

**Trillium Lakelands
District School Board
Consolidated Financial Statements
For the year ended August 31, 2011**

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MANAGEMENT REPORT

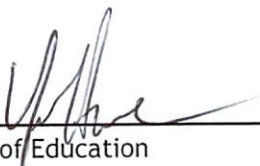
Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the Trillium Lakelands District School Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

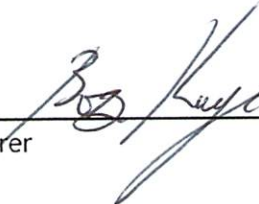
The Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada 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.



Director of Education

November 22, 2011



Treasurer

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Independent Auditor's Report

To the Board of Trustees of the Trillium Lakelands District School Board

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

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 the summary of significant accounting policies, 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 audit opinion.



Opinion

In our opinion, the consolidated financial statements of the Trillium Lakelands District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of Trillium Lakelands District School Board at as August 31, 2011, and its consolidated results of operations and its consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with the basis of accounting described in the summary of significant accounting policies.

Basis of Accounting

Without modifying our opinion, we draw attention to the summary of significant accounting policies which describes the basis of accounting. The consolidated financial statements are prepared to assist the Trillium Lakes 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.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Peterborough, Ontario
November 22, 2011

Trillium Lakelands District School Board

Consolidated Statement of Financial Position

August 31	2011	2010
		(Restated)
		(in thousands of dollars)
Financial Assets		
Cash and cash equivalents	\$ 18,190	\$ 15,805
Accounts receivable		
Other	13,370	13,964
Government of Ontario - approved capital (Note 2)	30,172	30,626
	<u>61,732</u>	<u>60,395</u>
Financial Liabilities		
Accounts payable and accrued liabilities	9,251	9,868
Net long-term debt (Note 6)	22,408	22,247
Deferred revenue (Note 3)	4,081	8,038
Employee future benefits liability (Note 5)	31,624	31,534
Deferred capital contributions (Note 4)	143,333	142,109
	<u>210,697</u>	<u>213,796</u>
Net Debt	<u>(148,965)</u>	<u>(153,401)</u>
Non-Financial Assets		
Prepaid expenses	138	114
Tangible capital assets (Note 12)	146,714	146,855
	<u>146,852</u>	<u>146,969</u>
Accumulated Deficit (Note 1 & Note 13)	<u>\$ (2,113)</u>	<u>\$ (6,432)</u>

Signed on behalf of the Board



Director of Education



Chair of the Board

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2011	Actual 2011	Actual 2010
	(Restated)		(Restated)
			(in thousands of dollars)
Revenues			
Local taxation	\$ 87,176	\$ 89,121	\$ 86,973
Provincial grants - grants for student needs	98,047	101,153	94,528
Provincial grants - other	2,047	8,103	4,703
Federal grants and fees	128	110	103
Other revenues - school boards	2,606	2,046	2,230
Investment income	35	175	33
Other fees and revenues	560	589	3,403
School fundraising	6,000	5,948	6,108
Amortization of deferred capital contributions	6,510	6,370	6,144
	203,109	213,615	204,225
Expenses			
Instruction	149,632	152,592	149,499
Administration	5,413	5,746	6,126
Transportation	16,989	16,697	16,435
Pupil accommodation	27,081	27,718	26,795
Other	586	587	587
School funded activities	6,000	5,956	6,051
	205,701	209,296	205,493
Annual surplus (deficit) (Note 1)	(2,592)	4,319	(1,268)
Accumulated deficit, beginning of year	(9,253)	(6,432)	(5,164)
Accumulated deficit, end of year	\$ (11,845)	\$ (2,113)	\$ (6,432)

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Cash Flow

For the year ended August 31	2011	2010
		(Restated)
		(in thousands of dollars)
Operations		
Annual surplus (deficit)	\$ 4,319	\$ (1,268)
Non-cash items including amortization, write downs and gain/loss on disposal	31	793
Change in non-cash working capital balances		
Accounts receivable	1,048	(31,527)
Accounts payable and accrued liabilities	(617)	(96)
Deferred revenues	(3,957)	3,113
Deferred capital contributions	7,594	36,252
Employee future benefits liability	90	887
Prepaid expenses	(24)	8
Net increase in cash from operations	8,484	8,162
Capital Transactions		
Proceeds on sale of tangible capital assets	-	610
Cash used to acquire tangible capital assets	(6,260)	(6,935)
	(6,260)	(6,325)
Financing		
Long-term debt issued	2,546	3,123
Debt repayments and sinking fund contributions	(2,385)	(1,173)
	161	1,950
Increase in cash and equivalents during the year	2,385	3,787
Cash and equivalents, beginning of year	15,805	12,018
Cash and equivalents, end of year	\$ 18,190	\$ 15,805

