

*Consolidated Financial Statements of*

**DUFFERIN-PEEL CATHOLIC  
DISTRICT SCHOOL BOARD**

*August 31, 2007*

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## MANAGEMENT REPORT

Year-Ended August 31, 2007

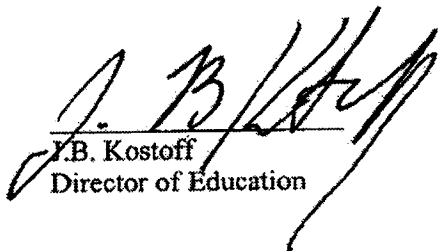
### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Dufferin-Peel Catholic 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 and by the Board's internal auditors.


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 consolidated financial statements have been audited by Deloitte and 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.



J.B. Kostoff  
Director of Education

December 14, 2007



J.D. Fitzgibbon  
Superintendent, Financial Services  
and Treasurer

December 14, 2007



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Suite 1700  
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## Auditors' Report

To the Board of Trustees of the  
Dufferin-Peel Catholic District School Board

We have audited the consolidated statement of financial position of the Dufferin-Peel Catholic District School Board as at August 31, 2007 and the consolidated statement 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 expenditures, 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 Dufferin-Peel Catholic District School Board as at August 31, 2007 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

Toronto, Ontario  
November 14, 2007

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

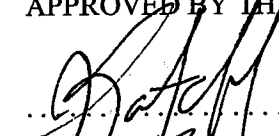
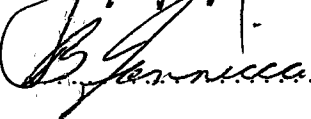
## Consolidated Statement of Financial Position

August 31, 2007  
(in thousands of dollars)

	2007	2006
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 227,679	\$ 116,685
Accounts receivable	33,490	35,896
<b>TOTAL FINANCIAL ASSETS</b>	<b>261,169</b>	<b>152,581</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	37,650	39,294
Accounts payable - Government of Ontario	4,724	1,457
Deferred revenue - reserve funds (Note 2)	11,871	11,296
Deferred revenue - other	1,155	973
Obligation under capital leases (Note 3)	4,093	4,649
Net long-term debt (Note 4)	580,766	459,781
Retirement and other employee future benefits payable (Note 5)	50,749	48,096
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>691,008</b>	<b>565,546</b>
<b>NET FINANCIAL LIABILITIES</b>	<b>(429,839)</b>	<b>(412,965)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses and supplies	702	1,475
<b>NET LIABILITIES</b>	<b>\$ (429,137)</b>	<b>\$ (411,490)</b>
<b>FINANCIAL POSITION</b>		
Fund balances		
Operating Fund - Schedule 1	\$ (1,465)	\$ (2,435)
Capital Fund - Schedule 2	89,555	1,163
Reserve Fund - Schedule 3	127,015	109,017
School Generated Fund - Schedule 4	6,002	5,230
Total fund balances	221,107	112,975
Amounts to be recovered (Note 6)	(650,244)	(524,465)
<b>NET FINANCIAL POSITION</b>	<b>\$ (429,137)</b>	<b>\$ (411,490)</b>

COMMITMENTS AND CONTINGENCIES (Note 11)

APPROVED BY THE BOARD

 ..... Director of Education  
 ..... Chair of the Board

See accompanying notes to financial statements.

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Statement of Financial Activities and Fund Balance**  
Year ended August 31, 2007  
(in thousands of dollars)

