



Halton District School Board

**PLEASE NOTE Public Session starts immediately after
Private Session**

**** SPECIAL MEETING OF THE BOARD ****

HALTON DISTRICT SCHOOL BOARD

J.W. Singleton Education Centre, Burlington, Ontario

Wednesday, November 30, 2011

Immediately after Private Session (Private Session: 7 p.m.)

PUBLIC SESSION

1. Call to Order
2. Meeting in Private Session
3. Ratification of Business Transacted in Private Session (*if required*)
4. Boundary Report – (*L. Veerman, D. Renzella*) – Report 11175
5. Financial Statements – (*L. Veerman*) – Report 11177
6. Adjournment



Halton District School Board

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Report Number: 11175

Date: November 18, 2011

INCIDENTAL INFORMATION

TO: The Chair and members of the
Halton District School Board

FROM: David Euale, Director of Education
Lucy Veerman, Superintendent of Business Services

RE: Accommodation Pressures and School Boundary Review Initiatives

Background

The 2010 Long Term Accommodation Plan (LTAP) provided enrolment projections for the years 2011 to 2020 for each Elementary and Secondary Review Area (ERA and SRA) in the Board as well as for each elementary and secondary school within the system.

The basis of this plan is to identify new capital project initiatives for the Board from 2012/13 to 2015/16 as required by the Ministry of Education for the Capital Priorities Template. As well, the LTAP provides the opportunity to identify the school boundary study initiatives that are to be undertaken as a result of ongoing capital initiatives, as well as to address accommodation pressures due to new residential development, changing demographics, and program pressures. As well, the plan identified review areas and schools where enrolment issues will occur within the immediate future and the need to undertake associated boundary studies.

Discussion

In the 2010 LTAP, a boundary issues table was provided to the Board which identified the need to undertake boundary reviews and proposed start and completion date. TABLE 1 identifies those boundary initiatives and the date of completion. The only revisions to the 2010 LTAP boundary issues was the delay in the start of the Alton Community elementary boundary review and the North Burlington secondary school boundary review. The NE Burlington #4 Elementary School Boundary Review (Alton Community elementary boundary review) has been initiated with a projected completion date by the end of January 2012. Once this boundary has been approved by the Board, the North Burlington secondary school boundary review will commence in order to establish the boundary of the new Alton SRA 101 high school which is to open for September 2013.

The 2010 LTAP identified a number of enrolment issues within various review areas in Halton (refer to TABLE 2). Even though some of these issues would have become boundary review initiatives in the 2011 LTAP, it has been concluded that they needed to be initiated sooner. Of particular concern is the following:

OAKVILLE - Elementary Review Areas

1. ERA 114 – Captain R. Wilson, Emily Carr and Palermo Public Schools

The Board opened Palermo PS in September 2010 as a dual track school (JK to Grade 7 English Program and Grade 1 to 4 French Immersion). The school also opened as a school providing full day JK/SK. In the 2010 LTAP, it was indicated that the review area would continue to exhibit ongoing accommodation pressures as enrolment increases due to demographic factors (young school aged population), French Immersion preference and new residential growth. As well, ERA 114 would continue to see enrolment growth over the next ten years. Utilization would increase from 91% in 2010 to 125% in 2020 (half-time JK/SK). With the implementation of full day JK/SK, this utilization would increase to 133% in 2020.

Enrolment at Captain R. Wilson and Emily Carr Public Schools would continue to be sufficiently accommodated in their respective building and portable capacities.

The 2010 LTAP indicated that enrolment at Palermo PS would exceed building and portable capacity by 2013. The 2010 LTAP also identified that there are no available elementary school sites in the review area that the Board could access to construct another facility. Moreover, there was a comment that an addition could be considered at the school. Although given a projected enrolment of 1216 pupils by 2020, an elementary school of that size (over 1200) is problematic in terms of having sufficient space to provide program (i.e. library, gymnasium, computer lab, outdoor play space). Moreover, the LTAP did indicate that consideration should be given in terms of revisiting the potential delivery of the French Immersion program in schools within this review area, as it would appear that French Immersion enrolments at Palermo PS are projected to be at 560 pupils (by 2013) and 690 pupils by 2020.

Given that the school required more portable classrooms than was initially projected for the 2011/2012 school year, due to class organizations and distribution, there was a need to assess whether Palermo PS could accommodate all students within its building and portable classroom capacity for September 2012. Based on initial enrolment projections, classroom requirements for the 2012/2013 school year were developed by Planning staff. The analysis indicates that there will be the need for potentially 4 additional portable classrooms at Palermo PS for September 2012. This will result in the school potentially having 13 portable classrooms on site, which exceeds the total capacity of 12 portable classrooms allowed. Therefore, there is a need to undertake a boundary review for this area to address the accommodation pressures.

2. ERA 115 – Abbey Lane, Forest Trail, Heritage Glen, Pilgrim Wood and West Oak Public Schools

As outlined in the 2010 LTAP, the area in question would see an overall enrolment decline over the next ten years. Utilization would decrease from 107% in 2010 to 86% in 2020 (half-time JK/SK). With the implementation of full day JK/SK, this utilization would decrease but to only 92% in 2020. However, Forest Trail PS would continue to exhibit accommodation pressures over the next 10 years. The school currently exceeds its building and portable capacity, with 15 portables on site to accommodate students. Projections indicated that there will be no enrolment relief over the next ten years. The 2010 LTAP proposed an 8-classroom addition at Forest Trail PS for 2012/2013, subject to funding from the Ministry of Education (Capital Priorities Template). This funding was not approved by the Ministry of Education.

At the same time that staff was reviewing portable classroom requirements at Palermo PS, Planning staff undertook a similar exercise for Forest Trail PS for the 2012/2013 school year. Based on initial enrolment projections and classroom requirements, there will be the need for at least 1 additional portable classroom at Forest Trail PS for September 2012. This will result in the school having at a minimum 16 portable classrooms on site for the upcoming school year.

It should be noted that in the 2010 LTAP, enrolment for schools in the Glen Abbey Community (area south of Upper Middle Road) would continue to decline over the longer term. Enrolment would continue to be below building capacity, resulting in a number of empty pupil places. It is projected that even with the implementation of full-day JK/SK, there would be 495 empty pupil places in the Glen Abbey Schools. The introduction of the early Gifted Program at Pilgrim Wood PS will utilize pupil place capacity, but the full extent and amount will not be confirmed until the program is fully operational for a number of years and trends are established.

Any review of boundaries for Palermo PS should include this review area as well in order to ensure that elementary pupil accommodation needs are sufficiently addressed for the North-West Oakville community.

MILTON - Elementary Review Areas

1. ERA 120 – Bruce Trail, Chris Hadfield, Hawthorne Village and Tiger Jeet Singh Public Schools

The Board opened Tiger Jeet Singh PS in September 2010 as a dual track school (JK to Grade 7 English Program and Grade 1 French Immersion). Despite the school providing accommodation relief to schools in ERA 119 and 120, the review area would continue to exhibit ongoing accommodation pressures as enrolment increases due to demographic factors (young population), French Immersion preference and new residential growth. The area in question would continue to see enrolment growth over the next ten years.

Utilization would increase from 117% in 2010 to 147% in 2020 (half-time JK/SK). More importantly, with the implementation of full day JK/SK, this utilization would increase to 165% in 2020. Projections indicate that there would be a shortage of approximately 1661 elementary pupil places by 2020 in this review area.

Therefore, in order to address the accommodation pressures the 2010 LTAP identified the need to open two new elementary schools (ERA 120 #7 and ERA 120 #9) in the respective 2012/2013 and 2014/2015 school years, with 704 OTG pupil place capacities. These school projects were submitted to the Ministry of Education for funding under their Capital Priorities Template. The Ministry of Education only approved funding for the Milton #7 school. Board staff is in the process of acquiring the school block and submitting building permits and site plan applications. Until such time that the school block becomes registered (which is expected in early 2012) construction can not commence. Nevertheless, it would be prudent to commence a boundary review for this review area, in anticipation of the opening of the new Milton #7 school.

2. ERA 121 – Escarpment View and PL Robertson Public Schools

The Board opened Escarpment View Public School (JK to Grade 7 English Program) in January 2010 and PL Robertson PS (JK to Grade 7 English Program and Grade 1 to 3 French Immersion) in February 2010. In September 2010, Escarpment View PS and PL Robertson PS also provided full-day JK/SK. Despite the schools providing accommodation relief to schools in ERA 119 and 120, the LTAP indicated that the review area would continue to exhibit ongoing accommodation pressures as enrolment increases due to demographic factors (young population), French Immersion preference and new residential growth. In the 2010 LTAP, the area in question would continue to see enrolment growth over the next ten years. Utilization is projected to increase from 95% in 2010 to 181% in 2020 (full-time JK/SK). Projections indicated that there will be a shortage of approximately 1227 pupil places by 2020 in this review area.

Therefore, in order to address the accommodation pressures the 2010 LTAP identified the need to open two elementary schools (ERA 121 #8 and ERA 121 #10) in the respective 2012/2013 and 2015/2016 school years, with 704 OTG pupil place capacities. These school projects were submitted to the Ministry of Education for funding under their Capital Priorities Template. The Ministry of Education did not approve funding for these two projects. The timing and development of these schools in future years will be contingent upon the Board obtaining capital funding from the Ministry of Education.