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31	Actual 2011	Actual 2010
		(Restated) (in thousands of dollars)
Annual Surplus (Deficit)	\$ 4,319	\$ (1,268)
Tangible Capital Asset Activity		
Acquisition of tangible capital assets	(6,260)	(6,935)
Amortization of tangible capital assets	6,401	6,236
Gain/loss on sale tangible capital assets	-	701
Proceeds on sale of tangible capital assets	-	610
	<u>141</u>	<u>612</u>
Other Non-Financial Asset Activity		
Change in prepaid expenses	<u>(24)</u>	<u>8</u>
Change in net debt	4,436	(648)
Net debt at beginning of year	<u>(153,401)</u>	<u>(152,753)</u>
Net debt at end of year	<u>\$ (148,965)</u>	<u>\$ (153,401)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Summary of Significant Accounting Policies

August 31, 2011

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

(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, directive was provided by the Ontario Ministry of Education 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 1 to the consolidated 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 1. 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, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board. The following entities are reflected in the statements:

School generated funds, which include the assets, liabilities, revenues, expenses and fund balances of various organizations that exist at the school level and which are controlled by the Board.

(c) Trust Funds

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

Trillium Lakelands District School Board

Summary of Significant Accounting Policies

August 31, 2011

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(e) Deferred Revenue

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

(f) Retirement and other employee future benefits

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

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance & 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 or accumulate over the periods of service provided by employees, such as retirement gratuities, sick-leave accumulation benefits, and life insurance & 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 that are related to these benefits are amortized over the appropriate expected average remaining service lifetime for that plan.

For those self insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for WSIB, 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 WSIB are recognized immediately in the period they arise, actuarial gains and losses that are related to all other benefits are amortized over the appropriate expected average remaining service lifetime for that plan.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Trillium Lakelands District School Board

Summary of Significant Accounting Policies

August 31, 2011

g) Tangible Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10

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

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

(h) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any 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 (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

(i) Investment Income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation and special education forms part of the respective deferred revenue balances.

Trillium Lakelands District School Board

Summary of Significant Accounting Policies

August 31, 2011

(j) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. 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. Given differences between the funding model and the financial reporting model described in (a) the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

(k) Long-term Debt

Long-term debt is recorded net of related sinking fund balances.

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates, as additional information becomes available in the future.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

1. Change in Accounting Policy

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook section 3410 Government Transfers as described in the summary of significant accounting policies. 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 (DCC). 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 DCC 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 the board's outstanding debt that is not supported by 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 surplus at August 31, 2010

Accumulated surplus, as previously reported	\$ 139,305
Transfer to deferred capital contributions	(142,109)
Transfer of proceeds of disposition	(610)
Transfer of capital renewal grant	(3,018)
	<hr/>
Accumulated surplus (deficit), as restated	\$ (6,432)

Annual surplus for the year ended August 31, 2010

Annual surplus, as previously reported	\$ 32,468
Plus: Amounts recognized in revenue	6,144
Less: In-year capital contributions	(39,880)
	<hr/>
Annual surplus (deficit), as restated	\$ (1,268)

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

2. Accounts Receivable - Government of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant. Trillium Lakelands District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives 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 receivable.

The Board has an account receivable from the Province of Ontario of \$30,171,730 as at August 31, 2011 (2010 - \$30,625,632) with respect to capital grants.

3. Deferred Revenue - Reserves

Revenues received and that have been set-aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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)	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Balance as at August 31 2011
Pupil accommodation	\$ 3,018	\$ 2,867	\$ 3,476	\$ 2,409
Classroom expenses	3,682	-	3,682	-
Energy efficient schools	-	1,724	1,215	509
Special education	-	24,254	24,254	-
Proceeds of disposition	610	-	-	610
Other	728	537	712	553
	<u>\$ 8,038</u>	<u>\$ 29,382</u>	<u>\$ 33,339</u>	<u>\$ 4,081</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

4. Deferred Capital Contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the 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 1.

	2011	2010 (restated)
Opening balance	\$ 142,109	\$ 112,001
Additions to deferred capital contributions	7,594	36,252
Revenue recognized in the year	(6,370)	(6,144)
	<u>\$ 143,333</u>	<u>\$ 142,109</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

5. Retirement and Other Employee Future Benefits

Liabilities

	2011			2010	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued liability	\$ 24,031	\$ 9,027	\$ 437	\$ 33,495	\$ 33,016
Unamortized actuarial (gain) loss	(1,106)	3,012	349	2,255	852
Accrued benefit obligation	<u>\$ 22,925</u>	<u>\$ 12,039</u>	<u>\$ 786</u>	<u>\$ 35,750</u>	<u>\$ 33,868</u>

The Board has determined that the liability related to the identified retirees amounts to \$1,870,418 (2010 - \$1,481,523). This portion of the total employee future benefit liability is included in accounts payable and accrued liabilities.