	2007		2006
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Local taxation	\$ 242,623	\$ 244,873	\$ 235,926
Provincial grants - student focused funding	474,645	471,283	460,339
Provincial grants - other	3,438	10,198	13,223
Federal grants and fees	270	583	445
Other fees and revenues	17,441	12,290	10,012
Investment income	4,075	5,360	4,078
School fundraising	21,003	23,016	21,891
<b>TOTAL REVENUES</b>	<b>763,495</b>	<b>767,603</b>	<b>745,914</b>
<b>EXPENDITURES (Note 9)</b>			
Instruction	547,728	547,798	529,171
Administration	21,705	24,018	25,907
Transportation	23,288	21,121	22,110
School operations and maintenance	66,555	69,335	67,637
Pupil accommodation	110,733	96,592	112,365
Other	3,369	3,369	3,369
School funded activities	21,003	22,244	22,432
<b>TOTAL EXPENDITURES</b>	<b>794,381</b>	<b>784,477</b>	<b>782,991</b>
<b>NET EXPENDITURE</b>	<b>(30,886)</b>	<b>(16,874)</b>	<b>(37,077)</b>
<b>DECREASE IN NON-FINANCIAL ASSETS</b>	<b>-</b>	<b>(773)</b>	<b>(81)</b>
<b>CHANGE IN NET LIABILITIES</b>	<b>(30,886)</b>	<b>(17,647)</b>	<b>(37,158)</b>
<b>FINANCING TRANSACTIONS</b>			
Long term debt	-	131,357	-
Obligation under capital leases	-	1,057	2,434
Debt repayment and sinking fund contributions	(10,326)	(10,372)	(9,863)
Repayment of obligations under capital lease	-	(1,613)	(1,225)
Increase in unfunded liabilities	574	5,350	1,415
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>(9,752)</b>	<b>125,779</b>	<b>(7,239)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(40,638)</b>	<b>108,132</b>	<b>(44,397)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>104,610</b>	<b>112,975</b>	<b>157,372</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 63,972</b>	<b>\$ 221,107</b>	<b>\$ 112,975</b>

See accompanying notes to financial statements.

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Statement of Changes in Financial Position**  
Year ended August 31, 2007  
(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
<b>NET INFLOW (OUTFLOW) OF CASH AND EQUIVALENTS RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATIONS</b>		
Net expenditure	\$ (16,874)	\$ (37,077)
Sources and (uses)		
Decrease in accounts receivable	2,406	6,758
Decrease in accounts payable and accrued liabilities	(1,644)	(429)
Increase in accounts payable - Government of Ontario	3,267	1,416
Increase (decrease) increase in deferred revenue - reserve funds	575	(7,209)
Increase in deferred revenue - other	182	312
Increase in retirement and other employee future benefits payable	2,653	606
Cash used in operations	<u>(9,435)</u>	<u>(35,623)</u>
<b>FINANCING</b>		
Long-term debt incurred	131,357	-
Debt principal repaid	(10,372)	(9,863)
Obligation under capital leases-incurred	1,057	2,434
Repayment of obligations under capital lease	(1,613)	(1,225)
Cash provided (used in) provided by financing	<u>120,429</u>	<u>(8,654)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>110,994</u>	<u>(44,277)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>116,685</u>	<u>160,962</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 227,679</u>	<u>\$ 116,685</u>

See accompanying notes to financial statements.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Dufferin-Peel Catholic District School Board (the "Board") 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 by the Board 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 Board.

The reporting entity is comprised of:

The Dufferin-Peel Catholic District School Board  
The Dufferin-Peel Catholic Education Foundation  
Dufferin-Peel Support Centre for Catholic Education  
School Generated Funds

All material interdepartmental and inter-organizational 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 \$3,254 (2006 - \$3,671) 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) *Cash and cash equivalents*

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

(e) *Capital assets*

The historical cost and accumulated amortization of capital assets are not reported. Capital assets are reported as expenditures on the Consolidated Statement of Financial Activities and Fund Balance in the year of acquisition or construction.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Deferred revenue*

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

(g) *Retirement and other employee future benefits*

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, worker's compensation, accumulated sick leave and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such as sick leave and retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. 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. 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 worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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 contribution to multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Retirement and other employee future benefits (continued)*

(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.

(h) *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 fund in accordance with Board approval.

(i) *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, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(j) *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.

Investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education is added to the fund balance and forms part of the respective deferred revenue balances.

(k) *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 2006-2007 to the Ministry of Education on October 23, 2006. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures reported in the consolidated financial statements have been presented on a basis consistent with Public Sector Accounting Standards. The budget figures are unaudited.

