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HASTINGS AND PRINCE EDWARD DISTRICT  
SCHOOL BOARD  
CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AUGUST 31, 2010

**WILKINSON & COMPANY LLP**  
Chartered Accountants & Tax Specialists Since 1964

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Since 1964

HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
FINANCIAL STATEMENTS  
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AS AT AUGUST 31, 2010

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Hastings and Prince Edward District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, except for the qualification regarding the completeness of the school generated funds, per auditors' report dated October 27, 2010.

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.

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

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

The consolidated financial statements have been audited by Wilkinson & Company 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.

(signed by K. Soule)

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Director of Education and Chief Executive Officer

**WILKINSON & COMPANY LLP**  
Chartered Accountants & Tax Specialists Since 1964



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## AUDITORS' REPORT

To the Board of Trustees of  
Hastings and Prince Edward District School Board

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

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

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, net revenue, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the school fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Hastings and Prince Edward District School Board as at August 31, 2010 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Wilkinson & Company LLP*

TRENTON, Canada  
October 27, 2010

Chartered Accountants  
Licensed Public Accountants

**WILKINSON & COMPANY LLP**  
Chartered Accountants & Tax Specialists Since 1964

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2010**

	2010	Restated 2009
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	10,357,109	7,624,816
Accounts receivable	7,108,402	8,213,512
Accounts receivable - Government of Ontario - Note 3	35,828,436	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>53,293,947</b>	<b>15,838,328</b>
<b>FINANCIAL LIABILITIES</b>		
Temporary borrowing - Note 6	828,911	3,550,140
Accounts payable and accrued liabilities	10,015,718	9,001,367
Net long-term debt - Note 5	39,795,993	34,892,268
Deferred revenue	2,070,368	2,421,452
Employee future benefits payable - Note 4	32,885,294	32,076,677
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>85,596,284</b>	<b>81,941,904</b>
<b>NET DEBT</b>	<b>(32,302,337)</b>	<b>(66,103,576)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	3,106,520	3,667,936
Tangible capital assets - Note 8	84,626,761	81,618,261
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>87,733,281</b>	<b>85,286,197</b>
<b>ACCUMULATED SURPLUS</b>	<b>55,430,944</b>	<b>19,182,621</b>

CONTINGENCY - Note 12

**SIGNED ON BEHALF OF THE BOARD**

(signed by K. Soule) \_\_\_\_\_ Signature of Chief Executive Officer

(signed by R. C. Pitman) \_\_\_\_\_ Signature of Chair

The accompanying notes form an integral part of these financial statements

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2010**

	Restated & Unaudited Budget 2010 \$	Actual 2010 \$	Restated 2009 \$
<b>REVENUES</b>			
Provincial grants - Grants for Student Needs	133,860,456	168,856,490	132,236,702
Provincial grants - Other	462,279	7,040,601	2,688,291
Local taxation	39,809,142	42,238,562	39,760,441
School generated funds	5,200,000	4,716,776	4,994,611
Federal grants and fees	1,296,546	1,338,277	1,397,232
Investment income	131,000	33,821	110,234
Other fees and revenues	1,551,787	2,360,245	1,969,767
<b>TOTAL REVENUES</b>	<b>182,311,210</b>	<b>226,584,772</b>	<b>183,157,278</b>
<b>EXPENSES</b>			
Instruction	138,684,069	141,558,425	138,627,666
Administration	6,030,491	6,150,970	6,342,086
Transportation	13,072,942	13,697,011	13,249,266
Pupil accommodation	25,568,030	24,206,035	20,997,998
School generated funds	5,200,000	4,724,008	4,955,250
<b>TOTAL EXPENSES</b>	<b>188,555,532</b>	<b>190,336,449</b>	<b>184,172,266</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(6,244,322)</b>	<b>36,248,323</b>	<b>(1,014,988)</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>19,182,621</b>	<b>19,182,621</b>	<b>20,197,609</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>12,938,299</b>	<b>55,430,944</b>	<b>19,182,621</b>