The issue at hand is that PL Robertson PS is expected to exceed its building and portable classroom capacity for September 2012. More specifically, enrolment projections based on the 2011 LTAP indicates that the school will have a projected enrolment of 1277, with a total combined pupil place capacity of 1058. There is a need to undertake a boundary review for this area, in particular to address the short term accommodation pressures, as develop a school boundary for the new Milton #8 school, once capital approval has been given by the Ministry of Education.

Conclusions

The Board has completed a number of boundary reviews since the 2010 LTAP and is currently in the process of undertaking 2 additional reviews: NE Burlington #4 Elementary School Boundary Review (Alton Community elementary boundary review) and the North Burlington secondary school boundary review. However, Board staff have identified school boundary reviews that need to be commenced at the earliest possible convenience. The following represents a timetable of ongoing and future boundary reviews to be undertaken over the next 8 months.

Respectfully submitted,

Lucy Veerman
Superintendent of Business Services

David Euale
Director of Education

		Study	Commencement	Completion
1	Alton Community Elementary School Boundary Review	To review and recommend elementary school program and boundary for the new ERA 109 elementary school located in the Alton Community scheduled to open for September 2012.	October 2011	January 2012
2	North Burlington Secondary Schools Boundary Review	To review and recommend secondary school program and accommodation for the new SRA 101 North Burlington high school located in the Alton Community and scheduled to open for September 2012.	February 2011	June 2012
3	North-West Oakville Elementary school Boundary review	To review and recommend revisions to elementary school program and boundaries within ERA 114 and ERA 115 (North-West Oakville)	December 2011	March 2012
4	Milton Community Elementary School Boundary Review	To review and recommend elementary school programs and boundaries for the new SE Milton #7 elementary school and the SW Milton #8 elementary school.	December 2011	March 2012

Halton District School Board 2010 LTAP Boundary Issues

TABLE 1

		Study	Commencement	Completion
1	North Oakville Community Elementary Schools Boundary Review	Area currently being directed to two schools. Emily Carr P.S. which cannot sustain additional growth from this area. Sam Sherratt P.S. which is located in Milton. Review the establishment of holding schools in Oakville for this area.	January 2011	June-11
2	Milton Secondary Schools Boundary Review	To review and recommend school program and boundary for the new SRA 105 EC Drury/ Milton #1 high school located in the Boyne Community and scheduled to open for September 2012.	June 2010	December 2010
3	North West Oakville Secondary Schools Boundary Review	To review and recommend secondary school program and accommodation for the new SRA 103 North Oakville high school located in the West Oak Trails Community and scheduled to open for September 2012.	December 2010	June 2011
4	North Burlington Secondary Schools Boundary Review	To review and recommend secondary school program and accommodation for the new SRA 101 North Burlington high school located in the Alton Community and scheduled to open for September 2012.	November 2010	June 2011
5	Alton Community Elementary School Boundary Review	To review and recommend elementary school program and boundary for the new ERA 109 elementary school located in the Alton Community scheduled to open for September 2012.	June 2011	December 2011

Halton District School Board 2010 LTAP Enrolment Issues

TABLE 2

		Description	Schools
1	ERA 100	Preference for French Immersion programming, although declining. The English program at Maplehurst has retained more students than in previous years. Overall utilization of space with implementation of ELP is 67% by 2020.	Aldershot, Glenview, King's Road, Maplehurst (DT)
2	ERA 102	Ryerson enrollment is below 50% capacity. Overall utilization of space with implementation of ELP is 55% by 2020.	John T. Tuck, Pauline Johnson, Ryerson, Tecumseh
3	ERA103	Preference for French Immersion programming, although declining. The English program at Pineland has retained more students than in previous years for Grade 1, as a result of 2010 program review at school. Overall utilization of space with implementation of ELP is 59% by 2020.	Frontenac, Mohawk Gardens, Pineland (DT)
4	ERA 112	Preference for French Immersion programming in this area. Pine Grove only FI centre in south-west Oakville. Overall utilization of space in ERA 112 with implementation of ELP is projected to be 113% by 2020. However, enrolment at Pine Grove will exceed building and portable capacity by 2013. Potential development of ERA 111 school may provide accommodation relief.	Brookdale, Eastview, Gladys Speers, Oakwood, Pine Grove (ST FI), W.H. Morden
5	ERA 114	Ongoing enrolment pressures at Palermo due to demographics and French Immersion growth in the area. School will exceed building and portable capacity by 2013/2014 school year. Review of delivery of French Immersion in schools (i.e more dual track).	Captain R. Wilson, Emily Carr, Palermo (DT)
6	ERA 119	W.I. Dick will reach maximum capacity by 2013 as a result of increasing FI enrolment in Milton due to accommodating students from ERA 120. Preference for French Immersion programming at Martin Street (DT) although English Program at Martin Street has retained more students than in the past. Delivery of French Immersion Program in Milton needs to be monitored.	E.W. Foster (DT), J.M. Denyes, Martin Street (DT), Robert Baldwin, Sam Sherratt, W. I. Dick (DT)
7	ERA 120	Maximum capacity will be reached for Hawthorne Village, Bruce Trail, and Tiger Jeet Singh. Overall utilization of space to increase to 165% by 2020. Justifies need for new ERA 120 Milton #7 elementary school for 2012/2013.	Bruce Trail, Chris Hadfield, Hawthorne Village, Tiger Jeet Singh (DT)
8	ERA 121	Preference for French Immersion programming at PL Robertson. Enrolment pressures at PL Robertson due to implementation of ELP and new development resulting in being overcapacity by 2013. Escarpment View enrolment to increase due to residential development growth, will exceed capacity by 2010. Justifies the need for the new ERA 121 Milton #8 elementary school for 2012/2013.	Escarpment View, P.L. Robertson (DT)



Halton District School Board

Report Number: 11177
Date: November 30, 2011

INFORMATION FOR DECISION

TO: The Chair and Members of the
Halton District School Board

FROM: Lucy Veerman
Superintendent of Business Services and Treasurer

RE: **2010/2011 Financial Statements and Accumulated Surplus Balances**

Recommendation:

Be it resolved that the Halton District School Board authorize the following 2010/2011 Surplus (Reserve) transfers:

- 1. \$ 2,057,310 for Retirement Gratuities*
- 2. \$ 861,080 for Facility Weather Conditions*
- 3. \$ 260,410 for Vandalism*
- 4. \$ 673,963 for School Budgets*
- 5. \$ 146,387 for Halton Learning Foundation/Centre for Skills Development and Training*
- 6. \$ 400,000 for Information and Computer Technology*
- 7. \$ 1,010,558 for Year-End Roll Forwards*
- 8. \$ 1,035,000 for Georgetown DHS Renovation*
- 9. \$ 1,565,000 for Capital Expenditures (non-ministry funded)*
- 10. \$ 1,020,276 for Operating (formerly Working Fund)*

Be it resolved that the Halton District School Board approve the audited financial statements for the fiscal year ended August 31, 2011.

Background

Each year, the treasurer of every board is required (subsection 252(1) of the Education Act) to prepare the financial statements for the school board and, on receiving the auditor's report on the financial statements, promptly submit them to the Ministry of Education.

Financial statements must be prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants. It should be noted that several changes to accounting policies have been implemented in these financial statements resulting in several significant changes to the content and presentation of financial information. A summary of the significant accounting policies is provided in Note 1 to the financial statements.

Audit

The financial statements have been audited by Deloitte & Touche LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the financial statements present fairly, in all material respects the financial position of the Board and the results of its operations for the fiscal year ended August 31, 2011. In addition, the Halton District School Board was in compliance with all Provincial funding regulations.

Audit Committee

The Board's Audit Committee reviewed and approved the financial statements on November 25, 2011. These include the Consolidated Financial Statements Halton District School Board, Financial Statements Fast Track – Community Centre for Skills, Development and Training, and Financial Statements Halton Learning Foundation.

Accumulated Surplus/Deferred Revenues

Under PSAB, traditional descriptions of Reserves and Reserve Funds have been changed to fall into two categories:

- (i) Accumulated Surplus – Boards have the authority to set aside funds for a restricted purpose and make local expenditure decisions.
- (ii) Deferred Revenues – Externally Restricted which are those amounts received subject to external restrictions arising from legislation or regulations.

Appendix A summarizes the changes to Accumulated Surplus from 2009/2010 to 2010/2011. Specific 2010/2011 surplus transfers during the year are as a result of the following:

- Retirement Gratuity fund has been increased by the variance between actual experience in retirement gratuity expenditures and that actuarially determined. 2010/2011 saw significantly fewer retirements than predicted by the actuary.
- The Facility Weather Conditions was established in prior years to manage significant spikes in utility costs and snow removal. Funds added here represent the variance from the utility budget including cost and consumption savings in Hydro. This is offset by snow removal expenditures exceeding budget.
- The establishment of an internally restricted amount for Vandalism was established in 2009/10 to manage fluctuations in vandalism expense in future years. This fund represents the under-spending based on the original 2010/11 amount budgeted in this area.

