

Consolidated Financial Statements

Avon Maitland District School Board

August 31, 2011

Management's Responsibility for the Consolidated Financial Statements

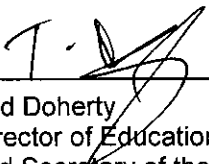
The accompanying consolidated financial statements of the Avon Maitland District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments, 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 consolidated financial statements. The preparation of consolidated 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.

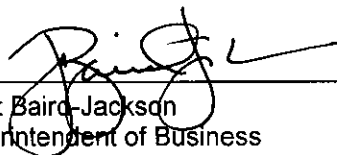
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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



Ted Doherty
Director of Education
and Secretary of the Board



Janet Baird-Jackson
Superintendent of Business
and Treasurer

Date: November 8, 2011



KPMG LLP
Chartered Accountants
140 Fullarton Street Suite 1400
PO Box 2305
London ON N6A 5P2
Canada

Telephone (519) 672-4880
Fax (519) 672-5684
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Avon Maitland District School Board

We have audited the accompanying financial statements of Avon Maitland District School Board ("the Entity"), which comprise the consolidated statement of financial position as at August 31, 2011 and the consolidated statement of operations, consolidated statement of changes in net financial assets, and the statement of 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 an 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Avon Maitland District School Board for the year ended August 31, 2011 present fairly, in all material respects, the financial position of Avon Maitland District School Board as at August 31, 2011, and the results of its operations and its 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 Avon Maitland 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

November 8, 2011

London, Canada

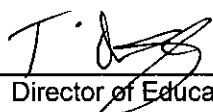
**Avon Maitland District School Board
Consolidated Statement of Financial Position**

As at August 31, 2011

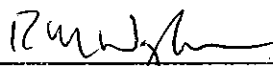
	2011 \$	2010 \$ <i>(restated - note 2)</i>
FINANCIAL ASSETS		
Cash and cash equivalents	3,392,594	2,526,869
Accounts receivable	6,445,154	6,254,865
Accounts receivable, Province of Ontario	1,173,402	3,960,686
Accounts receivable, Province of Ontario – Capital debt grant (note 3)	40,472,971	40,477,978
Total financial assets	51,484,121	53,220,398
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	6,506,699	9,282,824
Long-term financing (note 8)	33,268,457	31,750,909
Deferred revenue (note 4)	1,915,866	2,228,996
Retirement and other employee future benefits payable (note 6)	53,374,834	51,954,921
Deferred capital contributions (note 5)	107,518,751	106,690,610
Total financial liabilities	202,584,607	201,908,260
Net financial liabilities	(151,100,486)	(148,687,862)
NON-FINANCIAL ASSETS		
Prepaid expenses	409,323	232,581
Tangible capital assets (note 13)	112,965,302	110,425,817
Total non-financial assets	113,374,625	110,658,398
Commitments and contingencies (note 10)		
Accumulated deficit (note 14)	(37,725,861)	(38,029,464)

See accompanying notes to consolidated financial statements

On behalf of the Board:



Director of Education



Chair of the School Board

Avon Maitland District School Board Consolidated Statement of Operations

For the year ended August 31, 2011

	2011		2010
	Budget	Actual	Actual
	\$	\$	\$
	<i>(unaudited)</i>		<i>(restated - note 2)</i>
REVENUES			
Local taxes	39,991,485	39,160,138	39,048,104
Provincial grants - student focused funding	135,852,567	137,853,232	133,188,718
Provincial grants - OYAP	104,002	104,002	104,002
Provincial grants - other	4,959,714	6,305,365	6,559,213
Federal grants and fees	-	300,368	1,379,609
Other revenues - school boards	972,264	827,295	994,244
Other fees and revenues	1,151,385	944,407	1,935,346
Investment income	150,000	41,745	11,503
School fundraising <i>(schedule 1)</i>	7,346,100	7,287,304	7,279,594
Total revenues	190,527,517	192,823,856	190,500,333
EXPENSES <i>(note 9)</i>			
Instruction	145,167,815	146,053,939	142,376,358
Administration	4,711,201	4,630,888	4,623,630
Transportation	11,330,482	11,595,922	11,369,941
Pupil accommodation	23,172,907	22,770,611	22,053,705
Other	216,662	216,662	216,662
School funded activities <i>(schedule 1)</i>	7,346,100	7,252,231	7,153,964
Total expenses	191,945,167	192,520,253	187,794,260
Annual surplus (deficit)	(1,417,650)	303,603	2,706,073
Accumulated Deficit, opening	(26,609,642)	(38,029,464)	(40,735,537)
Accumulated Deficit, closing <i>(note 14)</i>	(28,027,292)	(37,725,861)	(38,029,464)