Change in Employee Future Benefit Liability

	2011			2010	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ 1,559	\$ 670	\$ 37	\$ 2,266	\$ 2,265
Interest on accrued benefit obligation	955	511	33	1,499	1,473
Benefit payments ¹	(2,210)	(1,099)	(63)	(3,372)	(2,863)
Amortization of actuarial (gains)/losses	(235)	312	9	86	86
Net change	<u>\$ 69</u>	<u>\$ 394</u>	<u>\$ 16</u>	<u>\$ 479</u>	<u>\$ 961</u>

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan described below

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

5. Retirement and Other Employee Future Benefits - continued

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 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 is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 400,000 active and retired members and approximately 931 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets of the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2010. The results of this valuation disclosed total actuarial liabilities of \$60.035 billion in respect of benefits accrued for service with actuarial assets at that date of \$55.568 billion indicating an actuarial deficit of \$4.467 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. During the year ended August 31, 2011, the Board contributed \$1,940,492 (2010 - \$1,671,744) to the plan.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. As of August 31, 2011 the Board has established an internal reserve for retirement gratuities amounting to \$500,000 (2010 - \$500,000).

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

5. Retirement and Other Employee Future Benefits - continued

(iv) 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 until the members reach 65 years of age. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

The accrued benefit obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2009. 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>2011</u>	<u>2010</u>
Inflation	2.0 %	2.0 %
Wage and salary escalation	3.0 %	3.0 %
Health care cost escalation	10.0 %	10.5 %
Dental cost escalation	6.0 %	6.5 %
Discount rate	4.0 %	4.5 %

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, is self-insured. The Board has insurance coverage in force to protect against costs in excess of \$250,000 per accident. The actuarially determined future benefit obligation for WSIB claims is \$1,496,229 (2010 - \$1,444,844). The Board holds funds on account with National Bank in the amount of \$1,141,097 (2010 - \$1,288,787) with the purpose of meeting this obligation when necessary.

(ii) Sick Leave Benefits

The Board provides sick leave benefits to certain employee groups. Unused sick days are allowed to accumulate to a maximum number of days based on the group plan. Unused sick days are used by employees for illness in the future.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

6. Net Long-Term Debt

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

	<u>2011</u>	<u>2010</u>
Debenture payable - Bylaw #92-2 for permanent improvements, 9.375% per annum, interest payable semi-annually, principal payments of \$450,000 to \$500,000 annually, due September 2012	\$ 950	\$ 1,400
Debenture payable - Bylaw #93-1 for permanent improvements, 8.625% per annum, interest payable semi-annually, principal payments of \$180,000 to \$228,000 due annually, due November 2013	638	818
Debenture payable - Bylaw #96-1 for permanent improvements, 8.300% per annum, interest payable semi-annually, principal payments of \$197,000 to \$321,000 due annually, due February 2016	1,297	1,494
Ontario Finance Authority (OFA) loan payable - Bylaw #2006-1, for Stage 1 of the Good Places to Learn Initiative, 4.560% per annum, repayable \$172,259 semi-annually principal and interest, due November 2031	4,557	4,689
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for Stage 1 and 2 of the Good Places to Learn Initiative; Primary Class Size and Prohibitive to Repair Programs, 4.90% per annum, repayable in semi-annual blended payments of \$223,432, maturing March 2033	5,945	6,095
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for Stage 2 of the Good Places to Learn Initiative and Primary Class Size, 5.062% per annum, repayable in semi-annual blended payments of \$86,865, maturing March 2034	2,335	2,389
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for Stage 2 and 3 of the Good Places to Learn Initiative, 5.232% per annum, repayable in semi-annual blended payments of \$112,878, maturing April 2035	3,060	3,123

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

6. Net Long-Term Debt - continued

Ontario Financing Authority (OFA) loan payable - By-law #2011-1 for Stage 3 and Stage 4 of the Good Places to Learn initiative, 4.833% per annum, repayable in semi-annual blended payments of \$88,615, maturing March 2036	2,546	-
Sinking fund debenture payable - Bylaw #90-2 for permanent improvements, 11.040% per annum, repayable in semi-annual interest payments, principal due on maturity November 2010	-	2,308
Sinking fund debenture payable - Bylaw #92-1 for permanent improvements, 9.410% per annum, repayable in semi-annual interest payments, principal due on maturity May 2012	1,855	1,855
	<u>23,183</u>	<u>24,171</u>
Less: Sinking fund assets	(775)	(1,924)
	<u>\$ 22,408</u>	<u>\$ 22,247</u>

Included in net debenture debt are outstanding sinking fund debentures of \$1,855,000 (2010 - \$4,163,000) secured by sinking fund assets with a carrying value of \$775,709 (market value - \$2,222,971). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