- The School Budgets, Halton Learning Foundation, and Centre for Skills Development and Training surplus represents the carry-forward of unspent budgets. This treatment is consistent with prior years.
- Information and Communication Technology allocation supports the purchase of centrally funded capital items including workstations, file and application servers, wireless and wired connections, printers and other network infrastructure. Reductions in Ministry funding for Information Technology over the past few years have underfunded these purchases. This surplus allocation will provide funding to replace aging hardware and demonstrate our commitment to the 21st century classroom.
- Year-End Roll Forwards represent savings in 2010/11 due to under-spending in non-salary areas mainly as a result of timing. This allocation will be used to fund expenditures in these areas in the upcoming year including:
 - New class start-up for full day kindergarten
 - Lockdown/lockout expenditures including alarms, public announcement systems, reflective metal signs on exterior doors, and security cameras
 - Computer replacement and library security
 - Professional development (contractual)
 - Wechsler Fundamentals Test kits and training (Special Education)
 - Behavioural Expertise support (Special Education)
- An allocation for the Georgetown DHS renovation was initially established from the 2009/10 surplus to fund the future amortization expense related to the renovation cost. Since this portion of the total capital expenditure was not approved for Ministry funding, PSAB treatment requires this amount to be excluded from Deferred Capital Contributions (DCC) and set up as committed funding from surplus. The 2010/11 allocation of \$1,035,000 represents the final amount that requires this specific accounting treatment. This allocation eliminates the commitment from the Facilities School Renewal budget and reinstates the level of funding available for other school renewal projects.
- Effective August 31, 2010, the Ministry identified the “Wrap-Up” of the existing capital funding model. From this point forward, the Ministry recognizes capital grant entitlements based on eligible capital expenditures. The flexibility that the board had in the past to address local pressures has been significantly reduced. The establishment of a capital expenditures fund in the amount of \$1,565,000 will support capital expenditures not eligible and therefore not funded by the Ministry. Examples may include the following:
 - Expenditures in excess of Ministry funding for portable additions and/or relocations due to the enrolment pressures existing in many areas of the district
 - Temporary accommodation for students displaced during the renovations of full day kindergarten additions/classes
 - Funding for the Emerald Ash Borer Program. The Emerald Ash Borer (EAB) is an invasive non-native beetle that burrows into the bark of Ash trees to lay eggs, the larva then hatch and begin to feed off the inner wood killing the ash tree within 3 years. The program would provide for a phase-in of treatment and/or removal.

- Expenditures in administrative buildings resulting from aging infrastructure and recent failures in the mechanical systems. Administrative buildings are not eligible for funding from the School Renewal funding allocation.
- The increase of \$ 1,020,276 in the Working Fund balance represents the “net operating surplus” of the Board for 2010/2011. This is in addition to the \$1,000,000 approved by the Board of Trustees as part of the 2011/2012 Budget development process.

Respectfully submitted,

*Lucy Veerman
Superintendent of Business Services and
Treasurer*

*David Euale
Director of Education*

Halton District School Board
Summary of Accumulated Surplus
(Per Note 12 to the Consolidated Financial Statements)
Year Ended August 31, 2011

	<u>2010/2011</u>	<u>2009/2010</u>
Amounts Restricted For Future Use		
Retirement Gratuities	\$ 5,745,753	3,688,443
School Budgets/Student Supervisors	850,586	550,056
School Facilities Renewal*	-	1,677,110
Facility Weather Conditions	3,193,338	2,332,258
Year End Roll Forwards	1,010,558	1,200,562
Halton Learning Foundation	861,381	859,422
Special Education*	-	438,600
Vandalism	619,562	359,154
Portable Relocation	1,780,820	1,780,820
Georgetown District High School Renovation	2,923,077	3,000,000
Maple Grove Public School Renovation	70,000	70,000
Committed Sinking Fund Earnings & Interest Amortization	7,992,358	7,495,431
Computer Infusion Lease/Project Update	1,199,625	1,255,415
	<u>26,247,058</u>	<u>24,707,271</u>
Other		
Centre for Skills Development and Training	950,284	806,127
Halton Learning Foundation	92,815	92,544
Capital Wrap Up Adjustments	-	374,864
Interest and Vacation Accrual	(4,819,888)	(4,756,624)
Information and Communication Technology	400,000	0
Georgetown District High School Renovation	1,035,000	0
Capital Expenditures (non funded by Ministry)	1,565,000	0
Working Funds	6,020,475	4,000,199
	<u>5,243,686</u>	<u>517,110</u>
Invested in non-depreciable tangible capital assets		
Land	133,277,048	126,167,661
Not Permanently Financed (Education Development Charges)	(52,063,038)	(49,403,961)
	<u>81,214,010</u>	<u>76,763,700</u>
Employee Future Benefits	(61,164,098)	(56,410,088)
School Generated Funds	<u>5,545,779</u>	<u>4,503,236</u>
Balance, end of year	<u>\$ 57,086,435</u>	<u>50,081,229</u>

* Effective 2010/2011, these balances are included in Deferred Revenue per PSAB reporting requirements.

Report and consolidated financial statements of

Halton District School Board

August 31, 2011

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Halton District School Board

August 31, 2011

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Management Report

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the Halton 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 Note 1 to the consolidated financial statements.

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

The Board's 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 consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Trustees approval of the consolidated financial statements.

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

Director of Education

David Euale

November 30, 2011

Superintendent of Business Services
And Treasurer

Lucy Veerman

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Independent Auditor's Report

To the Trustees of the
Halton District School Board

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Halton District School Board as at August 31, 2011 and the results of its operations, its cash flows and its changes in net debt 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 describe the basis of accounting. The consolidated financial statements are prepared to assist Halton District School Board to meet the financial reporting requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

Chartered Accountants
Licensed Public Accountants
November 30, 2011

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Halton District School Board

Consolidated statement of financial position
as at August 31, 2011

	2011	2010 (Restated - Note 2)
	\$	\$
Financial assets		
Cash and cash equivalents	7,494,654	6,435,755
Accounts receivable	32,470,819	31,639,035
Accounts receivable - Government of Ontario (Note 3)	273,679,778	246,343,590
Assets held for sale (Note 4)	1,281,098	-
	314,926,349	284,418,380
Liabilities		
Temporary borrowing (Note 5)	66,000,000	69,100,000
Accounts payable and accrued liabilities	47,575,848	48,015,609
Other (Note 5)	9,689,758	9,681,162
Net long-term liabilities (Note 6)	210,503,275	194,887,983
Deferred revenue (Note 8)	7,324,943	1,034,591
Employee benefits payable (Note 10)	64,561,268	59,443,083
Deferred capital contributions (Note 9)	423,391,135	382,805,356
	829,046,227	764,967,784
Net debt	(514,119,878)	(480,549,404)
Non-financial assets		
Prepaid expenses	4,157,682	5,216,729
Tangible capital assets (Note 11)	567,048,631	525,413,904
	571,206,313	530,630,633
Accumulated surplus (Note 12)	57,086,435	50,081,229

Contractual obligations and contingent liabilities (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board

Director

Director

Halton District School Board

Consolidated statement of operations
year ended August 31, 2011

	Budget (Unaudited) (Note 14)	2011 Actual	2010 Actual (Restated - Note 2)
	\$	\$	\$
Revenues			
Local taxation	215,492,124	216,274,807	208,525,745
Provincial grants - Student Focused Funding	282,315,987	271,077,883	268,682,167
Provincial grants - other	5,785,818	12,162,247	10,932,444
Investment income	662,974	1,576,519	1,662,469
Federal grants	-	391,205	-
School fundraising and other revenues	18,145,000	18,983,692	19,979,769
Deferred capital contributions - grants recognized (Note 9)	11,133,498	17,633,213	15,075,807
Other fees and revenues	12,885,514	16,899,645	19,915,576
Total revenues	546,420,915	554,999,211	544,773,977
Expenses			
Instruction	443,840,541	418,202,427	387,549,922
Administration	13,806,923	13,236,596	13,424,230
Transportation	12,650,495	12,836,772	11,948,182
Pupil accommodation	65,416,424	77,695,997	70,910,909
Other	2,281,627	8,081,064	6,964,143
School funded activities	18,145,000	17,941,149	20,359,342
Total expenses	556,141,010	547,994,005	511,156,728
Annual (deficit) surplus	(9,720,095)	7,005,206	33,617,249
Accumulated (deficit) surplus, beginning of year	27,056,681	50,081,229	16,463,980
Accumulated (deficit) surplus, end of year (Note 12)	17,336,586	57,086,435	50,081,229

The accompanying notes are an integral part of these consolidated financial statements.

Halton District School Board

Consolidated statement of cash flows
year ended August 31, 2011

	2011	2010 (Restated - Note 2)
	\$	\$
Operating transactions		
Annual surplus	7,005,206	33,617,249
Non-cash items		
Amortization	17,995,031	15,720,887
Deferred capital contributions - grants recognized (Note 9)	(17,633,213)	(15,075,807)
Deferred gain on disposal of restricted assets	(6,279,906)	-
Sources and (uses)		
Accounts receivable	(831,784)	(2,674,355)
Accounts receivable - Government of Ontario	(27,336,188)	(246,343,590)
Assets held for sale	(1,281,098)	-
Accounts payable and accrued liabilities	(439,761)	7,136
Other liabilities	8,596	247,664
Deferred revenues	6,290,352	(1,439,005)
Employee benefits payable	5,118,185	2,705,338
Prepaid expenses	1,059,047	1,172,050
	(16,325,533)	(212,062,433)
Capital transactions		
Proceeds on sale of tangible capital assets	6,544,691	-
Acquisition of tangible capital assets	(61,175,641)	(90,113,415)
Assets held for sale (Note 4)	1,281,098	-
	(53,349,852)	(90,113,415)
Financing transactions		
Debt repaid and sinking fund contributions	(4,270,745)	(6,068,483)
Net long-term liabilities issued	19,886,037	33,918,272
(Decrease) increase in temporary borrowing	(3,100,000)	34,100,000
Additions to deferred capital contributions	59,396,216	240,818,898
Assets held for sale - transfer to deferred revenue (Notes 4 and 9)	(1,177,224)	-
	70,734,284	302,768,687
Change in cash and cash equivalents	1,058,899	592,839
Opening cash and cash equivalents	6,435,755	5,842,916
Closing cash and cash equivalents	7,494,654	6,435,755

The accompanying notes are an integral part of these consolidated financial statements.