See accompanying notes to consolidated financial statements

Avon Maitland District School Board Consolidated Statement of Cash Flow

For the year ended August 31, 2011

	2011	2010
	\$	\$
		<i>(restated - note 2)</i>
OPERATING TRANSACTIONS		
Annual surplus	303,603	2,706,073
Changes in non-cash items		
Amortization and write-downs	6,312,746	6,499,283
Revenue from deferred capital contributions	(5,859,539)	(5,805,763)
Employee future benefits expense	5,232,104	5,931,659
Changes in financial assets and liabilities		
(Increase) decrease in accounts receivable	2,602,002	(42,630,002)
Increase (decrease) in accounts payable and accrued liabilities	(2,776,125)	281,603
Increase (decrease) in deferred revenue	(313,130)	456,832
(Increase) decrease in prepaid expenses	(176,742)	163,635
Payments made for employee future benefits	(3,812,191)	(3,764,623)
Net increase (decrease) in cash from operations	1,512,728	(36,161,303)
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(8,852,231)	(15,812,268)
Capital contributions received	6,687,680	46,162,332
Net increase (decrease) in cash from capital	(2,164,551)	30,350,064
FINANCING TRANSACTIONS		
Long-term financing issued	2,760,636	4,251,961
Long-term financing repayments	(1,243,088)	(1,221,472)
Net increase in cash from financing	1,517,548	3,030,489
Net increase (decrease) in cash and cash equivalents	865,725	(2,780,750)
Cash and cash equivalents, opening	2,526,869	5,307,619
Cash and cash equivalents, closing	3,392,594	2,526,869

See accompanying notes to consolidated financial statements

**Avon Maitland District School Board
Consolidated Statement of Change in Net Debt**

For the year ended August 31, 2011

	2011	2010
	\$	\$
		<i>(restated - note 2)</i>
Annual surplus	303,603	2,706,073
TANGIBLE CAPITAL ASSET ACTIVITY		
Acquisition of tangible capital assets	(8,852,231)	(15,812,268)
Amortization of tangible capital assets	6,231,539	5,862,474
Write-downs on tangible capital assets	81,207	636,809
Total tangible capital assets activity	(2,539,485)	(9,312,985)
OTHER NON-FINANCIAL ASSET ACTIVITY		
Acquisition of prepaid expenses	(409,323)	(232,581)
Use of prepaid expenses	232,581	396,216
Total other non-financial asset activity	(176,742)	163,635
Increase in net debt	(2,412,624)	(6,443,277)
Net debt, opening	(148,687,862)	(142,244,585)
Net debt, closing	(151,100,486)	(148,687,862)

See accompanying notes to consolidated financial statements

Avon Maitland District School Board

Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated financial statements of Avon Maitland District School Board (the "Board") 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). The consolidated financial statements are the representation of management.

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, expenditures 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.

School generated funds, which include assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements as are the pro-rata assets, liabilities, revenues and expenses of the Huron Perth Student Transportation Services ("HPSTS") transportation consortium.

Avon Maitland District School Board

Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised 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 maturity term of less than 90 days.

(e) Investments

Temporary investments are carried on the Consolidated Statement of Financial Position at the lower of cost or market value while long-term investments are recorded at cost, and assessed regularly for permanent impairment.

(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 expenditures are incurred or services are performed.