The accompanying notes form an integral part of these financial statements

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED AUGUST 31, 2010**

	2010	Restated 2009
	\$	\$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus/(deficit)	36,248,323	(1,014,988)
Adjustment for items which do not affect cash -		
Amortization of capital assets	4,896,990	4,697,337
Loss on disposition of assets	22,723	-
(Increase) decrease in accounts receivable	(34,723,326)	557,132
Increase (decrease) in accounts payable and accrued liabilities	1,014,351	(1,786,766)
Increase (decrease) in deferred revenues	(351,084)	942,344
Increase in employee benefits payable	808,617	1,815,955
(Increase) decrease in prepaid expenses	561,415	(446,605)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>8,478,009</b>	<b>4,764,409</b>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(7,928,212)	(9,847,895)
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(7,928,212)</b>	<b>(9,847,895)</b>
<b>FINANCING TRANSACTIONS</b>		
Long-term liabilities issued	6,186,419	6,878,443
Increase (decrease) in temporary borrowing	(2,721,229)	420,237
Debt repaid	(1,282,694)	(1,077,705)
<b>CASH PROVIDED BY FINANCING TRANSACTIONS</b>	<b>2,182,496</b>	<b>6,220,975</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,732,293</b>	<b>1,137,489</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>7,624,816</b>	<b>6,487,327</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>10,357,109</b>	<b>7,624,816</b>
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	10,357,109	7,624,816

The accompanying notes form an integral part of these financial statements

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED AUGUST 31, 2010**

	2010 \$	Restated 2009 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>36,248,323</b>	<b>(1,014,988)</b>
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>		
Acquisition of tangible capital assets	(7,928,212)	(9,847,895)
Amortization of tangible capital assets	4,896,990	4,697,337
Gain/loss on sale of tangible capital assets	22,723	-
<b>TOTAL TANGIBLE CAPITAL ASSET ACTIVITY</b>	<b>(3,008,499)</b>	<b>(5,150,558)</b>
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>		
Acquisition of prepaid expenses	-	(446,605)
Use of prepaid expenses	561,415	-
<b>TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY</b>	<b>561,415</b>	<b>(446,605)</b>
(Increase) decrease in net debt	33,801,239	(6,612,151)
Net debt at beginning of year	(66,103,576)	(59,491,425)
<b>NET DEBT AT END OF YEAR</b>	<b>(32,302,337)</b>	<b>(66,103,576)</b>

The accompanying notes form an integral part of these financial statements



**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements are prepared in accordance with Canadian 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, 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.

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.

Consolidated entities include -

Tri-Board Student Transportation Services Inc. - Note 15  
School Generated Funds

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 they are not controlled by the Board.

**(c) Basis of Accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses 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 is 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.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(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 pension, life insurance and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance 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 or accumulate 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. 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, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)**

**(g) Tangible Capital Assets**

Tangible capital assets are recorded at historical cost and accumulated amortization. Historical cost includes amount 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 are not available, other methods were used to estimate the costs and accumulated amortization.

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

<b>Asset</b>	<b>Estimated Useful Life</b>
Land improvements with finite lives	15 years
Buildings and building improvements	40 years
Equipment	5 to 15 years
Furniture	10 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 10 years

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

**(h) Government Transfers**

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

**(i) Investment Income**

Investment income is reported as revenue in the period earned.

**(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 Canadian 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 consolidated financial statements. The budget figures are unaudited.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**2. CHANGE IN ACCOUNTING POLICY - (Cont'd)**

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:

<b>ACCUMULATED SURPLUS AT AUGUST 31, 2009:</b>		\$
Capital fund balance		(6,186,419)
Reserve fund balance		9,486,232
School activities fund		2,331,324
Amounts to be recovered		(68,066,777)
Net book value of tangible capital assets recorded		81,618,261
<hr/>		
<b>ACCUMULATED SURPLUS AS RESTATED</b>		<b>19,182,621</b>
<hr/>		
<b>ANNUAL SURPLUS FOR THE YEAR ENDED AUGUST 31, 2009:</b>		\$
Change in net assets/(liabilities), as previously reported		(6,165,546)
Plus: Capital Expenditures capitalized, previously expensed		9,847,898
Less: Amortization expense not previously recorded		(4,697,340)
<hr/>		
<b>ANNUAL SURPLUS/(DEFICIT), AS RESTATED:</b>		<b>(1,014,988)</b>
<hr/>		