(l) *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 become known.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

### 2. DEFERRED REVENUE - RESERVE FUNDS

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

	<u>2007</u>	<u>2006</u>
Pupil accommodation	\$ 775	\$ 734
Education development charges	8,093	8,456
Others	3,003	2,106
	<u>\$ 11,871</u>	<u>\$ 11,296</u>

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

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 11,296	\$ 18,505
Capital funds received	6,703	5,057
Restricted provincial grants received	5,352	11,463
Interest earned	495	576
	<u>23,846</u>	<u>35,601</u>
Revenues earned	11,975	24,305
Balance, end of year	<u>\$ 11,871</u>	<u>\$ 11,296</u>

### 3. OBLIGATION UNDER CAPITAL LEASES

The Board has obligations under various capital leases with expiries ranging from 2008 to 2011 and interest rates ranging from 5.52% to 6.78%. Principal and interest payments relating to capital lease obligations of \$4,093 (2006 - \$4,649) outstanding as at August 31, 2007 are due as follows:

	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>
2007/2008	\$ 1,551	\$ 219	\$ 1,770
2008/2009	1,316	137	1,453
2009/2010	1,067	66	1,133
2010/2011	159	10	169
	<u>\$ 4,093</u>	<u>\$ 432</u>	<u>\$ 4,525</u>

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

### 4. NET LONG-TERM DEBT

- (a) Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

Debenture	Interest Rate	Maturity	2007	2006
#1 -OSBFC By-Law #99	7.20%	June 9, 2025	\$ 52,656	\$ 54,054
#2 -OSBFC By-Law #103	6.55%	October 19, 2026	76,914	78,824
#3 -OSBFC By-Law #111	5.48%	November 26, 2029	123,274	126,005
#4 -OSBFC By-Law #113	4.79%	August 8, 2030	25,113	25,702
#5 -OSBFC Sinking Fund By-Law #100	6.30%	September 22, 2010	57,596	57,596
#6 -OSBFC Sinking Fund By-Law #102	5.90%	October 19, 2011	27,842	27,842
#7 -OSBFC Sinking Fund By-Law #105	5.70%	October 11, 2017	103,134	103,134
#8 -OFA By-Law #116 (Note 4(c))	4.56%	November 15, 2031	13,105	-
#9 -OSBFC By-Law #118	5.38%	June 25, 2032	118,107	-
Less Sinking Fund Assets			(16,975)	(13,376)
<b>Balance as at August 31</b>			<b>\$ 580,766</b>	<b>\$ 459,781</b>

- (b) Principal payments relating to net long-term debt of \$580,766 outstanding as at August 31, 2007 are due as follows:

	Principal and Sinking Fund Contributions*	Interest	Total
2007/2008	\$ 12,092	\$ 34,748	\$ 46,840
2008/2009	12,030	34,172	46,202
2009/2010	12,641	33,561	46,202
2010/2011	13,290	31,098	44,388
2011/2012	13,977	27,774	41,751
Thereafter	516,736	239,138	755,874
<b>Net long-term borrowings</b>	<b>\$ 580,766</b>	<b>\$ 400,491</b>	<b>\$ 981,257</b>

\*Retirement of sinking funds in the year that they mature are not included as payments in the above chart.

Included in net long-term borrowings are outstanding debentures of \$188,572 (2006 - \$188,572) secured by sinking fund assets with a carrying value, including accrued interest of \$16,975 (market value - \$16,975). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

### 4. NET LONG-TERM DEBT (continued)

(c) On November 6, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$13,249 of the Good Places to Learn ("GPL") Phase 1 outstanding at that time. The GPL initiative will provide the Board with \$18,609 for major renewal projects for its school buildings. GPL Phase 1 providing \$13,249 and GPL Phase 2 providing a further \$5,360, were announced in 2005-2006 and 2006-2007 respectively. The loan is repayable by semi-annual installments of principal and interest of \$447 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.

### 5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

#### *Retirement and Other Employee Future Benefit Liabilities*

	2007			2006	
	Retirement Gratuity	Sick Leave Accumulation	Other Employee Future Benefits	Total	Total
Accrued employee future benefit obligations at August 31	\$ 9,482	\$ 39,747	\$ 11,251	\$ 60,480	\$ 60,339
Unamortized actuarial losses at August 31	(872)	(5,501)	(3,358)	(9,731)	(12,243)
Employee future benefits liability at August 31	\$ 8,610	\$ 34,246	\$ 7,893	\$ 50,749	\$ 48,096