Avon Maitland District School Board

Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Retirement and employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental and life insurance, retirement gratuity, compensated absences and workers' compensation 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, 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, compensated absences and health, dental and life insurance 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 those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation 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.

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

Avon Maitland District School Board

Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement 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.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset	Estimated Useful Life in Years
Buildings	40 years
Portable Structures	20 years
Land Improvements with finite lives	15 years
Furniture	10 years
First Time Equipping	10 years
Equipment	5 – 15 years
Computer Hardware	5 years
Computer Software	5 years
Vehicles	5 – 10 years

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 for improvements to prepare the land for sale or servicing. Buildings permanently removed from services cease to be amortized and the carrying value is written down to its residual value.

Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

Avon Maitland District School Board

Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of long-lived assets

Long-lived assets, including tangible capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the carrying amount of the asset exceeds the estimated future cash flows, an impairment charge is recognized by the amount by which the carrying value exceeds the fair value of the asset.

(j) 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.

(k) 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, education development charges and special education forms part of the respective deferred revenue balances.

(l) 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 with the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles established by the PSAB, the budget figures presented have been adjusted to conform with the basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Use of estimates

The preparation of consolidated financial statements 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. Significant items subject to such estimates and assumptions include retirement and other employee future benefits payable, accrued liabilities and certain fund balances. Actual results will 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 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	68,661,146
Transfer to deferred capital contributions	(106,890,610)
Accumulated Deficit, as restated	(38,029,464)

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

2. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Annual surplus for the year ended August 31, 2010:	
Change in net assets/(liabilities), as previously reported	43,062,640
Plus: Amounts recognized in revenue as Provincial Grants – Student Focused Funding	5,805,763
Less: Provincial capital contributions as Provincial Grants – Student Focused Funding	(46,134,888)
Less: School Activities Funds capital contributions as School Fundraising	(27,442)
Annual surplus, as restated	2,706,073

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

Annual surplus for the year ended August 31, 2011:	
Change in net assets/(liabilities), as per prior year policy	1,131,743
Plus: Amounts recognized in revenue as Provincial Grants – Student Focused Funding	5,859,540
Less: Provincial capital contributions as Provincial Grants – Student Focused Funding	(6,632,393)
Less: School Activities Funds capital contributions as School Fundraising	(55,287)
Annual surplus, as currently reported	303,603

3. ACCOUNTS RECEIVABLE - PROVINCE OF ONTARIO

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. Avon Maitland 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 \$40,472,971 (2010 - \$40,477,978) as at August 31, 2011 with respect to capital grants.

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

4. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreements are included in deferred revenues and reported on the Consolidated Statement of Financial Position. Deferred revenues set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2011 is comprised of:

	Balance, August 31, 2010	Externally Restricted Funds received	Revenue recognized in year	Transfers (to) deferred capital contributions	Balance, August 31, 2011
	\$	\$	\$	\$	\$
Operating deferred revenue:					
Library investment initiative grant	121,595	-	(121,595)	-	-
Operational efficiency (energy) allocation	203,713	-	(65,729)	-	137,984
Ministry of Training, Colleges and Universities	737,431	342,158	(737,431)	-	342,158
Other	536,048	527,943	(497,043)	-	566,948
Capital deferred revenue:					
Proceeds on disposition of facilities	630,209	-	-	(348,235)	281,974
School fundraising	-	26,821	-	-	26,821
Energy efficient Schools, capital	-	1,303,927	-	(743,946)	559,981
Total deferred revenue	2,228,996	2,200,849	(1,421,798)	(1,092,181)	1,915,866

5. 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 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 \$
Balance, beginning of year	106,690,610	(restated) 66,334,041
Additions to deferred capital contributions	6,687,680	46,162,332
Revenue recognized in the period	(5,859,539)	(5,805,763)
Balance, end of year	107,518,751	106,690,610

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE

Retirement and other employee future benefit liabilities consist of the following:

	Retirement gratuities	2011 Other employee future benefits	Total employee future benefits	2010 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations	22,968,198	28,863,651	51,831,849	47,742,980
Unamortized Actuarial gains (losses)	(1,015,203)	2,558,188	1,542,985	4,211,941
Employee future benefits Liability as of August 31	21,952,995	31,421,839	53,374,834	51,954,921

Retirement and other employee future benefit expenses included in total expenditures consist of the following:

	Retirement gratuities	2011 Other employee future benefits	Total employee future benefits	2010 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	1,536,786	1,997,966	3,534,752	4,338,153
Interest on accrued benefit obligation	949,141	1,151,440	2,100,581	1,996,735
Amortized gain	(37,906)	(365,323)	(403,229)	(403,229)
Current Year Expense	2,448,021	2,784,083	5,232,104	5,931,659
Total payments made during the year	2,101,026	1,711,165	3,812,191	3,764,623

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE (Cont'd)

(a) Retirement benefits

The board provides retirement gratuities to employees as follows:

(i) Retirement gratuities

Under the sick leave benefit plan, unused sick leave can accumulate to a maximum of 240 days and employees may become entitled to a cash payment when they leave the Board's employment. The two largest plans have been grandfathered (employees participating under the original sick leave benefit plans from the predecessor Perth and Huron school boards, continue under those original plans) as a result of the existing collective agreement. To become eligible for benefits in the first plan, an employee must have 10 years employment with the Board or its predecessor Boards and is required to reach a pre-defined retirement eligibility. The second plan requires that the employee have at least 12 years continuous full-time employment with the Board immediately prior to leaving the Board. Effective September 1, 1998, a new plan was created that applies to new employees to the Board. To become eligible for the new plan, one must have 10 years continuous service with the Board immediately prior to retirement.

The Board has an unfunded liability related to the retirement gratuity plans. The amount of such benefits accumulated to August 31, 2011, to the extent that they can be claimed as cash payments by employees on retirement, is \$21,952,995 (2010 - \$21,606,000) based on the existing collective agreements of the Board and the predecessor Boards. This amount includes an estimate in respect of sick leave accumulated by employees of the Board who do not yet qualify to claim the gratuity.

(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. Employee contribution rates were up to 9.7% of earnings for the period ended December 31, 2010 and were up to 10.7% subsequent to January 1, 2011. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2011, the Board contributed \$1,499,236 (2010 - \$1,281,936) 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 financial statements.

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE (Cont'd)

(a) Retirement benefits (Cont'd)

(iii) Ontario Teacher's Pension Plan

Qualified teachers 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.

(b) Other employee future benefits

(i) Post-retirement life insurance and health care benefits

The Board allows retirees to participate to age 65 within group plans provided to active employees, for which the retirees pay their own premiums. The claims cost exceeds the premiums collected for retired employees, which increases the premium applicable to active employees. The Board subsidizes this difference and the amount of the unfunded liability related to this difference is \$22,478,374 (2010 - \$21,989,723). This amount has been actuarially determined.

(ii) Workplace Safety and Insurance Board obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the "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 related benefit costs and liabilities are included in the Board's financial statements. The amount of the unfunded liability related to this difference is \$988,013 (2010 - \$861,379). This amount has been actuarially determined.

(iii) Compensated absences obligations

As part of employment terms and conditions and contracts, the Board administers a sick leave benefit plan for its employees, which allows employees to accumulate unused sick leave credits. There is an accrued benefit obligation for future sick leave from these accumulated sick banks. The amount of such benefits accumulated to August 31, 2011 is \$7,955,452 (2010 - \$7,497,819). This accrued benefit obligation reflects the future usage that results from the existing sick banks at the valuation date taking into consideration future salary rates and survivorship.

