

Financial Statements of

DISTRICT SCHOOL BOARD OF NIAGARA

Year ended August 31, 2010



Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the District School Board of Niagara are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

A handwritten signature in blue ink, appearing to read 'W. Hoshizaki', is written over a horizontal line.

Warren Hoshizaki
Director of Education, Secretary & Treasurer

A handwritten signature in blue ink, appearing to read 'J. Roth', is written over a horizontal line.

Jane Roth
Superintendent of Business

November 19, 2010



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AUDITORS' REPORT

To the Board of Trustees of the
District School Board of Niagara

We have audited the consolidated statement of financial position of the District School Board of Niagara as at August 31, 2010 and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the School Board as at August 31, 2010 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

St. Catharines, Canada
November 19, 2010

DISTRICT SCHOOL BOARD OF NIAGARA


Consolidated Statement of Financial Position

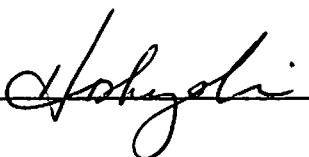
August 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated-note 2)
Financial Assets		
Cash and cash equivalents	\$ 38,736,287	\$ 38,405,920
Accounts receivable	16,361,439	16,599,419
Accounts receivable – Government of Ontario (note 3)	80,230,471	-
Total financial assets	135,328,197	55,005,339
Financial Liabilities		
Accounts payable and accrued liabilities	21,423,566	22,665,560
Deferred revenue (note 4)	2,195,395	3,978,897
Net long-term liabilities (note 5)	69,796,134	61,701,209
Employee future benefits (note 6)	37,317,090	37,787,099
Total financial liabilities	130,732,185	126,132,765
Net financial assets (net debt)	4,596,012	(71,127,426)
Non-Financial Assets		
Inventories and prepaid expense	199,846	301,652
Tangible capital assets (note 7)	302,790,946	297,907,101
Total non-financial assets	302,990,792	298,208,753
Accumulated Surplus (note 8)	\$ 307,586,804	\$ 227,081,327

See accompanying notes to financial statements.

On behalf of the Board


Chair


Director of Education

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Operations

Year ended August 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited-note 15)		(Restated-note 2)
Revenue:			
Local taxation	\$ 112,752,787	\$ 112,589,020	\$ 111,539,247
Provincial Legislative grant	250,254,071	251,970,884	245,485,468
Provincial Legislative grants – capital funding	-	80,230,471	-
Provincial grants - other	3,287,931	14,378,556	4,926,928
Provincial grants - OYAP	85,000	153,205	189,417
Government of Canada	-	112,433	111,582
Investment income	848,444	207,041	471,922
Other	2,148,958	3,139,789	2,669,178
School fundraising and other revenue	12,860,136	12,624,001	13,075,165
Total revenue	382,237,327	475,405,400	378,468,907
Expenditures:			
Instruction	298,759,236	299,423,991	296,097,010
Administration	10,341,714	10,344,723	10,190,404
Transportation	16,398,739	15,996,501	15,916,214
School operation and maintenance	37,961,591	37,018,933	32,985,271
Pupil accommodation	14,821,838	19,080,805	18,634,872
Other	683,672	683,672	1,113,951
School funded activities	12,219,297	12,351,298	13,032,071
Total expenditures	391,186,087	394,899,923	387,969,793
Annual surplus (deficit)	(8,948,760)	80,505,477	(9,500,886)
Accumulated surplus, beginning of year	211,528,152	227,081,327	236,582,213
Accumulated surplus, end of year	\$ 202,579,392	\$ 307,586,804	\$ 227,081,327

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Change in Net Financial Assets

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus (deficit)	\$ 80,505,477	\$ (9,500,886)
Acquisition of tangible capital assets	(23,944,678)	(21,290,402)
Amortization of tangible capital assets	18,769,370	18,106,684
Gain/loss on sale of tangible capital assets	243,138	(8,100)
Proceeds on sale of tangible capital assets	48,325	7,800
Acquisition of inventories	(1,267,312)	(1,357,998)
Acquisition of prepaid expense	(8,070)	(5,669)
Consumption of inventories	1,373,248	1,406,121
Use of prepaid expenses	3,940	3,923
Change in net financial assets	75,723,438	(12,638,527)
Net debt, beginning of year	(71,127,426)	(58,488,899)
Net financial assets (net debt), end of year	\$ 4,596,012	\$ (71,127,426)