**3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO**

The Province of Ontario (Province) has replaced variable capital funding with a one-time debt support grant. The Hastings and Prince Edward District School 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 of Ontario of \$35,828,436 as at August 31, 2010 with respect to this one-time grant.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS**

	2010				2009 Total Employee Future Benefits \$
	Retirement Benefits \$	Sick Leave \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	
Accrued:					
Accrued Employee Future Benefit Obligations at August 31	22,438,177	10,229,875	946,112	33,614,164	32,562,915
Unamortized Actuarial Gains (Losses)	511,165	(1,276,212)	36,177	(728,870)	(486,238)
Employee Future Benefits Liability at August 31	22,949,342	8,953,663	982,289	32,885,294	32,076,677
	2010				2009 Total Employee Future Benefits \$
	Retirement Benefits \$	Sick Leave \$	Other Employee Future Benefits \$	Total Employee Future Benefits \$	
Expensed in year:					
Current Year Benefit Cost	1,633,041	380,692	194,344	2,208,077	2,320,377
Interest on Accrued Benefit Obligation	965,635	454,481	9,703	1,429,819	1,363,018
Recognition of Unamortized Actuarial Losses (Gains) Due to Change in Actuarial Assumptions	(75,443)	111,647	(10,513)	25,691	14,906
Employee Future Benefits Expense	2,523,233	946,820	193,534	3,663,587	3,698,301

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS - (Cont'd)**

**Retirement Benefits**

(i) Sick Leave Credit Payments

The Board provides sick leave credit payments to employees who qualify. The amount paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Teacher's Pension Plan

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

(iii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2010, the Board contributed \$1,700,229 (2009 - \$1,690,341) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No liability for this type of plan is included in the Board's consolidated financial statements.

**Sick Leave**

The Board allows sick leave to employees who qualify. The Board does not fund these obligations in advance of payments made. The benefit costs and liabilities related to this plan as determined by an actuary are included in the Board's financial statements.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS - (Cont'd)**

**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.

(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 premiums and the costs of health care 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) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees who qualify after retirement until the members reach 65 years of age. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

The accrued benefit obligations for employee future benefit plans as at August 31, 2010 are based on actuarial valuations for accounting purposes as at August 31, 2009. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2010 %	2009 %
Inflation	2.0	2.0
Wage and salary escalation	3.0	3.0
Health care cost escalation	10.5	11.0
Dental cost escalation	6.5	7.0

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**5. NET LONG TERM DEBT - CAPITAL LOANS**

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

	2010 \$	2009 \$
6.09% Loan, repayable in blended monthly instalments of \$33,949 to January 2012	2,159,353	2,426,349
6.45% Loan, repayable in blended monthly instalments of \$13,025 to April 2012	845,117	943,442
4.40% Loan, repayable in blended monthly instalments of \$23,726 to February 2017	1,589,112	1,798,866
4.56% Loan, repayable in blended semi-annual instalments of \$438,422 to November 2031	11,935,199	12,256,760
4.90% Loan, repayable in blended semi-annual instalments of \$379,275 to March 2033	10,345,752	10,588,408
5.062% Loan, repayable in blended semi-annual instalments of \$244,898 to March 2034	6,735,041	6,878,443
5.232% Loan, repayable in blended semi-annual instalments of \$223,609 to April 2035	6,186,419	-
	<b>39,795,993</b>	<b>34,892,268</b>

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2010 are due as follows:

	PRINCIPAL \$	INTEREST \$	TOTAL \$
2010/2011	1,474,742	1,946,069	3,420,811
2011/2012	1,551,827	1,868,984	3,420,811
2012/2013	1,633,020	1,787,791	3,420,811
2013/2014	1,718,543	1,702,268	3,420,811
2014/2015	1,808,633	1,612,179	3,420,812
Thereafter	31,609,228	20,983,125	52,592,353
<b>NET LONG-TERM DEBT</b>	<b>39,795,993</b>	<b>29,900,416</b>	<b>69,696,409</b>

Interest on long-term debt amounted to \$1,800,144 (2009 - \$1,565,609)



**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**6. TEMPORARY BORROWING**

	2010 \$	Restated 2009 \$
Bank overdraft with interest payable at bank's prime lending rate	-	1,490,140
Banker Acceptance financing agreement with interest at prime plus .75% and a maturity date September 3, 2010	786,710	2,060,000
Board's share of bank overdraft reported on the Tri-Board Student Transportation Services Inc. financial statements	42,201	-
	<b>828,911</b>	<b>3,550,140</b>

At the year-end, the Board has one outstanding Banker Acceptance agreement, which provides short-term financing to partially pay for capital expenditures under the Good Places to Learn and the Energy Efficient School - Capital Initiative. The portion of this debt in regards to Good Places to Learn will be long-term financing in March 2011 and the balance repaid through the operating fund.

The prior year's outstanding Banker Acceptance agreements along with additional Banker Acceptance agreements received up to March 2010, were long-term financed on March 29, 2010.

**7. EXPENSES BY OBJECT**

The following is a summary expenses reported on the Consolidated Statement of Operations by object:

	Restated & Unaudited		Restated
	2010 Budget \$	2010 Actual \$	2009 Actual \$
<b>Expenses:</b>			
Salary and wages	124,201,856	127,243,912	123,913,474
Employee benefits	17,631,191	18,731,885	17,762,049
Staff development	674,502	843,752	912,778
Supplies and services	19,040,592	16,222,745	14,922,797
Interest	2,187,574	1,850,168	1,643,630
Rental expense	361,600	354,378	337,992
Fees and contract services	13,773,747	15,283,401	14,868,872
Other	587,480	162,487	158,087
Amortization of tangible capital assets	4,896,990	4,896,990	4,697,337
Loss on disposal	-	22,723	-
School funded activities	5,200,000	4,724,008	4,955,250
	<b>188,555,532</b>	<b>190,336,449</b>	<b>184,172,266</b>

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2010**

**8. TANGIBLE CAPITAL ASSETS**

	Cost (in 000's)				Accumulated Amortization (in 000's)				Net Book Value \$
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Additions \$	Disposals \$	Closing \$	
Land	174	-	-	174	-	-	-	-	174
Land improvements	807	246	-	1,053	164	70	-	234	819
Buildings	120,387	6,321	-	126,708	44,306	3,151	-	47,457	79,251
Furniture	182	-	11	171	88	18	11	95	76
Equipment	1,183	195	80	1,298	430	129	80	479	819
Computer hardware	7,282	851	1,462	6,671	3,788	1,395	1,462	3,721	2,950
Computer software	351	315	145	521	146	92	122	116	405
Vehicles	321	-	34	287	147	42	35	154	133
<b>Total</b>	<b>130,687</b>	<b>7,928</b>	<b>1,732</b>	<b>136,883</b>	<b>49,069</b>	<b>4,897</b>	<b>1,710</b>	<b>52,256</b>	<b>84,627</b>

**Assets Under Construction**

Assets under construction having a value of \$711,181 have not been amortized. Amortization of these assets will commence when the asset is put into service.