#### *Retirement and Other Employee Future Benefit Expenses*

	2007			2006	
	Retirement Gratuity	Sick Leave Accumulation	Other Employee Future Benefits	Total	Total
Current year benefit cost	\$ 302	\$ 2,664	\$ 1,740	\$ 4,706	\$ 2,718
Amortization of actuarial losses	315	551	492	1,358	715
Interest on accrued benefit obligation	481	1,935	530	2,946	2,677
Employee future benefits expense*	\$ 1,098	\$ 5,150	\$ 2,762	\$ 9,010	\$ 6,109

\* Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### *Retirement benefits*

##### (i) Retirement Gratuities

The Board provides sick leave retirement gratuities to certain groups of employees. The academic staff is the largest group. Employee eligibility is determined based on the date the individual commenced employment with the Board. Teachers commencing employment after December 31, 1979 are not eligible for the retirement gratuity. Eligible teachers may accumulate a reserve of sick leave to a maximum of 200 days. An eligible teacher, who has 10 or more years of continuous service with the Board or predecessor boards, is entitled to a retirement gratuity which shall not exceed 50% of the salary rate at the date of retirement. The amount of the gratuities paid to eligible employees at retirement is based on 10% of the cumulative sick leave times an average daily salary, with an additional 2% of salary for each year of service beyond 10 years. The benefit costs expensed in the consolidated financial statements are \$1,098 (2006 - \$1,907). As at August 31, 2007, the Board has a reserve of \$2,189 (2006 - \$2,099) established for retirement gratuities (See note 8).

##### (ii) Sick Leave Accumulations

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan.

#### *Other Employee Future Benefits*

##### (i) Long-term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The benefit costs expensed in the consolidated financial statements are \$2,227 (2006 - \$334).

Based on the actuarial estimate, the total liability of all health and dental benefits for long-term disability for disabled employees accrued to-date is \$4,169 (2006 - \$2,677) and is included in retirement and other employee future benefits.

##### (ii) Retirement Life Insurance and Health care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement. The coverage is provided for various terms up to a maximum age of 65. The benefit costs expensed in the consolidated financial statements are \$535 (2006 - \$595).

Based on the actuarial estimate, the total liability of all post retirement benefits accrued to-date is \$3,723 (2006 - \$3,459) and is included in Retirement and other employee future benefits.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### *Other Employee Future Benefits (continued)*

#### (iii) Workplace Safety and Insurance Board Obligations ("WSIB")

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 liability for payments under WSIB are recognized at the time the event obligating the Board to pay occurs. At August 31, 2007 the Board has a liability of \$478 (2006 - \$93) in respect of WSIB obligations. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs expensed during the year in the consolidated financial statements are \$364 (2006 - \$308).

As at August 31, 2007, the Board has a Workers' Safety Insurance Board reserve of \$2,834 (2006 - \$1,851) (see Note 8).

The accrued benefit obligations for employee future benefit plans as at August 31, 2007 are based on actuarial valuations for accounting purposes as at August 31, 2007. 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:

	<u>2007</u>	<u>2006</u>
	%	%
Wage and salary escalation	3.40	3.75
Insurance and health care cost escalation	11.0 - 5.0	11.5 - 5.0
Dental care	7.0 - 4.0	7.5 - 4.0
Discount on accrued benefit obligation	4.75	4.75

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 5. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### *Additional Retirement Benefits*

#### (i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's 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

All 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 contributions equal the employee contributions to the plan. During the year ended August 31, 2007, the Board contributed \$6,141 (2006 - \$5,963) 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.

### 6. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

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

	<u>2007</u>	<u>2006</u>
Net long-term borrowings (Note 4)	\$ 580,766	\$ 459,781
Capital leases (Note 3)	4,093	4,649
Retirement and other employee future benefits liability (Note 5)	50,749	48,096
Vacation accrual	2,939	2,788
Interest accrual	11,697	9,151
	<u>\$ 650,244</u>	<u>\$ 524,465</u>

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 7. DEBT CHARGES

Debt charges for the year include principal, sinking fund contributions and interest payments as follows:

	<u>2007</u>	<u>2006</u>
Principal payments on long-term borrowings, including contributions to sinking fund	\$ 9,770	\$ 9,240
Interest payments on long-term borrowings	28,547	28,631
<b>Total</b>	<b>\$ 38,317</b>	<b>\$ 37,871</b>

Included in debt repayment and sinking fund contributions on the consolidated financial statements of \$10,372 (2006 - \$9,863) are the principal payments on long-term borrowings of \$9,770 (2006 - \$9,240) and sinking fund interest revenue of \$602 (2005 - \$623).