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS PAYABLE (Cont'd)

(c) Valuation Assumptions

The accrued benefit obligations for retirement benefits, post-retirement life insurance, health care benefits, Workplace Safety and Insurance Board and compensated absences obligations are based on actuarial valuations for accounting purposes as at August 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions, where applicable, used in these valuations are the Board's best estimates of expected rates of:

	2011 %	2010 %
Inflation	2.0	2.0
Wage and salary escalation	3.0	3.0
Insurance and health care cost escalation, reduced by ½% per subsequent year until ultimate rate increase of 4½%	10.0	10.5
Discount on accrued benefit obligations	4.0	4.5

7. BANK INDEBTEDNESS

The Board has a \$40,000,000 unsecured operating line of credit available bearing interest of the prime rate minus 0.65%, of which Nil (2010 - Nil) was drawn at year end.

In addition, the Board has a \$3,000,000 leasing facility available of which \$589,056 (2010 - \$1,087,608) was drawn, against which specific assets were pledged as collateral.

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

8. LONG-TERM FINANCING

Long-term financing reported on the Statement of Financial Position are comprised of the following:

	2011 \$	2010 \$
Capital leases with interest rates ranging from 3.93% to 6.36% maturing in accordance with schedule below	557,225	1,018,212
Capital loan for Good Places to Learn Stage 1, interest rate of 4.56% with a 25 year term, maturing November 15, 2031	14,040,741	14,447,956
Capital loan for Good Places to Learn Stage 2, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	6,745,336	6,915,583
Capital loan for Good Places to Learn Stage 3, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	3,585,866	3,667,967
Capital loan for Good Places to Learn Stage 4, interest rate of 5.23% with a 25 year term, maturing April 13, 2035	3,844,608	3,923,996
Capital loan for Primary Class Size, interest rate of 4.90% with a 25 year term, maturing March 3, 2033	1,471,454	1,508,592
Capital loan for Primary Class Size, interest rate of 5.06% with a 25 year term, maturing March 13, 2034	262,591	268,603
Capital loan for Good Places to Learn Stage 4 and Prohibitive to Repair Projects interest rate of 4.83% with a 25 year term, maturing March 11, 2036	2,760,636	-
	<u>33,268,457</u>	<u>31,750,909</u>

Capital lease payments due over the next five years ending August 31 are as follows:

	\$
2012	306,269
2013	177,987
2014	69,112
2015	35,688
2016	-
	<u>589,056</u>
Less imputed interest	<u>(31,831)</u>
	<u>557,225</u>

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

8. LONG-TERM FINANCING (cont'd)

Capital loan payments due over the term of the loan ending August 31 are as follows:

	Principal \$	Interest \$	Total \$
2012	879,333	1,553,148	2,432,481
2013	921,863	1,510,836	2,432,699
2014	966,455	1,466,472	2,432,927
2015	1,013,210	1,419,958	2,433,168
2016	1,062,232	1,371,188	2,433,420
Thereafter	27,868,139	13,149,248	41,017,387
	32,711,232	20,470,850	53,182,082

9. EXPENSES BY OBJECT

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

	2011		2010
	Budget \$	Actual \$	Actual \$
	<i>(restated & unaudited)</i>		<i>(restated)</i>
Operating Expense			
Salary and wages	127,464,143	127,645,635	123,520,791
Employee benefits	19,171,060	19,774,905	19,462,991
Staff development	890,815	505,906	593,480
Supplies and services	13,997,017	13,519,048	13,975,873
Interest	1,506,852	1,552,312	1,410,748
Rental expenditures	290,857	441,133	338,620
Fees and contract services	14,393,793	15,126,998	14,474,290
Other	391,709	389,339	364,220
Amortization and write-downs of tangible capital assets	6,492,827	6,312,746	6,499,283
School funded activities	7,346,100	7,252,231	7,153,964
	191,945,167	192,520,253	187,794,260

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

10. CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Board is a member of the Ontario School Board Insurance Exchange ("OSBIE") for a period, which ends December 31, 2011. OSBIE is a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Members are assessed premiums on an annual basis and should premiums collected not be sufficient to cover actual losses incurred, an additional assessment may be levied. The occurrence of future losses and their impact on future premiums is not determinable.

The Board is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Board believes it has valid defenses. In Administration's judgment, no material exposure exists on the eventual settlement of such litigation, and accordingly, no provision has been made in the accompanying financial statements.