**9. ACCUMULATED SURPLUS**

	2010 \$	Restated 2009 \$
<b>Accumulated surplus consists of the following:</b>		
<b>Unrestricted:</b>		
Operating accumulated surplus	1,781,977	4,152,889
<b>Restricted for future use:</b>		
Workplace Safety and Insurance Board	606,686	605,003
Future Benefits	2,289,313	2,283,161
Future Capital	2,451,978	2,445,179
<b>Other items affecting accumulated surplus:</b>		
Invested in tangible capital assets	84,626,761	81,618,261
Amounts to be recovered (net long term debt, employee future benefits, vacation and interest)	(73,852,273)	(68,066,777)
Debt not permanently financed	(626,026)	(6,186,419)
School Generated Funds	2,324,092	2,331,324
Receivable from Province of Ontario - Approved Capital	35,828,436	-
<b>Total Surplus</b>	<b>55,430,944</b>	<b>19,182,621</b>

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**13. BUDGET DATA**

The unaudited budget presented in these consolidated financial statements is based upon the 2010 budgets approved by the Board on June 15, 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 Changes in Net Debt is a new statement in 2009-10 financial statements, the budget figures in that statement have not been provided.

**Consolidated Statement of Operations  
For the year ended August 31**

	2009-10 Budget \$	Change \$	2009-10 Budget \$
<b>Total Revenue</b>	182,311,210		182,311,210
<b>EXPENSES</b>			
Total Expenditure as in the 2009-10 Budget	187,419,427		
Less: Capital Asset Expenditure		(3,760,885)	
Plus: Amortization		4,896,990	
<b>Total Expenses</b>	187,419,427	1,136,105	188,555,532
<b>Annual Deficit</b>	(5,108,217)		(6,244,322)
Accumulated Surplus at beginning of year	18,686,575	496,046	19,182,621
Accumulated Surplus at end of year	13,578,358	(640,059)	12,938,299

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**14. RELATED PARTY**

**The Hastings and Prince Edward Learning Foundation**

	2010 \$	Restated 2009 \$
Fund balance		
Balance - Beginning of year	338,731	327,489
Excess of Revenue over Expenses	174,499	11,242
<b>Balance - End of year</b>	<b>513,230</b>	<b>338,731</b>

During the year, the Foundation reported:

	2010 \$	2009 \$
Revenues	1,151,889	1,357,471
Expenses	977,390	1,346,229
<b>Excess of Revenue over Expenses</b>	<b>174,499</b>	<b>11,242</b>

**15. PARTNERSHIP IN TRI-BOARD TRANSPORTATION SERVICES INC.**

**Transportation Consortium**

On September 12, 2006, the Tri-Board Student Transportation Services Inc. was incorporated. On November 1, 2006, the Board entered into an agreement with the Tri-Board Student Transportation Services Inc. in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement created at the time the Tri-Board Student Transportation Services Inc. was established, decisions related to the financial and operating activities of the Tri-Board Student Transportation Services Inc. are shared. No partner is in a position to exercise unilateral control.

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.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
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**15. PARTNERSHIP IN TRI-BOARD TRANSPORTATION SERVICES INC. - (Cont'd)**

The following provides condensed financial information:

	2010		Restated 2009	
	Total \$	Board Portion \$	Total \$	Board Portion \$
<b>Financial Position:</b>				
Financial Assets	443,009	147,670	350,173	116,724
Liabilities	885,211	295,070	720,412	240,137
Non-Financial Assets	442,202	147,400	370,239	123,413
Accumulated Surplus (Deficit)	-	-	-	-
<b>Operations:</b>				
Revenues	37,530,196	12,510,065	36,776,021	12,258,674
Expenses	37,530,196	12,510,065	36,776,021	12,258,674
Annual Surplus/ (Deficit)	-	-	-	-

**16. FINANCIAL INSTRUMENTS**

It is the Board's opinion that they are not exposed to significant credit, currency risk or interest rate risk.

**Fair Value of Current Assets and Liabilities**

The fair value of cash, accounts receivable, temporary borrowings and accounts payable and accrued liabilities approximates the carrying value due to their immediate or short-term maturity.

**Fair Value of Long-Term Liabilities**

The fair value of the net long-term liabilities and employee future benefits payable value are considered to approximate their carrying value due to the following:

- (i) The net long-term liabilities interest rates are similar to present rates.
- (ii) The employee future benefit payable is based on the actuarial report completed as at August 31, 2009, which is updated annually.

**HASTINGS AND PRINCE EDWARD DISTRICT SCHOOL BOARD  
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**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.