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Cash Flow

Year ended August 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated-note 2)
Cash provided by (used in):		
Operating Activities:		
Annual surplus (deficit)	\$ 80,505,477	\$(9,500,886)
Items not involving cash:		
Amortization	18,769,370	18,106,684
Loss (gain) on sale of tangible capital assets	243,138	(8,100)
Change in employee benefits and other liabilities	(470,009)	(1,165,170)
Change in non-cash assets and liabilities:		
Accounts receivable	(79,992,491)	(1,583,170)
Accounts payable and accrued liabilities	(1,241,994)	1,777,817
Deferred revenue	(1,783,502)	3,083,091
Inventories and prepaid expenses	101,806	46,377
Net change in cash from operating activities	16,131,795	10,756,643
Capital Activities:		
Proceeds on sale of tangible capital assets	48,325	7,800
Cash used to acquire tangible capital assets	(23,944,678)	(21,290,402)
Net change in cash from capital activities	(23,896,353)	(21,282,602)
Financing Activities:		
Debt issued and assumed	9,591,178	22,736,310
Retirement of Sinking Fund	485,000	-
Long-term debt repaid	(1,981,253)	(935,508)
Net change in cash from financing activities	8,094,925	21,800,802
Net change in cash	330,367	11,274,843
Cash and cash equivalents, beginning of year	38,405,920	27,131,077
Cash and cash equivalents, end of year	\$38,736,287	\$38,405,920

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies:

The consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

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

Consolidated entities:

School Generated Funds

Proportionately consolidated entities:

Niagara Student Transportation Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Trust Funds:

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

(c) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(e) Deferred revenue:

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

(f) Retirement and other employee future benefits:

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

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

For self-insured retirement and other employee future benefits that vest over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Employee future benefits for sick leave that accumulate but do not vest have also been actuarially determined using the projected benefits method. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's 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 multi-employer defined pension plan benefits, such as the Ontario Municipal Employee 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.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(g) Tangible Capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers, including legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(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) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements. The budget figures are unaudited.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenditures in the periods in which they become known. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

2. Change in accounting policies:

The Board has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and buildings were determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded as historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at August 31, 2009:

Operating fund balance	\$	-
Capital fund balance		(12,413,083)
Reserve fund balance		38,762,541
School activities fund		4,147,760
Amounts to be recovered		(101,580,065)
Accumulated surplus, as previously reported		(71,082,847)
Net book value of tangible capital assets recorded		297,907,101
Adjustment to opening deferred revenue for disposed assets		257,073
Accumulated surplus, as restated	\$	227,081,327

Annual surplus for the year ended August 31, 2009:

Change in net liabilities, as previously reported	\$	(12,638,526)
Change in non-financial assets		(46,377)
Plus: Capital expenditure capitalized, previously expensed		21,290,401
Plus: Gain on sale of tangible capital assets		8,100
Less: Amortization		(18,106,684)
Less: Proceeds on disposal of tangible capital assets		(7,800)
Annual surplus, as restated	\$	(9,500,886)

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

3. Accounts Receivable – Government of Ontario:

The Province of Ontario has replaced variable capital funding with a one-time debt support grant. The Board will receive a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments.

The Board has an account receivable from the Province on Ontario of \$80,230,471 as at August 31, 2010 with respect to this one-time grant.

4. Deferred revenue:

The use of certain funds are restricted by provincial government regulations.

Deferred revenue set aside for specific purposes by legislation, regulation of agreement as at August 31, 2010 is comprised of:

	2010	2009 (Restated)
Gain on disposal reserve – school buildings	\$ 281,510	\$ 279,457
Gain on disposal reserve – other	44,000	-
Energy efficient schools – capital	236,060	1,544,988
Energy efficient schools – operating	-	594,496
Other Ministry grants	1,144,684	882,822
Other third party revenue	379,246	354,893
Professional development	109,895	322,241
	<u>\$ 2,195,395</u>	<u>\$ 3,978,897</u>

The deferred revenue reported on the Consolidated Statement of Financial Position is comprised of the following:

	2010	2009 (Restated)
Balance, beginning of year	\$ 3,978,897	\$ 1,127,230
Revenue:		
Gain on disposal	44,000	279,457
Grants	52,033,751	46,677,721
Interest income	2,053	-
Third party	362,546	354,893
Total revenue	<u>52,442,350</u>	<u>47,312,071</u>
Expenditures	<u>(54,225,852)</u>	<u>(44,460,404)</u>
Balance, end of year	<u>\$ 2,195,395</u>	<u>\$ 3,978,897</u>

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

5. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position comprises the following:

	2010	2009
Debenture, bearing interest at the rate of 5.062% due March 13, 2034	\$ 18,180,316	\$ 18,567,409
Debenture, bearing interest at the rate of 4.90% due March 3, 2033	12,552,279	12,846,687
Debenture, bearing interest at the rate of 4.56% due November 15, 2031	25,432,992	26,118,213
Debenture, bearing interest at the rate of 5.054% due November 15, 2028	4,039,369	4,168,900
Debenture, bearing interest at the rate of 5.232% due April 13, 2035	9,591,178	-
Sinking fund debenture, due May, 2010	-	485,000
Less sinking fund assets	-	(485,000)
Balance, end of year	\$ 69,796,134	\$ 61,701,209

