are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2012	13,647	24,533	38,180
2013	14,208	23,972	38,180
2014	14,798	23,382	38,180
2015	15,417	22,763	38,180
2016	16,066	22,114	38,180
Thereafter	351,110	174,158	525,268
	425,246	290,922	716,168

In addition, debenture interest on sinking fund contributions estimated to amount to approximately \$16.4 million is expected to be earned during the remaining life of the City of Toronto debenture. This interest together with the sinking fund contributions will fund the total outstanding City of Toronto debenture principal of \$75.8 million.

- l) Interest on long-term debt amounted to \$23.3 million (2010 – \$20.9 million).

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 11. Tangible capital assets

#### a) Opening and closing balances with activities for the year ended August 31, 2011

	Gross book value					Accumulated amortization					Net book value		
	Balance at	Additions	Transfers to/from CIP	Transfers to held for sale	Disposal	Balance at	Balance at	Amortization	Transfers to held for sale	Disposals, write-offs, adjustments	Balance at	Balance at	
	September 1, 2010					August 31, 2011	September 1, 2010			August 31, 2011	August 31, 2011	August 31, 2011	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Land	72,054	1,762	-	(1,802)	-	72,014	-	-	-	-	-	-	72,014
Land improvements	44,790	6,449	-	(45)	(75)	51,119	8,226	3,486	(13)	(15)	11,684	-	39,435
Buildings (40 years)	2,460,631	71,040	-	(16,764)	(3,714)	2,511,193	849,507	70,828	(7,616)	(1,849)	910,870	-	1,600,323
Portable structures	44,672	3,294	-	-	(18,905)	29,061	26,506	1,858	-	(18,905)	9,459	-	19,602
Construction in Progress (CIP)	1,189	23,665	-	-	-	24,854	-	-	-	-	-	-	24,854
Equipment (5 years)	3,616	2,700	-	-	(6)	6,310	122	934	-	(6)	1,050	-	5,260
Equipment (10 years)	4,886	413	-	-	(1,009)	4,290	2,735	483	-	(1,009)	2,209	-	2,081
Equipment (15 years)	2,460	377	-	-	-	2,837	1,211	160	-	-	1,371	-	1,466
First time equipping (10 years)	2,487	152	-	-	-	2,639	360	253	-	-	613	-	2,026
Furniture (10 years)	1,202	105	-	-	(233)	1,074	502	110	-	(233)	379	-	695
Computer hardware	37,925	10,205	-	-	(6,898)	41,232	19,688	8,404	-	(6,898)	21,194	-	20,038
Computer software	36,375	769	-	-	(12)	37,132	20,380	7,305	-	(12)	27,673	-	9,459
Vehicles (< 10,000 pounds)	1,032	78	-	-	-	1,110	460	576	-	-	1,036	-	74
Vehicles (> 10,000 pounds)	3,693	188	-	-	-	3,881	2,492	430	-	-	2,922	-	959
Leasehold improvement - building	789	715	-	-	-	1,504	262	239	-	-	501	-	1,003
Leasehold improvement - land	16	9	-	-	-	25	2	1	-	-	3	-	22
<b>Total</b>	<b>2,717,817</b>	<b>121,921</b>	<b>-</b>	<b>(18,611)</b>	<b>(30,852)</b>	<b>2,790,275</b>	<b>932,453</b>	<b>95,067</b>	<b>(7,629)</b>	<b>(28,927)</b>	<b>990,964</b>	<b>-</b>	<b>1,799,311</b>

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 11. Tangible capital assets (continued)

#### b) Opening and closing balances with activities for the year ended August 31, 2010

	Balance at September 1, 2009		Transfers to/from CIP	Transfers to properties held for sale	Disposal	Cost		Amortization	Transfers to properties held for sale	Accumulated amortization		Net book value	
	Balance at September 1, 2009	Additions				Balance at August 31, 2010	Balance at September 1, 2009			Disposals, write-offs, adjustments	Balance at August 31, 2010	Balance at August 31, 2010	
	\$	\$			\$	\$	\$	\$		\$	\$		\$
Land	69,800	1,790	-	464	-	72,054	-	-	-	-	-	-	72,054
Land improvements	37,240	7,523	-	27	-	44,790	5,231	2,995	-	-	8,226	-	36,564
Buildings (40 years)	2,334,016	71,426	60,713	(5,524)	-	2,460,631	782,167	68,266	(926)	-	849,507	-	1,611,124
Portable structures	43,766	3,369	-	-	(2,463)	44,672	26,750	2,219	-	(2,463)	26,506	-	18,166
Construction in Progress (CIP)	29,463	32,439	(60,713)	-	-	1,189	-	-	-	-	-	-	1,189
Equipment (5 years)	159	3,532	-	-	(75)	3,616	103	94	-	(75)	122	-	3,494
Equipment (10 years)	4,842	242	-	-	(198)	4,886	2,448	485	-	(198)	2,735	-	2,151
Equipment (15 years)	2,460	-	-	-	-	2,460	1,049	162	-	-	1,211	-	1,249
First time equipping (10 years)	1,432	1,055	-	-	-	2,487	208	152	-	-	360	-	2,127
Furniture	1,138	157	-	-	(93)	1,202	472	123	-	(93)	502	-	700
Computer hardware	41,887	4,718	-	-	(8,680)	37,925	20,143	8,225	-	(8,680)	19,688	-	18,237
Computer software	36,109	516	-	-	(250)	36,375	13,394	7,236	-	(250)	20,380	-	15,995
Vehicles (< 10,000 pounds)	356	676	-	-	-	1,032	215	245	-	-	460	-	572
Vehicles (> 10,000 pounds)	3,621	72	-	-	-	3,693	2,076	416	-	-	2,492	-	1,201
Leasehold improvement - building	648	141	-	-	-	789	123	139	-	-	262	-	527
Leasehold improvement - land	16	-	-	-	-	16	1	1	-	-	2	-	14
<b>Total</b>	<b>2,606,953</b>	<b>127,656</b>	<b>-</b>	<b>(5,033)</b>	<b>(11,759)</b>	<b>2,717,817</b>	<b>854,380</b>	<b>90,758</b>	<b>(926)</b>	<b>(11,759)</b>	<b>932,453</b>	<b>-</b>	<b>1,785,364</b>

# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 11. Tangible capital assets (continued)

#### c) Works of art and historic artifacts

TDSB has an art collection in its possession with an insured value of \$7.4 million (2010 – \$7.4 million). In addition, TDSB also has a number of historic artifacts. In accordance with public sector accounting standards, these works of art and historic artifacts are not recorded as an asset in these financial statements.

### 12. Accumulated deficit

Accumulated deficit consists of the following:

	2011	2010 Restated (Note 2)
	\$	\$
Accumulated surplus (deficit)		
Working funds	17,831	21,978
Reserves and reserve funds	109,164	128,400
Employee future benefits	(562,459)	(542,121)
Accrued vacation pay	(16,773)	(18,173)
Interest accrual	(6,736)	(6,168)
School generated funds	17,024	17,519
Capital grants used on land purchases	72,060	72,162
<b>Total accumulated deficit</b>	<b>(369,889)</b>	<b>(326,403)</b>

Internal reserves and reserve funds set aside for specific purposes by the Board of Trustees consist of the following:

	2011	2010
	\$	\$
Special education	675	675
Employee benefit plans	84,110	103,830
School support	7,905	8,584
Sinking fund interest	12,145	11,706
Other	4,329	3,605
<b>Total reserves and reserve funds</b>	<b>109,164</b>	<b>128,400</b>

### 13. Contractual obligations and commitments

#### *Capital, facility renewals and renovations*

The Board's commitments for approved capital and facility renewal programs as of August 31, 2011 amounted to \$36.8 million (2010 – \$21.1 million).

#### *Other significant obligations*

The Board awarded contracts for student transportation, which expire August 31, 2012. The estimated annual commitment under these contracts is \$46.4 million (2010 – \$41.5 million).

The Board is committed to purchase natural gas through supply contracts with various expiry dates; the latest contract expires on October 31, 2012. The estimated annual costs of these contracts are \$12.7 million (2010 – \$17.4 million).



# Toronto District School Board

## Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

### 13. Contractual obligations and commitments (continued)

The Board is committed to a Wide Area Network contract which expires December 2020. The estimated annual commitment under this contract is \$3.9 million (2010 – \$3.8 million).

The Board is committed to a telephone services contract which expires January 2016. The estimated annual commitment under this contract is \$2.6 million (2010 - \$Nil).

### 14. 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, 2011, 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 claims with employee groups. Management will record any future pay equity settlements in the year in which the claim is settled, or earlier, if the amount is determined to be likely and the liability is measurable.

### 15. Expenses by object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	2011	2010
	\$	\$
Expenses		
Salary and wages	2,128,148	2,022,123
Employee benefits	321,002	299,969
Staff development	5,392	2,492
Supplies and services	177,143	187,610
Interest	24,038	21,399
Rental expenses	13,852	15,609
Fees and contract services	99,024	92,647
Other	1,919	934
Amortization of tangible capital assets	95,067	90,758
Loss on disposal of tangible capital assets	1,925	-
School activities expenditures	44,541	44,370
	<b>2,912,051</b>	<b>2,777,911</b>

### 16. 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 \$24 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, 2011

(Tabular amounts in thousands of dollars)

### 17. 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 (2010 – \$20.5 million) in grants in respect of the above agreement for the year ended August 31, 2011, is not recorded in these consolidated financial statements.

### 18. 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, 2011 is \$41.8 million (2010 – \$36.9 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.

### 19. Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board in May 2010. The budget was prepared prior to the release of the Government Transfers standard, which was released in March 2011. As a result, there are some changes in how the deferred capital grant contributions taken into income is calculated for the consolidated financial statements, versus for the budget. This includes the treatment of sinking fund interest and other components. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided.

#### Consolidated Statement of Operations (Unaudited) For the year ended August 31

	2010-11 Budget	Changes	Restated 2010-11 Budget
	\$	\$	\$
Revenue			
Total revenue as in the 2010-11 budget	2,832,696	-	2,832,696
Add/deduct: adjustment due to adoption of Government transfer standard	-	(2,982)	(2,982)
Total revenue	2,832,696	(2,982)	2,829,714
Total expenses	2,872,975	-	2,872,975
Annual deficit	(40,279)	(2,982)	(43,261)
Accumulated deficit at beginning of year	(419,444)	-	(419,444)
Accumulated deficit at end of year	(459,723)	(2,982)	(462,705)

# Toronto District School Board

Notes to the consolidated financial statements

August 31, 2011

(Tabular amounts in thousands of dollars)

---

## 20. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.