Halton District School Board

Consolidated statement of changes in net debt
year ended August 31, 2011

	2011	2010 (Restated - Note 2)
	\$	\$
Annual surplus	7,005,206	33,617,249
Tangible capital asset activity		
Acquisition of tangible capital assets	(61,175,641)	(90,113,415)
Assets held for sale (Note 4)	1,281,098	-
Sale of asset - net (Note 4)	264,785	-
Amortization of tangible capital assets	17,995,031	15,720,887
	(41,634,727)	(74,392,528)
Other non-financial asset activity		
Acquisition of prepaid expenses	(1,782,313)	(1,380,649)
Use of prepaids	2,841,360	2,552,699
	1,059,047	1,172,050
Increase in net debt	(33,570,474)	(39,603,229)
Net debt at beginning of year	(480,549,404)	(440,946,175)
Net debt at end of year	(514,119,878)	(480,549,404)

The accompanying notes are an integral part of these consolidated financial statements.

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Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

1. Significant accounting policies

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 2 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 2. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

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

b. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity 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, including the following:

Halton Learning Foundation

Fast Track Community Centre for Skills Development and Training

Halton Student Transportation Services ("HSTS")

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

All material inter-departmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

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.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

1. Significant accounting policies (continued)

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. 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.

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 useful lives as follows:

Asset	Estimated useful life in years
Land improvements with finite lives	15
Buildings	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Leasehold improvements - The Centre	10

Assets under construction and assets that relate to pre-acquisition and pre-construction costs 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 estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable 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 financial statements.

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 expenses are incurred or services performed.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

1. Significant accounting policies (continued)

g. Retirement and other future benefits

The Board provides defined retirement, post retirement and workers' safety insurance benefits to specified employee groups. These benefits include pension, retirement gratuity, health and dental, workers' safety insurance benefits 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 benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, 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 or accumulate over the periods of service provided by employees, such as retirement gratuities, and sick leave, the cost is actuarially determined using the projected benefit 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 periodically, such as obligations for workers' compensation, 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 the multi-employer defined pension 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.
- (iv) The costs of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

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

j. Long-term debt

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

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

1. Significant accounting policies (continued)

k. Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Halton District School Board. The budget 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 Board's funding model and the basis of accounting used by the school board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

l. Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include employee future benefits and accruals.

2. Change in accounting policies

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook section 3410 Government Transfers as described in Note 1. 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 consolidated 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, 2009	
Accumulated surplus, as previously reported	173,526,245
Transfer to deferred capital contributions	(157,062,265)
<u>Accumulated surplus, as restated</u>	<u>16,463,980</u>
Accumulated surplus at August 31, 2010	
Accumulated surplus, as previously reported	432,886,585
Transfer to deferred capital contributions	(382,805,356)
<u>Accumulated surplus, as restated</u>	<u>50,081,229</u>

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

2. Change in accounting policies (continued)

	\$
Annual surplus for the year ended August 31, 2010	
Annual surplus, as previously reported	259,360,340
Plus: deferred capital contributions - grants recognized	15,075,807
Less: in-year Provincial capital contributions	(240,818,898)
Annual surplus, as restated	33,617,249

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

	\$
Annual surplus for the year ended August 31, 2011	
Annual surplus, as per prior year policy	48,768,209
Less: in-year Provincial capital contributions	(51,742,691)
Less: transfer from deferred revenue to deferred capital contributions	(7,653,525)
Plus: deferred capital contributions - grants recognized	17,633,213
Subtotal	(41,763,003)
Annual surplus, as currently reported	7,005,206

Provincial grants have decreased by the subtotal above.

3. Accounts receivable - Government of Ontario

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. Halton 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 \$273,679,778 (2010 - \$246,343,590) with respect to capital grants.

4. Assets held for sale

As of August 31, 2011, \$1,177,224 related to buildings and \$103,874 related to land were recorded as assets held for sale. During the year, four school properties were sold and an additional three properties with a net book value of \$1,281,098 were reclassified during the year. Net proceeds of \$6,544,691 were received on the sale of these properties, which had a carrying value of \$264,785, resulting in a gain of \$6,279,906. The proceeds of \$6,544,691 were used to pay off existing unsupported non-permanently financed debt.

Asset activity and net book value by asset class are included in Note 11 - Tangible Capital Assets.

5. Temporary borrowing and operating loan payable

The Board's bank resolutions allow aggregate borrowings to the maximum of \$135 million. The Board has credit facilities available to the maximum of \$85 million with the bank to address operating requirements and bridge capital expenditures. As at August 31, 2011, the amount drawn was \$66,000,000, bearing interest at a rate of 1.84 - 2.02% (2010 - 1.13% - 1.80%) and represents bankers acceptances which were paid in September 2011. The loan is due on demand.

An operating loan payable bearing interest at 4.64%, repayable in monthly payments of principal and interest of \$76,098, with a maturity date of August 2016, due on demand is included in Other Liabilities.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

6. Net long-term liabilities

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

	2011	2010
	\$	\$
Debtentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	23,421,248	24,178,047
OSBFC, Series 2004-A1, 5.483%, maturing November 2028	34,546,635	35,604,110
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	10,302,734	10,629,453
OFA, Bylaw 06090, 4.560%, maturing November 2031	18,061,642	18,585,470
OFA, Bylaw 08012, 4.950%, maturing March 2033	35,938,553	36,845,615
OFA, Bylaw 09037, 5.062%, maturing March 2034	1,164,567	1,191,230
OFA, Bylaw 09036, 5.062%, maturing March 2034	6,299,153	6,443,377
OFA, Bylaw 09125, 5.384%, maturing May 2034	9,605,939	9,813,569
OFA, Bylaw 10052, 5.232%, maturing May 2035	12,910,526	13,177,119
OFA, Bylaw 10107, 4.947%, maturing May 2035	20,519,164	20,741,154
OFA, Bylaw 11034, 4.833%, maturing March 2035	19,886,037	-
Sinking fund debtentures		
Region of Halton, 89-91, 10.125%, principal paid May 2011	-	7,140,000
Region of Halton, 177-90, 12.125%, principal paid December 2010	-	3,950,000
OSBFC, Series 2003-A1, 5.300%, principal repayable November 2013	21,829,730	21,829,730
	214,485,928	210,128,874
Deduct - sinking fund assets	3,982,653	15,240,891
Net long-term financing	210,503,275	194,887,983

Of the net long-term liabilities outstanding of \$210,503,275 principal plus interest payable over the next five years and subsequent payments to maturity including sinking fund earnings are as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2011/12	5,785,657	10,966,435	16,752,092
2012/13	6,063,995	10,688,098	16,752,093
2013/14	22,831,880	9,238,157	32,070,037
2014/15	6,207,940	8,929,791	15,137,731
2015/16	6,532,522	8,605,210	15,137,732
Total	47,421,994	48,427,691	95,849,685
Thereafter	163,081,281	78,858,619	241,939,900
Net long-term liabilities	210,503,275	127,286,310	337,789,585

Included in net long-term debt are outstanding debtentures of \$21,829,730 (2010 - \$32,919,730) secured by sinking fund assets with a carrying value of \$3,982,653 (market value - \$3,982,653). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debtentures and corporate bonds.

Interest on long-term debt amounted to \$11,341,226 (2010 - \$10,312,967).

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

7. Debt charges and capital loan interest

The expenditure for debt charges and capital loan interest includes principal, sinking fund contributions and interest payments as follows:

	2011	2010
	\$	\$
Principal payments on long-term liabilities including contributions to sinking funds	4,270,745	6,068,483
Interest payments on long-term liabilities	11,341,226	10,312,967
Interest payments on temporary financing of capital projects	922,158	1,193,869
	<u>16,534,129</u>	<u>17,575,319</u>

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows in total of \$4,270,745 (2010 - \$6,068,483) are principal payments on long-term debt of \$4,438,982 (2010 - \$4,973,409), sinking fund contributions and interest of \$1,478,463 (2010 - \$1,095,074) and maturity of sinking fund assets surplus of \$1,646,700 (2010 - \$Nil).

8. Deferred revenue

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

	Balance as at August 31, 2010	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance as at August 31, 2011
	\$	\$	\$	\$	\$
Energy efficient schools – capital	729,837	4,258,575	-	2,160,962	2,827,450
Renewable energy – capital	-	783,360	-	636,292	147,068
School renewal	-	7,128,563	847,844	3,928,521	2,352,198
Special education	-	68,233,488	67,502,592	-	730,896
Green schools pilot	304,754	-	55,989	158,658	90,107
Legislative grants	-	26,194,826	24,786,455	1,408,371	-
Other ministry of education grants	-	366,748	366,748	-	-
Education development charges	-	5,020,491	5,020,491	-	-
Other third party	-	3,208,948	-	3,208,948	-
Proceeds of disposition	-	6,544,691	191,119	6,353,572	-
Transfer assets held for sale	-	1,177,224	-	-	1,177,224
Total deferred revenue	1,034,591	122,916,914	98,771,238	17,855,324	7,324,943

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

9. 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 2.