The Board has commitments with respect to operating leases for buildings, capital purchases and other amounts. The total is payable with respect to these commitments during the next five years as follows:

	Capital Projects	Operating Leases	Total \$
2012	1,010,287	216,033	1,226,320
2013	-	123,553	123,553
2014	-	126,353	126,353
2015	-	101,787	101,787
2016	-	-	-
	1,010,287	567,726	1,578,013

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

11. TRUST FUNDS

The General Student Awards Trust Fund represents accumulated donations received by the Board from individual, corporate and institutional sources. These funds are used to provide various scholarships, bursaries and awards to students in Avon Maitland area schools and to assist with other educational projects not funded by the Board. Activity of the General Student Awards Trust Fund is summarized in the following table:

General Student Awards Trust Fund	2011	2010
	\$	\$
Balance, opening	2,084,490	2,087,428
Add		
Trust funds received in year	55,559	94,126
Investment income	38,701	41,472
	2,178,750	2,223,026
Deduct awards	(116,650)	(138,536)
Balance, closing	2,062,100	2,084,490

The Teacher Funded Leave Plan is a self-funded program for participating teachers. A portion of the teacher's salary is held in trust, to be paid in the year of leave. The teachers are credited with interest income from the trust funds annually, prior to the year-end. The balance of the Teacher Funded Leave Plan at August 31, 2011 was \$916,645 (2010 - \$940,921).

Trust fund investments, which consist of guaranteed investment certificates, and cash deposits are recorded at cost which equals fair value. The guaranteed investment certificates mature on or before August 31, 2013 and yield between 1.8% and 2.1%. The cash deposits were earning 1.15% at August 31, 2011.

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

12. Transportation Consortia

Transportation services for the Board are provided in partnership with the Huron-Perth Catholic District School Board, by the Consortia Huron Perth Student Transportation Services ("HPSTS"). Under the formal agreement, decisions related to the financial and operating activities of the Consortia are shared, with no partner exercising unilateral control. Direct costs incurred by the Board are paid directly while the shared costs for the Administration of HPSTS are pro-rated based on student rider-ship as outlined in the agreement.

The Board's total transportation revenues for the period ending August 31, 2011 was \$11,410,642 (2010 - \$11,379,652), the Board's non-Administration expenditures totaled \$11,392,157 (2010 - \$11,122,774) and the Board's Receivable at August 31, 2011 was \$25,470 (2010 - \$44,409).

	2011		2010	
	Total \$	Board Portion \$	Total \$	Board Portion \$
Administration Expenses	406,953	320,239	433,508	334,244

13. TANGIBLE CAPITAL ASSETS

The net book value of tangible capital assets, as of August 31st is as follows:

	2011 \$	2010 \$
Buildings (40 Years)	103,708,157	93,997,034
Construction in Progress	223,389	8,015,041
Portable Structures	339,390	191,993
Land	3,108,314	2,716,994
Land Improvements	2,160,058	2,266,536
Furniture	239,204	233,000
First Time Equipping	234,854	43,756
Equipment	503,171	484,332
Computer Hardware	1,234,754	909,618
Computer Software	397,607	313,722
Vehicles	77,122	90,106
Leased Assets – Computer Hardware	739,282	1,163,685
	112,965,302	110,425,817

**Avon Maitland District School Board
Notes to Consolidated Financial Statements**

August 31, 2011

13. TANGIBLE CAPITAL ASSETS (Cont'd)

	Balance at Aug 31/10 \$	Additions to Aug 31/11 \$	Disposals/ Write-Downs to Aug 31/11 \$	Balance at Aug 31/11 \$
Gross Book Value				
Buildings (40 Years)	141,908,568	14,591,592	-	156,500,160
Construction in Progress	8,015,041	(7,791,652)	-	223,389
Portable Structures	1,547,939	194,370	-	1,742,309
Land	2,716,994	391,320	-	3,108,314
Land Improvements	2,869,117	88,913	-	2,958,030
Furniture	476,119	50,914	-	527,033
First Time Equipping	65,449	207,573	-	273,022
Equipment	1,117,405	120,863	-	1,238,268
Computer Hardware	3,512,762	756,181	-	4,268,943
Computer Software	1,406,060	218,285	-	1,624,345
Vehicles	276,241	23,872	-	300,113
Leased Assets – Computer Hardware	5,150,323	-	-	5,150,323
	169,062,018	8,852,231	-	177,914,249