Principal payments relating to net long-term liabilities of \$69,796,134 outstanding as at August 31, 2010 are due as follows:

	Principal	Interest	Total
2011	\$ 1,762,974	\$ 3,357,893	\$ 5,120,867
2012	1,849,474	3,271,922	5,121,396
2013	1,940,230	3,181,722	5,121,952
2014	2,035,453	3,087,085	5,122,538
2015	2,135,361	2,987,792	5,123,153
Thereafter	60,072,642	30,186,471	90,259,113
	\$ 69,796,134	\$ 46,072,885	\$ 115,869,019

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

6. Employee future benefits:

Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	2010 Total employee future benefits	2009 Total employee future benefits
Accrued benefit obligation	\$ 19,284,123	\$ 21,317,097	\$ 40,601,220	\$ 41,212,387
Unamortized actuarial gain (loss)	1,231,119	(4,515,249)	(3,284,130)	(3,425,288)
Balance, end of year	\$ 20,515,242	\$ 16,801,848	\$ 37,317,090	\$ 37,787,099

Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	2010 Total employee future benefits	2009 Total employee future benefits
Current year benefit costs	\$ 820,542	\$ 2,005,241	\$ 2,825,783	\$ 2,736,311
Interest on accrued benefit obligation	844,530	784,572	1,629,102	1,666,555
Employee future benefits expenses	\$ 1,665,072	\$ 2,789,813	\$ 4,454,885	\$ 4,402,866
Total payments made during the year			\$ 4,924,894	\$ 5,568,036

Included in expenditures is \$141,157 for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

6. Employee future benefits (continued):

Retirement benefits:

(i) Ontario teacher's pension plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

(ii) Ontario municipal employees retirement system:

All administrative and support staff employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2010, the Board contributed \$2,808,020 (2009 - \$2,687,432) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

(iii) Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

(iv) Retirement life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age, at a cost to the retired member. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

Other employee future benefits:

(i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

6. Employee future benefits (continued):

(ii) Long-term disability life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance and the health care and dental premiums benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick leave:

The Board has accrued for sick leave that accumulates but does not vest.

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on an actuarial valuation for accounting purposes as at August 31, 2010. These actuarial valuations were based on assumption about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	%
Inflation	2.0
Wage and salary escalation	3.0
Insurance and health care cost escalation	10.5% decreasing by ½% each year to 4.5%
Dental cost escalation	6.5% decreasing by ½% each year to 3.5%
Discount on accrued benefit obligations	4.5

Included in the Board's accumulated surplus as of August 31, 2010, the amount of \$5,596,389 (2009 - \$8,896,632) has been internally restricted for these employee future benefit obligations.

7. Tangible Capital Assets:

a) Assets under construction

Assets under construction having a value of \$1,219,048 (2009 - \$nil) have not been amortized. Amortization of these assets will commence when the asset is put into service.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

7. Tangible Capital Assets (continued):

Cost	Balance at August 31, 2009	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2010
Land	\$ 4,850,857	\$ 1,533,651	\$ 26,612	\$ 6,411,120
Land improvements	2,635,878	553,210	(33,994)	3,155,094
Buildings	454,992,911	17,853,708	(2,275,941)	470,570,678
Portable structures	4,325,572	-	(227,600)	4,097,972
First-time equipping of schools	439,839	254,291	-	694,130
Furniture	167,064	-	(16,227)	150,837
Equipment	3,752,879	1,147,518	(250,508)	4,649,889
Computer hardware	11,655,583	2,478,100	(1,903,141)	12,230,542
Computer software	753,442	93,041	(170,143)	676,340
Vehicles	941,366	31,159	(120,015)	852,510
Total	\$484,515,391	\$ 23,944,678	\$ (4,970,957)	\$ 503,489,112

Accumulated Amortization	Balance at August 31, 2009	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	355,092	199,391	-	554,483
Buildings	175,404,993	14,948,537	(1,991,860)	188,361,670
Portable structures	1,890,319	215,140	(227,600)	1,877,859
First-time equipping of schools	141,498	56,698	-	198,196
Furniture	90,994	15,895	(16,227)	90,662
Equipment	2,144,784	633,548	(250,508)	2,527,824
Computer hardware	5,639,516	2,388,613	(1,903,141)	6,124,988
Computer software	456,107	142,978	(170,143)	428,942
Vehicles	484,987	168,570	(120,015)	533,542
Total	\$186,608,290	\$ 18,769,370	\$ (4,679,494)	\$ 200,698,166