Payments relating to net long-term debt outstanding as at August 31, 2011 are due as follows:

	Sinking Funds	Principal	Interest	Total
2012	\$ 41	\$ 3,192	\$ 1,285	\$ 4,518
2013	-	1,440	1,006	2,446
2014	-	1,002	919	1,921
2015	-	823	861	1,684
2016	-	895	808	1,703
Thereafter	-	15,831	7,890	23,721
	<u>\$ 41</u>	<u>\$ 23,183</u>	<u>\$ 12,769</u>	<u>\$ 35,993</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

7. Debt Charges and Capital Loan Interest

	2011	2010
Principal payments on long-term liabilities including contributions to sinking funds	\$ 2,385	\$ 1,173
Interest payments on long-term liabilities	1,407	1,450
	<u>\$ 3,792</u>	<u>\$ 2,623</u>

8. Credit Facilities

The school board has authorized credit facilities of \$43,000,000 which bears interest at prime less 0.75%. As at August 31, 2011 the Board had not drawn on this credit facility.

9. Ontario School Board Insurance Exchange (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$20,000,000 per occurrence.

The ultimate premiums over a five year period are based on 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 rate share of claims experience. The current five year term expires December 31, 2011.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

10. Expenditures by Object

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

	Budget 2011	Actual 2011	Actual 2010
Current expenditures			
Salary and wages	\$ 134,827	\$ 135,363	\$ 131,559
Employee benefits	20,299	20,255	19,229
Staff development	1,219	620	699
Supplies and services	23,313	20,716	21,338
Interest	1,386	1,329	1,472
Rental expenses	90	123	124
Fees and contract services	17,393	23,750	23,273
Other	663	739	862
Amortization of tangible capital assets	6,510	6,401	6,937
	<u>\$ 205,700</u>	<u>\$ 209,296</u>	<u>\$ 205,493</u>

11. Trust Funds

Trust funds administered by the Board amounting to \$229,322 (2010 - \$233,419) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2011	2010
Land	\$ 2,615	\$ -	\$ -	\$ 2,615	\$ -	\$ -	\$ -	\$ -	\$ 2,615	\$ 2,615
Land improvements	490	53	-	543	95	35	-	130	413	395
Buildings	192,207	5,566	-	197,773	50,372	5,564	-	55,936	141,837	141,835
Portable structures	2,116	-	(194)	1,922	1,827	101	(194)	1,734	188	289
Computer hardware	2,937	581	(1,084)	2,434	1,828	537	(1,084)	1,281	1,153	1,109
Computer software	375	-	(231)	144	306	52	(231)	127	17	69
Equipment - 5 year	58	-	(5)	53	23	11	(5)	29	24	35
Equipment - 10 year	517	35	(17)	535	176	53	(17)	212	323	341
Equipment - 15 year	49	-	-	49	13	3	-	16	33	36
Furniture	64	-	(8)	56	40	6	(8)	38	18	24
Vehicles	196	25	-	221	89	39	-	128	93	107
	\$ 201,624	\$ 6,260	\$ (1,539)	\$ 206,345	\$ 54,769	\$ 6,401	\$ (1,539)	\$ 59,631	\$ 146,714	\$ 146,855

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

(tabular amounts in thousands of dollars)

13. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2011</u>	<u>2010</u>
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 19,207	\$ 13,283
Available for Compliance - Internally Appropriated		
Retirement gratuities	500	500
Administrative facilities	20	77
Capital projects	6,101	6,133
Sinking fund interest earned	(92)	-
Total Internally Appropriated	<u>6,529</u>	<u>6,710</u>
Unavailable for Compliance		
Invested in tangible capital assets	3,381	4,746
School generated funds	1,588	1,596
Vacation accrued	(812)	(769)
Interest to be accrued	(382)	(464)
Employee future benefits	(31,624)	(31,534)
Total Externally Appropriated	<u>(27,849)</u>	<u>(26,425)</u>
Total Accumulated Surplus	<u>\$ (2,113)</u>	<u>\$ (6,432)</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2011

14. Budget Data

The budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 9, 2010. The budget was prepared in June 2010, 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 DCC taken in to income is calculated for the financial statements, versus for the budget. 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 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 For the year August 31

	2011 Budget	Change	Restated 2011 Budget
Revenues			
Total revenues	\$ 197,673	\$ 5,436	\$ 203,109
Total expenses	199,496	(6,205)	193,291
Annual surplus (deficit)	(1,823)	(769)	(2,592)
Annual Surplus (Deficit), beginning of year	141,023	-	141,023
Change in accounting policy - DCC	(150,276)	-	(150,276)
Accumulated Surplus, end of year	\$ (11,076)	\$ (769)	\$ (11,845)

15. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$7,875,666 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.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.