	2011	2010 (Restated)
	\$	\$
Balance as at August 31, 2010	382,805,356	157,062,265
Additions to deferred capital contributions	51,742,691	240,818,898
Transfers from deferred revenue	7,653,525	-
Deferred capital contributions - grants recognized	(17,633,213)	(15,075,807)
Assets held for sale - transfer to deferred revenue	(1,177,224)	-
Balance as at August 31, 2011	423,391,135	382,805,356

10. Retirement and other employee future benefits

						2011	2010
	Retirement benefits	Post retirement benefits	Workers' safety insurance board	Non-vesting sick leave accumulation benefits	Long-term disability plans	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$	\$	\$	\$
Accrued employee future benefit obligations	42,356,509	702,110	3,397,166	31,628,685	303,683	78,388,153	71,342,929
Unamortized actuarial losses	(5,588,651)	(215,067)	-	(8,023,167)	-	(13,826,885)	(11,899,846)
Employee future benefits liability	36,767,858	487,043	3,397,166	23,605,518	303,683	64,561,268	59,443,083
						2011	2010
	Retirement benefits	Post retirement benefits	Workers' safety insurance board	Non-vesting sick leave accumulation benefits	Long-term disability plans	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$	\$	\$	\$
Current year benefit cost	2,734,214	19,428	428,754	2,363,875	408,746	5,955,017	6,405,521
Amortized actuarial loss	517,904	29,244	-	662,245	-	1,209,393	980,681
Interest on accrued benefit obligation	1,742,091	29,887	-	1,305,644	-	3,077,622	2,981,327
Employee future benefits expenses	4,994,209	78,559	428,754	4,331,764	408,746	10,242,032	10,367,529

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

10. Retirement and other employee future benefits (continued)

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Retirement benefits

Ontario Teachers' 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.

Ontario Municipal Employees Retirement System

Certain 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 ending August 31, 2011, the Board contributed \$4,064,588 (2010 - \$3,390,591) 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.

Retirement gratuities

The retirement gratuity plans established by the Board provide for the payment of a gratuity to employees who have a minimum of ten consecutive years of service with the Board immediately prior to retirement on pension by reason of age or ill health. The amount of gratuity payment is determined by the employee's years of service, number of cumulative sick leave days and annual salary. The benefit payable to an employee is equal to the lesser of fifty percent of his/her annual salary or a maximum amount as set forth in the terms and conditions of employment. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Retirement gratuities paid or payable in respect of employees who retired in 2011 amounted to \$2,932,243 (2010 - \$3,773,673).

Post retirement benefits

The Board extends post retirement health and dental benefits to certain employee groups until the age of 65. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

Other employee future benefits

Workers' Safety Insurance Board

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. Occurrences between \$2,000,000 and \$25,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between \$300,000 and \$2,000,000. The Board is self-insured for all other occurrences. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

The Board does not fund these obligations in advance of payments made under the Act.

Workers' compensation benefits expensed due to claims settled during the year amounted to \$428,754 (2010 - \$1,124,928).

There is a contingent liability relating to the Board's participation in the Workers' Assistance Program due to exposure to claims in excess of funds collected by SBCI.

Halton District School Board

Notes to the consolidated financial statements
August 31, 2011

10. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

Long-term disability benefits

The Board provides long-term disability benefits including payment of life insurance premiums and health care benefits during the period an employee is unable to work. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

Sick leave benefits

The Board allocates to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. Part-time employees are entitled to prorated days based on the proportion of part-time to full-time work. Employees are allowed to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated credits may be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of credits. Sick day credits are paid out at the salary in effect at the time of usage. The benefit costs and liabilities related to the 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 completed for accounting purposes as at August 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2011	2010
	%	%
Wage and salary escalation	3.00	3.00
Inflation	2.00	2.00
Interest	4.00	4.50

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$5,745,752 at August 31, 2011 (2010 - \$3,688,443).

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

11. Tangible capital assets

	Cost				
	Balance at September 1, 2010	Additions and transfers	Disposals	Transfer to assets held for sale	Balance at August 31, 2011
	\$	\$	\$	\$	\$
Halton District School Board					
Land	126,146,202	7,386,596	(264,785)	(103,873)	133,164,140
Land improvements	9,271,789	6,572,157	-	(19,303)	15,824,643
Buildings (40 yrs)	452,161,177	42,722,807	(390,100)	(2,229,999)	492,263,885
Portable structures	11,269,654	71,428	(2,440,760)	-	8,900,322
Construction in progress	26,502,540	1,193,539	-	-	27,696,079
Pre-acquisition and construction cost	3,771,098	(1,460,799)	-	-	2,310,299
Equipment (5 years)	358,340	15,865	-	-	374,205
Equipment (10 years)	1,260,451	141,569	(85,427)	-	1,316,593
Equipment (15 years)	115,656	130,847	-	-	246,503
First time equipping	9,087,842	1,380,886	(427,734)	-	10,040,994
Furniture	195,027	11,052	(4,011)	-	202,068
Computer hardware	1,741,536	920,699	(1,810,692)	-	6,851,543
Computer software	2,022,998	422,186	(230,042)	-	2,215,142
Asset permanently removed from service					
Buildings - 40 years	-	1,664,984	-	-	1,664,984
	649,904,310	61,173,816	(5,653,551)	(2,353,175)	703,071,400
The Centre					
Leasehold improvements	821,158	-	-	-	821,158
Equipment and furniture	907,667	-	-	-	907,667
	1,728,825	-	-	-	1,728,825
Halton Learning Foundation					
Computers	4,803	1,825	-	-	6,628
Furniture and fixtures	4,423	-	-	-	4,423
	9,226	1,825	-	-	11,051
Total	651,642,361	61,175,641	(5,653,551)	(2,353,175)	704,811,276

Halton District School Board

Notes to the consolidated financial statements
August 31, 2011

11. Tangible capital assets (continued)

	Accumulated amortization			Balance at		Net book value	
	September 1, 2010	Amortization 2010	Disposals, write offs and adjustments	August 31, 2011	2011	2010	
	\$	\$	\$	\$	\$	\$	
Halton District School Board							
Land	-	-	-	-	133,164,140	126,146,202	
Land improvements	1,093,685	853,448	-	1,944,008	13,880,635	8,178,104	
Buildings (40 yrs)	108,754,867	13,490,135	(973,652)	120,202,398	372,061,487	343,406,310	
Portable structures	5,512,977	497,326	(2,440,760)	3,569,543	5,330,779	5,756,677	
Construction in progress	-	-	-	-	27,696,079	26,502,540	
Pre acquisition and construction cost	-	-	-	-	2,310,299	3,771,098	
Equipment (5 years)	182,247	73,255	-	255,502	118,703	176,093	
Equipment (10 years)	462,676	128,852	(85,427)	506,101	810,492	797,775	
Equipment (15 years)	6,749	12,072	-	18,821	227,682	108,907	
First time equipping	4,064,202	956,442	(427,734)	4,592,910	5,448,084	5,023,640	
Furniture	36,635	19,855	(4,811)	52,479	149,589	158,392	
Computer hardware	3,842,286	1,459,308	(1,810,692)	3,490,902	3,360,641	3,899,250	
Computer software	810,175	423,814	(230,042)	1,003,947	1,211,195	1,212,823	
Assets permanently removed from service	-	-	-	-	583,552	-	
Buildings - 40 years	124,766,499	17,914,507	(5,388,766)	136,220,163	566,851,237	525,137,811	
The Centre							
Leasehold improvements	547,081	78,721	-	625,802	195,356	274,077	
Equipment and furniture	907,205	462	-	907,667	-	462	
	1,454,286	79,183	-	1,533,469	195,356	274,539	
Halton Learning Foundation							
Computers	4,480	933	-	5,413	1,215	323	
Furniture and fixtures	3,192	408	-	3,600	823	1,231	
Total foundation	7,672	1,341	-	9,013	2,038	1,554	
Total	126,228,457	17,995,031	(5,388,766)	137,762,645	567,048,631	525,418,904	

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

11. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$30,006,378 (2010 - \$30,273,638) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Asset permanently removed from service

The Board has identified a building property that qualifies as an asset permanently removed from service. \$1,081,432 related to building has been included in the net book value ending balance as of August 31, 2011 (2010 - \$Nil).

c) Assets held for sale

Refer to Note 4 - Assets held for sale

12. Accumulated surplus

Accumulated surplus consists of the following:

	2011	2010
	\$	\$
Surplus		
Invested in non-depreciable tangible capital assets	81,214,010	76,763,700
Amounts restricted for future use by board motion	26,247,058	24,707,271
Employee future benefits	(61,164,098)	(56,410,088)
School generated funds	5,545,779	4,503,236
Other	5,243,686	517,110
Total surplus	57,086,435	50,081,229

13. Expenses by object

The following is a summary of expenses reported in the consolidated statement of operations by object:

	Budget (Unaudited)	2011 Actual	2010 Actual
	\$	\$	\$
Expenses			
Salary and wages	361,278,873	356,733,880	328,589,664
Employee benefits	57,082,558	57,201,809	50,603,123
Staff development	3,634,362	4,678,432	3,664,422
Supplies and services	59,308,836	48,904,201	52,652,376
Interest charges on capital	12,006,962	13,291,990	11,506,836
Rental expenses	1,140,123	1,105,067	1,166,422
Fees and contract services	30,062,030	30,710,758	29,502,584
Other	14,396,509	17,372,837	17,750,414
Amortization of tangible capital assets	17,230,757	17,995,031	15,720,887
Total	556,141,010	547,994,005	511,156,728

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

14. Budget data

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 consolidated budget. Board only budget was approved by the Board of Trustees on July 7, 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 consolidated financial statements, versus for the budget. This includes the treatment of sinking fund interest and other components. The chart below reconciles the approved budget to the budget figures reported in the consolidated statement of operations. Where amounts were not budgeted for, the actual amounts for 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the consolidated statement of operations, the budget figures in the consolidated statement of changes in net debt have not been provided.