### 8. RESERVES

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

	<u>2007</u>	<u>2006</u>
Pupil accommodation	\$ 116,612	\$ 102,079
Workers' Safety Insurance Board	2,834	1,851
Retirement gratuity	2,189	2,099
Miscellaneous appropriations	5,380	2,988
	<b>\$ 127,015</b>	<b>\$ 109,017</b>

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

### 9. EXPENDITURES BY OBJECT

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

	2007		2006
	Budget (unaudited)	Actual	Actual
Current expenditures			
Salary and wages	\$ 499,900	\$ 500,948	\$ 481,390
Employee benefits	78,459	78,307	70,781
Staff development	1,729	957	4,722
Supplies and services	43,260	44,967	47,227
Interest	28,245	31,398	28,963
Rental expenditures	5,222	1,348	2,428
Fees and contract services	28,053	29,889	30,685
Other	4,406	3,958	4,709
School funded activities	21,003	22,505	22,432
	710,277	714,277	693,337
Capital expenditures	84,104	70,200	89,654
	\$ 794,381	\$ 784,477	\$ 782,991

### 10. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board participates for its liability, property and automobile insurance in the Ontario School Board's 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 received 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 on January 2012.

# DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

August 31, 2007

(in thousands of dollars)

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### 11. COMMITMENTS AND CONTINGENT LIABILITIES

- (a) The Board enters into contracts for the capital construction and renovation of various new and existing schools. The following summarizes the Board's commitment under these contracts as at August 31, 2007:

	<u>Contract Value</u>	<u>Expensed to Date</u>	<u>Amount Remaining</u>
Construction of schools	\$ 73,414	\$ 68,921	\$ 4,493

- (b) The Board is committed to various leases for premises and equipment expiring in fiscal 2010/2011. The aggregate minimum lease payments are as follows:

	<u>Minimum Lease Payments</u>
2007/2008	\$ 2,963
2008/2009	2,076
2009/2010	606
2010/2011	419
<u>Total</u>	<u>\$ 6,064</u>

- (c) The Board has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at August 31, 2007, therefore, no provision has been made for these claims in the financial statements. Any losses arising from these actions will be recorded in the year that the related litigation is settled or it is determined that the claim is likely and a reasonable estimate can be made.

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Schedule of Operating Fund Financial Activities**  
**and Fund Balance**

Year ended August 31, 2007  
(in thousands of dollars)

Schedule 1

	2007		2006
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Local taxation	\$ 242,623	\$ 244,873	\$ 235,926
Provincial grants - Student focused funding	474,645	471,283	460,339
Provincial grants - Other	3,438	10,198	13,223
Federal grants and fees	270	583	445
Other fees and revenues	3,739	4,850	4,836
Investment income	700	601	623
<b>TOTAL REVENUE</b>	<b>725,415</b>	<b>732,388</b>	<b>715,392</b>
<b>EXPENDITURES</b>			
Instruction	546,321	544,422	524,993
Administration	21,495	22,879	24,434
Transportation	23,288	21,108	22,081
School operations and maintenance	66,555	69,160	67,500
Pupil accommodation	28,245	31,094	28,528
Other	3,369	3,369	3,369
<b>TOTAL EXPENDITURES</b>	<b>689,273</b>	<b>692,032</b>	<b>670,905</b>
<b>NET REVENUE</b>	<b>36,142</b>	<b>40,356</b>	<b>44,487</b>
<b>DECREASE IN NON-FINANCIAL ASSETS</b>	<b>-</b>	<b>(773)</b>	<b>(81)</b>
Repayment of obligations under capital lease		(1,613)	(1,225)
Debt repayment and sinking fund contribution	(10,326)	(10,372)	(9,863)
Increase in unfunded liabilities	574	5,350	1,415
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>(9,752)</b>	<b>(6,635)</b>	<b>(9,673)</b>
<b>NET TRANSFERS TO OTHER FUNDS</b>			
Transfer to Capital Fund	(17,064)	(18,739)	(25,012)
Transfer to Reserve Fund	(11,278)	(13,239)	(8,498)
<b>NET TRANSFERS TO OTHER FUNDS</b>	<b>(28,342)</b>	<b>(31,978)</b>	<b>(33,510)</b>
<b>CHANGE IN OPERATING FUND BALANCE</b>	<b>(1,952)</b>	<b>970</b>	<b>1,223</b>
<b>OPERATING FUND BALANCE, BEGINNING OF YEAR</b>	<b>(2,539)</b>	<b>(2,435)</b>	<b>(3,658)</b>
<b>OPERATING FUND BALANCE, END OF YEAR</b>	<b>\$ (4,491)</b>	<b>\$ (1,465)</b>	<b>\$ (2,435)</b>