	Net Book Value August 31, 2009	Net Book Value August 31, 2010
Land	\$ 4,850,857	\$ 6,411,120
Land improvements	2,280,786	2,600,611
Buildings	279,587,918	282,209,008
Portable structures	2,435,253	2,220,113
First-time equipping of schools	298,341	495,934
Furniture	76,070	60,175
Equipment	1,608,095	2,122,065
Computer hardware	6,016,067	6,105,554
Computer software	297,335	247,398
Vehicles	456,379	318,968
Total	\$ 297,907,101	\$ 302,790,946

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

8. Accumulated surplus:

Accumulated surplus consists of the following:

	2010	2009
Internally appropriated	\$ 41,359,864	\$ 39,019,613
School generated funds	4,420,463	4,147,760
Net tangible capital assets	302,790,946	297,907,101
Accounts receivable - Province of Ontario	80,230,471	-
Unfunded		
Net long-term liabilities	(69,796,134)	(61,701,209)
Capital not permanently financed	(11,846,411)	(12,413,083)
Employee future benefits	(37,317,090)	(37,787,099)
Interest to be accrued	(1,001,916)	(891,412)
Vacation accrued	(1,253,389)	(1,200,344)
Balance, end of year	\$ 307,586,804	\$ 227,081,327

9. Debt charges and capital loans and leases interest:

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

	2010	2009
Principal payments on long-term liabilities	\$ 1,981,253	\$ 935,508
Interest payments on long-term liabilities	3,048,364	2,153,401
	\$ 5,029,617	\$ 3,088,909

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

10. Partnership in Niagara Student Transportation Services:

On March 6, 2007, the Board entered into an agreement with Niagara Catholic District School Board to provide common administration of student transportation services. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS.

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.

The following provides condensed financial information:

	2010		2009	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ 2,125	\$ 1,250	\$ 33,677	\$ 20,604
Financial liabilities	(2,125)	(1,250)	(33,677)	(20,604)
Non-financial assets	51,612	30,348	54,172	33,153
Accumulated Surplus	\$ 51,612	\$ 30,348	\$ 54,172	\$ 33,153
Operations:				
Revenues	\$ 26,513,155	\$ 15,589,735	\$ 27,074,414	\$ 16,569,541
Expenses	26,515,715	15,591,240	27,083,386	16,575,032
Annual Deficit	\$ (2,560)	\$ (1,505)	\$ (8,972)	\$ (5,491)

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Notes to Consolidated Financial Statements

Year ended August 31, 2010

11. Expenditures by object:

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

	2010 Budget	2010 Actual	2009 Actual (Restated)
Current expenditures:			
Salary and wages	\$ 271,659,760	\$ 273,025,907	\$ 265,025,692
Employee benefits	35,827,133	35,946,724	35,451,475
Staff development	1,568,382	1,823,034	1,520,044
Supplies and services	38,613,349	39,855,697	43,334,392
Interest	3,297,576	3,158,869	2,479,508
Rental expenditures	105,190	68,906	89,787
Fees and contract services	20,104,909	20,567,768	20,437,611
Other	1,240,418	1,396,510	1,524,598
Amortization & net loss on disposal	18,769,370	19,056,508	18,106,686
	\$ 391,186,087	\$ 394,899,923	\$ 387,969,793

12. 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.

13. Employee benefit plans:

The Board has agreed to provide a group health and welfare plan for certain employees and has assumed the liability for payment of benefits under this plan. The Board has contracted with an insurer for coverage of claims paid in excess of \$25,000 per plan member per year. An amount of \$4,639,863 (2009 - \$3,843,607) has been provided for this liability.

14. Commitments:

The Board is committed to pay \$11,254,622 for capital expenditures.

DISTRICT SCHOOL BOARD OF NIAGARA

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Year ended August 31, 2010

15. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 22, 2009. Capitalization of assets, amortization, and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. 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 2010 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 the Consolidated Statement of Change in Net Debt is a new statement in 2009-10 financial statements, the budget figures in that statement have not been provided.

	Budget
Revenue as approved	\$ 372,795,088
Interest on reserves	708,444
School funds	12,860,136
Transfers from reserves	<u>(4,126,341)</u>
Restated budget	382,237,327
Expenses as approved	372,795,088
School funds	12,219,297
Capital expenditures	(10,059,315)
Amortization	18,769,370
Employee benefits	(562,756)
Debt principal payments	(1,888,097)
Transfers to reserves	<u>(87,500)</u>
Restated budget	391,186,087
Annual deficit	<u>\$ (8,948,760)</u>

16. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2010

17. Future Accounting for Contributions Used for Capital:

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province of Ontario, which include a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure that school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option by the Public Sector Accounting Standards Board (PSAB) and could not be implemented within these financial statements.