Consolidated statement of operations for the year ended August 31, 2011

	2011 budget	Change	Restated 2011 budget
	\$	\$	\$
Revenue			
Total revenues as in the 2010-11 budget	552,208,269	-	552,208,269
Add/deduct: adjustment due to adoption of government transfer standard (see Note 2)	-	(5,787,354)	(5,787,354)
Total revenue	552,208,269	(5,787,354)	546,420,915
Total expenses	556,141,010	-	556,141,010
Annual (deficit) surplus	(3,932,741)	(5,787,354)	(9,720,095)
Accumulated surplus (deficit) at beginning of year	(43,976,297)	-	(43,976,297)
Add/deduct: adjustment due to adoption of government transfer standard (see Note 2)	-	71,032,978	71,032,978
	(43,976,297)	71,032,978	27,056,681
Accumulated surplus (deficit) at end of year	(47,909,038)	65,245,624	17,336,586

15. 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 \$24 million per occurrence.

The ultimate premiums over a five year period are based on each member of the reciprocal and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2011.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

16. Contractual obligations and contingent liabilities

- a) The Board has the following annual lease and contract commitments with respect to furniture, equipment, computer hardware and software, consulting, construction, and portables, totaling \$70,658,608.

Fiscal year ending August 31

2012	60,057,535
2013	9,588,381
2014	549,028
2015	304,088
2016	159,576

- b) As of August 31, 2011 the Board had guarantees outstanding of \$3,414,324 (2010 - \$1,908,295) relating to construction projects in progress.
- c) The Halton District School Board, Corporation of the City of Burlington, and Burlington Public Library Board entered into an agreement in August 2011 for the financing, ownership, design, construction, occupation and maintenance of the Alton Secondary School, Joint Integrated Library and Community Project. The Halton District School Board will manage the process throughout the construction of the Project. The total estimated construction cost for the project is \$49.6 million dollars. The budget for Halton District School Board is \$31.6 million, Burlington Public Library \$4 million and City of Burlington is \$14 million. Each party will be responsible for financing their portion of the project. The Halton District School Board will finance its portion of the project as approved by the Ministry of Education, through the Ontario Financing Authority and Education Development Charges.
- d) In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2011 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

17. Partnership in Halton Student Transportation Services

Transportation services for the Board are provided by Halton Student Transportation Services ("HSTS") in partnership with Halton Catholic District School Board, Le Conseil scolaire de district Catholique du Centre-Sud and Conseil scolaire Viamonde. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared. No partner is in a position to exercise unilateral control. Operations of HSTS have been included in these consolidated financial statements based on the share of net financial resources contributed by the Board during the fiscal period being reported.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

17. Partnership in Halton Student Transportation Services (continued)

The following provides condensed financial information:

	2011		2010	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Financial position				
Financial assets	522,617	323,552	76,288	48,901
Liabilities	735,089	455,094	81,056	51,965
Non-financial assets	213,232	132,012	5,528	3,544
Accumulated surplus	760	470	760	480
Operations				
Revenues	19,482,889	12,395,049	18,482,406	11,847,222
Expenditures	19,482,889	12,395,049	18,482,406	11,847,222
Annual surplus	-	-	-	-

18. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$7,294,000 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. The 55 School Board Trust was created to refinance the outstanding NPF debt of participating boards that 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 not permanently financed 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. The flow-through of \$543,389 (2010 - \$543,389), in respect of the above agreement for the year ended August 31, 2011, is not recorded in these consolidated financial statements.

19. Funds administered by the Board

Trust funds administered by the Board amounted to \$3,771,329 (2010 - \$4,033,755). Their operations have not been included in the consolidated statement of operations.

Continuity of funds is as follows:

	Group Life Premium Stabilization Fund	Trust funds	Deferred leave plan	2011 Total	2010 Total
	\$	\$	\$	\$	\$
Opening balance at September 1, 2010	2,121,742	800,209	1,111,804	4,033,755	3,612,393
Capital received in 2011	648,746	20,762	590,929	1,260,437	981,953
Earnings on investments in 2011	40,288	15,951	2,998	59,237	33,984
	2,810,776	836,922	1,705,731	5,353,429	4,628,330
Disbursements in 2011	1,170,771	24,027	387,302	1,582,100	594,575
Closing balance at August 31, 2011	1,640,005	812,895	1,318,429	3,771,329	4,033,755

Halton District School Board

Notes to the consolidated financial statements

August 31, 2011

20. Subsequent event

In September 2011 the Board entered into an agreement with Everstrong Construction for the construction of an elementary public school in Burlington. The contract value is \$11,250,000. An additional amount of \$2,533,538 has been approved for architect fees, miscellaneous fees and permits, site preparation costs, furniture, equipment and taxes. As of August 31, 2011 expenses of \$582,019 have been incurred.

21. Comparative figures

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

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Financial statements of

**Fast Track - Community Centre for
Skills, Development and Training**

August 31, 2011

Fast Track - Community Centre for Skills, Development and Training

August 31, 2011

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DRAFT

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Review Engagement Report

To the Members of
Fast Track - Community Centre for Skills, Development and Training

We have reviewed the balance sheet of Fast Track - Community Centre for Skills, Development and Training as at August 31, 2011 and the statements of revenue and expenses and net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants
November 30, 2011

Fast Track - Community Centre for Skills, Development and Training

Statement of revenue and expenses and net assets
year ended August 31, 2011

(Unaudited)

	2011	2010
	\$	\$
Revenue		
Government of Canada	3,518,816	3,441,668
Province of Ontario	4,700,616	4,438,142
Fees	646,407	914,525
General	291,379	253,306
Amortization of deferred capital contributions	29,366	32,366
Adult high school credits	153,228	245,665
Rent	853,843	923,922
	10,193,655	10,249,594
Expenses		
Wages and benefits - programs	4,956,195	5,206,938
Materials and supplies - programs	1,883,412	1,731,850
Rent	1,398,393	1,462,201
Administrative salaries	1,139,095	963,140
Other administrative	294,233	284,032
Advertising and promotion	176,046	214,120
General supplies and purchased services	161,776	187,927
Amortization	79,183	85,426
Bad debts	10,982	13,580
	10,099,315	10,149,214
Excess of revenue over expenses	94,340	100,380
Net assets, beginning of year	1,011,582	911,202
Net assets, end of year	1,105,922	1,011,582

Fast Track - Community Centre for Skills, Development and Training

Balance sheet

as at August 31, 2011

(Unaudited)

	2011	2010
	\$	\$
Assets		
Current assets		
Cash	2,134,536	1,692,311
Accounts receivable	697,204	838,181
Prepaid expenses	234,086	248,953
	3,065,826	2,779,445
Capital assets (Note 4)	195,356	274,539
	3,261,182	3,053,984
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	156,685	200,545
Due to Halton District School Board (Note 6)	19,330	79,606
Deferred revenue	1,139,527	843,167
	1,315,542	1,123,318
Due to Halton District School Board (Note 6)	800,000	850,000
Deferred capital contributions (Note 7)	39,718	69,084
	2,155,260	2,042,402
Commitments (Note 9)		
Net assets	1,105,922	1,011,582
	3,261,182	3,053,984

Approved by the Board

Director

Director

Fast Track - Community Centre for Skills, Development and Training

Statement of cash flows
year ended August 31, 2011

(Unaudited)

	2011	2010
	\$	\$
Operating activities		
Excess of revenue over expenses	94,340	100,380
Items not affecting cash		
Amortization	79,183	85,426
Amortization of deferred capital contributions	(29,366)	(32,366)
Changes in non-cash operating working capital items (Note 5)	348,068	749,929
	492,225	903,369
Financing activity		
Decrease in due to Halton District School Board	(50,000)	(50,000)
Net cash inflow	442,225	853,369
Cash and cash equivalents, beginning of year	1,692,311	838,942
Cash and cash equivalents, end of year	2,134,536	1,692,311

Fast Track - Community Centre for Skills, Development and Training

Notes to the financial statements

August 31, 2011

(Unaudited)

1. Description of business

Fast Track - Community Centre for Skills, Development and Training's (the "Organization") principal function is to provide education and training programs for adults in the Halton community. The Organization was incorporated under the Corporations Act of Ontario as a non-profit corporation without share capital and is exempt from income taxes.

2. Future accounting changes

In December 2010, the Public Sector Accounting Board changed the accounting framework required to be followed by Government Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012, Government Not-for-Profit Organizations will be required to select from between the CICA Public Sector Accounting Handbook, including Sections PS 4200 to PS 4270 or the CICA Public Sector Accounting Handbook without Sections PS 4200 to PS 4270. Early adoption of these new standards is permitted. The Organization will adopt the new accounting standards for Government Not-for-Profit Organizations for its fiscal year beginning on September 1, 2012. The Organization is currently evaluating the impact on its financial statements of adopting the new accounting framework.