See accompanying notes to financial statements.

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Schedule of Capital Fund Financial Activities**  
**and Fund Balance**

Year ended August 31, 2007  
(in thousands of dollars)

Schedule 2

	2007		2006
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Education Development Charges	\$ 13,702	\$ 7,440	\$ 5,176
<b>TOTAL REVENUES</b>	<b>13,702</b>	<b>7,440</b>	<b>5,176</b>
<b>EXPENDITURES</b>			
Instruction	1,407	3,376	4,178
Administration	210	1,139	1,473
Transportation	-	13	29
School operations and maintenance	-	175	137
Pupil accommodation	82,488	65,498	83,837
<b>TOTAL EXPENDITURES</b>	<b>84,105</b>	<b>70,201</b>	<b>89,654</b>
<b>NET EXPENDITURE</b>	<b>(70,403)</b>	<b>(62,761)</b>	<b>(84,478)</b>
<b>LONG TERM FINANCING</b>	<b>-</b>	<b>132,414</b>	<b>2,434</b>
<b>NET TRANSFERS FROM OTHER FUNDS</b>			
Transfers from Operating Fund	17,064	18,739	25,012
<b>NET TRANSFERS FROM OTHER FUNDS</b>	<b>17,064</b>	<b>18,739</b>	<b>25,012</b>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	<b>(53,339)</b>	<b>88,392</b>	<b>(57,032)</b>
<b>CAPITAL FUND BALANCE, BEGINNING OF YEAR</b>	<b>(3,276)</b>	<b>1,163</b>	<b>58,195</b>
<b>CAPITAL FUND BALANCE, END OF YEAR</b>	<b>\$ (56,615)</b>	<b>\$ 89,555</b>	<b>\$ 1,163</b>

See accompanying notes to financial statements.

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Schedule of Reserve Fund Financial Activities**  
**and Fund Balance**

Year ended August 31, 2007  
(in thousands of dollars)

Schedule 3

	2007		2006
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Investment income	\$ 3,375	\$ 4,759	\$ 3,455
<b>NET TRANSFERS FROM OTHER FUNDS</b>			
Transfers from Operating Fund	11,278	13,239	8,498
<b>NET TRANSFERS FROM OTHER FUND</b>	11,278	13,239	8,498
<b>CHANGE IN RESERVE FUND BALANCE</b>	14,653	17,998	11,953
<b>RESERVE FUND BALANCE, BEGINNING OF YEAR</b>	104,653	109,017	97,064
<b>RESERVE FUND BALANCE, END OF YEAR</b>	\$ 119,306	\$ 127,015	\$ 109,017

**DUFFERIN-PEEL CATHOLIC DISTRICT SCHOOL BOARD**  
**Consolidated Schedule of School Generated Funds**  
**Financial Activities and Fund Balance**

Year ended August 31, 2007  
(In thousands of dollars)

Schedule 4

	2007		2006
	Budget (unaudited)	Actual	Actual
REVENUES	\$ 21,003	\$ 23,016	\$ 21,891
EXPENDITURES	21,003	22,244	22,432
<b>CHANGE IN SCHOOL GENERATED FUNDS FINANCIAL ACTIVITIES FUND BALANCE</b>	-	772	(541)
<b>SCHOOL GENERAL FUNDS FINANCIAL ACTIVITIES FUND BALANCE, BEGINNING OF YEAR</b>	5,771	5,230	5,771
<b>SCHOOL GENERAL FUNDS FINANCIAL ACTIVITIES FUND BALANCE, END OF YEAR</b>	\$ 5,771	\$ 6,002	\$ 5,230

See accompanying notes to financial statements.