	Balance at Aug 31/10 \$	Additions to Aug 31/11 \$	Disposals/ Write-Downs to Aug 31/11 \$	Balance at Aug 31/11 \$
Accumulated Amortization				
Buildings (40 Years)	(47,911,534)	(4,799,262)	(81,207)	(52,792,003)
Construction in Progress	-	-	-	-
Portable Structures	(1,355,946)	(46,973)	-	(1,402,919)
Land	-	-	-	-
Land Improvements	(602,581)	(195,391)	-	(797,972)
Furniture	(243,119)	(44,710)	-	(287,829)
First Time Equipping	(21,693)	(16,475)	-	(38,168)
Equipment	(633,073)	(102,024)	-	(735,097)
Computer Hardware	(2,603,144)	(431,045)	-	(3,034,189)
Computer Software	(1,092,338)	(134,400)	-	(1,226,738)
Vehicles	(186,135)	(36,856)	-	(222,991)
Leased Assets – Computer Hardware	(3,986,638)	(424,403)	-	(4,411,041)
	(58,636,201)	(6,231,539)	(81,207)	(64,948,947)

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

14. ACCUMULATED DEFICIT

The Accumulated deficit consists of the following:

	2011 \$	2010 \$ <i>(restated)</i>
Surplus:		
Operating Accumulated Surplus	3,303,835	2,684,971
Amounts restricted for future use by board motion	6,077,448	7,170,835
School generated funds	2,215,957	2,180,884
Net Investment in Tangible Capital Assets	4,936,102	2,716,994
Total surplus amounts	16,533,342	14,750,684
Unfunded Amounts:		
Employee Benefits	(53,374,834)	(51,954,921)
Not Permanently Financed Amounts	(884,369)	(825,227)
Total unfunded amounts	(54,259,203)	(52,780,148)
Total Deficit	(37,725,861)	(38,029,464)

15. BUDGET DATA

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 29th, 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 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.

	2011 Budget \$	Change \$	2011 Budget \$ <i>(restated)</i>
Revenues			
Total Revenues as in the 2010-11 Budget	190,527,517		190,527,517
Add/Deduct: Adjustment due to adoption of government transfer standard (see Note 2)		-	
Total Revenue	190,527,517		190,527,517
Total Expense	191,945,167		191,945,167
Annual Deficit	(1,417,650)		(1,417,650)
Accumulated Deficit, opening	(26,609,642)		(26,609,642)
Accumulated Deficit, closing	(28,027,292)		(28,027,292)

Avon Maitland District School Board Notes to Consolidated Financial Statements

August 31, 2011

16. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING

On June 1, 2003, the Board received \$2,908,000 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.

**Avon Maitland District School Board
Schedule of School Activities Fund**

Schedule 1

Year ended August 31, 2011

	2011	2010
	\$	\$
		<i>(restated)</i>
REVENUES		
School fundraising		
Elementary	3,852,074	3,857,114
Secondary	3,435,230	3,422,480
Total revenues	7,287,304	7,279,594
EXPENSES		
School funded activities		
Elementary	3,819,947	3,852,389
Secondary	3,432,284	3,301,575
Total expenses	7,252,231	7,153,964
Net revenue	35,073	125,630
School activities fund, opening	2,180,884	2,055,254
School activities fund, closing	2,215,957	2,180,884
Change in capital assets	(55,287)	(27,442)
Change in deferred revenue – capital	26,821	-
Change in deferred capital contributions	55,287	27,442
Total cash and cash equivalents	2,242,778	2,180,884