3. Accounting policies

Use of estimates

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with the Organization's bankers.

Capital assets

Purchased capital assets are recorded at cost. Amortization is recorded at the following annual rates over the estimated useful lives of the related assets:

Leasehold improvements	10 years straight line
Equipment and furniture	5 years straight line
Computer hardware	3 years straight line

Contributed capital assets and matching deferred contributions are recorded at fair market values at the date of the donation. Amortization on donated equipment and the related deferred contribution is recorded using the straight-line method over 5 years, the estimated useful life of the equipment.

Revenue recognition

Proceeds from project grants specifically intended for future periods are initially deferred and taken into revenue as expenses are incurred.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments. Settlement date accounting is used.

Fast Track - Community Centre for Skills, Development and Training

Notes to the financial statements

August 31, 2011

(Unaudited)

3. Accounting policies (continued)

Classification

Cash	Held for trading
Accounts receivable	Loans and receivables
Accounts payable	Other liabilities
Due to Halton District School Board	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method.

The Organization has chosen to continue to apply the requirements of section 3861, Financial Instruments - Presentation and Disclosure in place of application of sections 3862, Financial Instruments - Disclosures and 3863, Financial Instruments - Presentation.

4. Capital assets

	2011		2010
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	821,158	625,802	195,356
Equipment and furniture	907,667	907,667	-
Computer hardware	513,457	513,457	-
	2,242,282	2,046,926	195,356
			274,077
			462
			-
			274,539

5. Changes in non-cash operating working capital items

	2011	2010
	\$	\$
Accounts receivable	140,977	530,590
Due from Halton District School Board	-	23,344
Prepaid expenses	14,867	(163,381)
Accounts payable and accrued liabilities	(43,860)	(97,742)
Due to Halton District School Board	(60,276)	79,606
Deferred revenue	296,360	377,512
	348,068	749,929

Fast Track - Community Centre for Skills, Development and Training

Notes to the financial statements

August 31, 2011

(Unaudited)

6. Related party transactions

Amounts due to Halton District School Board ("HDSB") of \$819,330 (2010 - \$929,606) includes \$800,000 (2010 - \$850,000) and \$19,330 (2010 - \$79,606) for capital and operating purposes respectively.

In addition, the following transactions occurred during the year between the Organization and Halton District School Board:

	2011	2010
	\$	\$
General revenue	-	1,530

The following transactions occurred during the year between the Organization and Halton Learning Foundation:

	2011	2010
	\$	\$
Advertising expense	20,000	17,000

The Organization is controlled by the Halton District School Board and through this control the Organization is a related party to the Halton Learning Foundation.

7. Deferred capital contributions

Deferred capital contributions related to capital assets represent restricted contributions for the purchase of the capital assets for the Organization. The changes in deferred capital contributions balance for the year is as follows:

	2011	2010
	\$	\$
Balance, beginning of year	69,084	101,450
Amounts amortized to revenue	(29,366)	(32,366)
Balance, end of year	39,718	69,084

8. Government grants

The Organization participated in several educational programs funded by the federal government through Human Resources Skills Development Canada and the Ontario government during the year. Approximately 81% (2010 - 77%) of its revenues were from these grants.

Fast Track - Community Centre for Skills, Development and Training

Notes to the financial statements

August 31, 2011

(Unaudited)

9. Commitments

The Organization has the following annual operating lease commitments with respect to premises and telephones:

	\$
2012	1,155,407
2013	1,109,404
2014	476,251
2015	266,588
2016	159,576
	<u>3,167,226</u>

The above commitments include a lease signed subsequent to the year end for a rental premises in Oakville.

Minimum rental revenue commitments on operating leases with respect to premises:

	\$
2012	624,739
2013	624,155
2014	55,377
	<u>1,304,271</u>

10. Capital disclosures

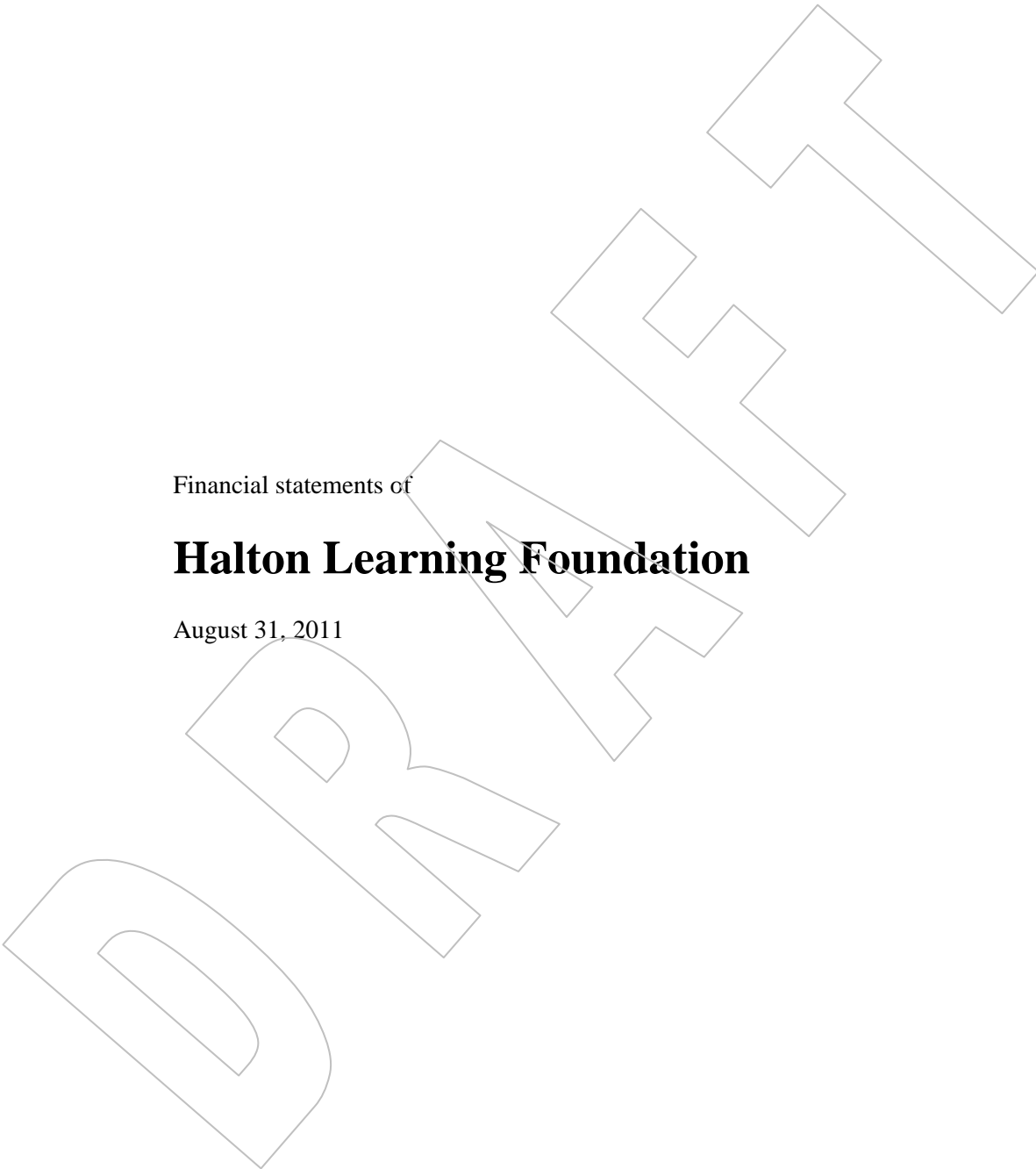
The capital of the Organization consists of Due to Halton District School Board (Note 6) and Net assets. The Centre's objectives when managing this capital are to safeguard the Centre's ability to continue as a going concern and to provide education and training programs for adults in the Halton community.

The Organization is not subject to externally imposed covenants or restrictions.

Financial statements of

Halton Learning Foundation

August 31, 2011



Halton Learning Foundation

August 31, 2011

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Independent Auditor's Report

To the Directors of
Halton Learning Foundation

We have audited the accompanying financial statements of Halton Learning Foundation (the "Foundation"), which comprise the balance sheet as at August 31, 2011 and the statements of revenue and expenses and fund balances and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue in the form of support from the donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Halton Learning Foundation as at August 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants
November 30, 2011

DRAFT

Halton Learning Foundation

Statement of revenue and expenses and fund balances year ended August 31, 2011

					2011	2010
	General Fund	Capital Fund	Endowment Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Donations	237,706	-	12,950	496,781	747,437	784,193
Registrations, fees and admissions	57,075	-	-	66,545	123,620	128,609
Fundraising	14,169	-	-	3,412	17,581	17,890
Insurance policy	9,607	-	-	-	9,607	-
Investment income	1,342	-	3,475	14,381	19,198	9,983
	319,899	-	16,425	581,119	917,443	940,675
Expenses						
Fund HDSB equipment, events and programs	2,583	-	-	534,307	536,890	381,280
Management fees, salaries and benefits	253,370	-	-	-	253,370	205,843
Event supplies	27,997	-	-	27,080	55,077	52,646
Scholarships, awards and partnerships	-	-	2,100	16,800	18,900	36,350
Contractual services	1,559	-	-	-	1,559	-
Advertising	20,214	-	-	-	20,214	8,752
Printing	2,233	-	-	509	2,742	5,486
Professional development	4,303	-	-	-	4,303	4,786
Office supplies	2,457	-	-	-	2,457	2,570
Professional fees	3,688	-	-	-	3,688	3,605
Computer maintenance and software	3,875	-	-	-	3,875	3,147
Travel	1,837	-	-	-	1,837	2,214
Telephone	1,558	-	-	-	1,558	1,877
Insurance	2,276	-	-	-	2,276	2,258
Amortization	-	1,341	-	-	1,341	820
Meetings	573	-	-	-	573	409
Food catering - events	1,243	-	-	-	1,243	-
Memberships	1,010	-	-	-	1,010	666
Bank fees	1,757	-	-	-	1,757	953
Postage and courier	59	-	-	-	59	175
	332,592	1,341	2,100	578,696	914,729	713,837
Excess of (expenses over revenue) revenue over expenses	(12,693)	(1,341)	14,325	2,423	2,714	226,838
Fund balance, beginning of year	92,546	1,554	168,391	691,029	953,520	726,682
Transfer from (to) other funds	12,962	1,825	-	(14,787)	-	-
Fund balance, end of year	92,815	2,038	182,716	678,665	956,234	953,520

Halton Learning Foundation

Balance sheet
as at August 31, 2011

					2011	2010
	General Fund	Capital Fund	Endowment Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Due from Halton District School Board	62,361	-	182,716	678,665	923,742	972,797
Goods and services and harmonized sales taxes receivable	30,832	-	-	-	30,832	10,121
Prepaid expenses	6,203	-	-	-	6,203	3,003
	99,396	-	182,716	678,665	960,777	985,921
Cash surrender value of life insurance	9,607	-	-	-	9,607	-
Capital assets (Note 4)	-	2,038	-	-	2,038	1,554
	109,003	2,038	182,716	678,665	972,422	987,475
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3,688	-	-	-	3,688	3,955
Deferred revenue	12,500	-	-	-	12,500	30,000
	16,188	-	-	-	16,188	33,955
Fund balances						
Invested in capital assets	-	2,038	-	-	2,038	1,554
Restricted (Note 6 and Note 7)	-	-	182,716	678,665	861,381	859,420
Unrestricted	92,815	-	-	-	92,815	92,546
	92,815	2,038	182,716	678,665	956,234	953,520
	109,003	2,038	182,716	678,665	972,422	987,475

Approved by the Board

Director

Director

Halton Learning Foundation

Statement of cash flows year ended August 31, 2011

	2011	2010
	\$	\$
Operating activities		
Excess of revenue over expenses	2,714	226,838
Item not affecting cash - amortization	1,341	820
Item not affecting cash - cash surrender value of life insurance	(9,607)	-
Changes in non-cash operating working capital items		
Due from Halton District School Board	49,055	(252,920)
Goods and services and harmonized sales taxes receivable	(20,711)	(4,651)
Prepaid expenses	(3,200)	1,832
Accounts payable and accrued liabilities	(267)	281
Deferred revenue	(17,500)	27,800
	1,825	-
Investing activity		
Purchase of capital assets	(1,825)	-
Net cash inflow	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	-	-

Halton Learning Foundation

Notes to the financial statements

August 31, 2011

1. Nature of operations

Halton Learning Foundation (the "Foundation") was set up to raise revenue to be directed to the support of the Halton District School Board students and schools. The Foundation is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario. The Foundation obtained status as a Registered Charity effective September 1, 2004.

2. Future accounting changes

In December 2010, the Public Sector Accounting Board changed the accounting framework required to be followed by Government Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012, Government Not-for-Profit Organizations will be required to select from between the CICA Public Sector Accounting Handbook, including Sections PS 4200 to PS 4270 or the CICA Public Sector Accounting Handbook without Sections PS 4200 to PS 4270. Early adoption of these new standards is permitted. The Foundation will adopt the new accounting standards for Government Not-for-Profit Organizations for its fiscal year beginning on September 1, 2012. The Foundation is currently evaluating the impact on its financial statements of adopting the new accounting framework.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of financial statements

(a) Fund accounting

The Foundation follows the restricted fund method for accounting for contributions.

The revenue and expenses related to the collection of unrestricted donations and fund raising activities are reported in the General Fund. The Restricted Fund reports amounts for which the use is restricted internally or externally by the donors. The Endowment Fund reports amounts for which the principal is maintained and the interest is externally restricted by the donors.

(b) Basis of accounting

Revenue and expenses are recorded on the accrual basis except for fund raising events and donations which are recorded as received. Restricted contributions are recognized as revenue in the appropriate restricted fund. Unrestricted contributions are recognized as revenue in the General Fund.

(c) Life insurance policy

The Halton Learning Foundation and The Federation of Ontario Naturalists are the owners and beneficiaries of a donated life insurance policy. The amount recognized in revenue is the change in the Foundation's portion of the cash surrender value, until proceeds of the policy are received. The corresponding asset is recorded as life insurance policy.

(d) Capital assets

Capital assets are recorded at amortized cost. Amortization is recorded on a straight-line basis over the estimated useful lives of the related assets:

Computers	3 years
Furniture and fixtures	5 years

(e) Deferred revenue

Revenues specifically intended for future periods are initially deferred and taken into revenue as expenses are incurred.

Halton Learning Foundation

Notes to the financial statements

August 31, 2011

3. Accounting policies (continued)

Basis of financial statements (continued)

(f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. Settlement date accounting is used.

Classification

Due from Halton District School Board	Loans and receivables
Goods and service tax receivable	Loans and receivables
Accounts payable	Other liabilities

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

The Foundation has chosen to continue to apply the requirements of section 3861, Financial Instruments - Presentation and Disclosure in place of application of sections 3862, Financial Instruments - Disclosures and 3863, Financial Instruments - Presentation.

4. Capital assets

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computers	6,628	5,413	1,215	323
Furniture and fixtures	4,423	3,600	823	1,231
	11,051	9,013	2,038	1,554

Halton Learning Foundation

Notes to the financial statements

August 31, 2011

5. Related party transactions

The following transactions took place between the Foundation and the Halton District School Board:

	2011	2010
	\$	\$
Funding of salary and benefits of Foundation staff (included in donations on statement of revenue and expenses)	216,305	186,652
Funding of equipment, events and programs (included in expenses on statement of revenue and expenses)	(536,890)	(381,280)
Funding of new program - Music Annuity (included in donations on statement of revenue and expenses)	-	103,539

Halton District School Board provides premises to Halton Learning Foundation on a rent free basis.

Due from Halton District School Board arises from the fact that Halton District School Board acts as the Foundation's banker. There is cash held in Halton District School Board's bank account available to cover the Foundation's general, endowment and restricted funds.

The following transactions took place between the Foundation and the Fast Track - Community Centre for Skills, Development and Training:

	2011	2010
	\$	\$
Sponsorship of Halton Learning Foundation golf tournament (included in registration, fees and admissions on statement of revenue and expenses)	15,000	15,000
Sponsorship of Halton Learning Foundation gala (included in registration, fees and admissions on statement of revenue and expenses)	5,000	2,000

The Foundation is controlled by the Halton District School Board and through this control the Foundation is a related party to the Fast Track - Community Centre for Skills, Development and Training.

The above transactions are measured at their exchange amounts, which are the amounts agreed upon by the parties.

Halton Learning Foundation

Notes to the financial statements

August 31, 2011

6. Restricted Fund

Restricted Funds represent funds raised to support Halton District School Board initiatives and student scholarships and awards and emergency bursary funds for students experiencing financial challenges at home. Fund balances at August 31, 2011 represent principal plus accumulated interest less expense.

	2011	2010
	\$	\$
Board initiatives		
Arts and music	142,213	116,047
Physical education	107,908	96,731
Technological education	25,871	27,824
Environmental education	37,750	35,058
Eliminating barriers	288,752	341,971
Scholarships and awards		
Angela Hsu Achievement Award	595	-
Burlington Community Foundation - Nelson Allen	2,284	1,735
Catalyst Foundation Scholarship	-	(474)
Chris Peroune Sports Award	2,975	2,313
Design 4 Scholarship	2,042	2,002
Doug Foley Scholarship Award	1,680	488
Halton Learning Foundation Scholarship	58,856	66,130
Kathy Charteris Scholarship Award	678	-
Moe Pennock Scholarship Fund	2,026	1,204
Lin Dykes Fashion Award	1,008	-
The Colin M. Bain Halton Scholarship	4,027	-
	678,665	691,029

7. Endowment Fund

Endowment Funds represent funds raised to support Halton District School Board initiatives and student scholarships and awards where the principal is maintained in the endowment funds and only the interest is granted. Fund balances at August 31, 2011 represent principal plus accumulated interest less expenses.

	2011	2010
	\$	\$
Neil J. Guiry Construction Bursary	28,775	18,567
John Horner Endowment Fund	105,044	101,289
Fran Lloyd's Student Volunteering Abroad Bursary	10,700	10,990
Tyler Cooper Athletic Award	38,197	37,545
	182,716	168,391

8. Contractual obligations

The Foundation has contractual commitments for a hall rental for 2012 of \$10,702. The hall rental commitment for 2011 of \$10,986 is recorded in event supplies.

Halton Learning Foundation

Notes to the financial statements

August 31, 2011

9. Capital disclosures

The capital of the Foundation consists of Fund balances. The Foundation's objectives are to safeguard its ability to continue as a going concern and raise revenue to be directed to the support of the Halton District School Board students and schools. Note 6 and Note 7 disclose restrictions imposed on Fund balances.

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