



HALTON ROMAN CATHOLIC SEPARATE SCHOOL BOARD FINANCIAL STATEMENTS

DECEMBER 31, 1994
(with comparative figures for 1993)

**BALANCE SHEET
DECEMBER 31, 1994**

ASSETS	1994	1993
CURRENT ASSETS:		
Cash	\$ -	\$ 243,948
Accounts receivable:		
Under-requisitions - secondary	3,483,936	4,542,845
Other	6,950,685	5,518,053
Prepaid expense	297,835	73,963
Other current assets	9,900	2,000
	<u>10,742,356</u>	<u>10,380,809</u>
OTHER ASSETS:		
Due from Ministry of Education and Training re loans payable to the Ontario Financing Authority	-	1,679,224
Capital outlay to be recovered in future years	55,367,685	53,851,038
Other assets	277,136	-
	<u>55,644,821</u>	<u>55,530,262</u>
	<u>\$ 66,387,177</u>	<u>\$ 65,911,071</u>
LIABILITIES		
CURRENT LIABILITIES:		
Bank and other short-term borrowing	\$ 26,729,541	\$ 9,218,506
Accounts payable and accrued liabilities:		
Over-requisitions - elementary	7,549,957	7,377,425
Other	10,283,356	9,747,764
Debt charges due and unpaid	-	615,514
Other current liabilities	-	10,065
	<u>44,562,854</u>	<u>26,969,274</u>
OTHER LIABILITIES:		
Net long-term liabilities (Note 2)	21,824,323	38,941,797
	<u>\$ 66,387,177</u>	<u>\$ 65,911,071</u>

Approved on Behalf of the Board:

Frederick L. Sweeney
Frederick L. Sweeney
Director of Education

Alice A. LeMay
Alice A. LeMay
Chair of the Board

**REVENUE FUND STATEMENT OF OPERATIONS - ELEMENTARY & SECONDARY
FOR THE YEAR ENDED DECEMBER 31, 1994**

	ELEMENTARY		SECONDARY	
	1994	1993	1994	1993
EXPENDITURE:				
Business administration	\$ 568,001	\$ 567,010	\$ 350,763	\$ 357,754
General administration	1,570,164	1,603,480	1,001,746	938,712
Computer services	288,852	273,798	178,380	172,753
Instruction	52,988,220	49,899,671	25,282,538	24,023,274
Plant operation and teacherages	5,468,611	5,187,438	2,900,382	2,880,573
Plant maintenance	1,479,352	1,530,533	748,732	519,369
Pupil transportation	2,891,514	2,976,819	1,793,168	1,801,629
Tuition fees	308,248	389,382	11,098,945	12,035,631
Capital expenditure (non-allocable)	20,427,383	8,601,964	3,159,814	4,828,216
Debt charges and capital loan interest (Note 3)	3,055,046	2,022,886	3,182,784	2,667,131
Other operating expenditure	192,541	101,839	118,902	64,255
Non-operating expenditure excluding transfers to reserves	416,105	416,130	86,040	230,857
Total Expenditure	<u>89,654,037</u>	<u>73,570,950</u>	<u>49,902,194</u>	<u>50,520,154</u>
RECOVERY OF EXPENDITURE:				
Other school boards - tuition fees and other	411,660	438,149	5,406,891	4,559,815
Government of Ontario - other	18,650,571	919,714	3,070,974	433,794
Government of Canada	775	160,155	364,544	72,337
Individuals - tuition fees	91,306	61,733	183,407	260,055
Other revenue, excluding transfers from reserves	2,315,895	7,483,829	416,919	4,840,366
Total Recovery of Expenditure	<u>21,470,207</u>	<u>9,063,580</u>	<u>9,442,735</u>	<u>10,166,367</u>
NET EXPENDITURE	<u>\$ 68,183,830</u>	<u>\$ 64,507,370</u>	<u>\$ 40,459,459</u>	<u>\$ 40,353,787</u>
FINANCING OF NET EXPENDITURE:				
Government of Ontario:				
General Legislative Grants	\$ 41,036,470	\$ 39,640,738	\$ 17,990,367	\$ 19,874,685
Local Taxation:				
Previous year's over-requisition	7,377,425	6,961,843	(4,542,845)	(5,120,254)
Local taxes raised in the current year	27,319,892	25,282,214	23,528,001	21,056,511
	<u>75,733,787</u>	<u>71,884,795</u>	<u>36,975,523</u>	<u>35,810,942</u>
To be applied to the following year's taxes:				
Over-requisition at year-end	(7,549,957)	(7,377,425)	3,483,936	4,542,845
TOTAL FINANCING	<u>\$ 68,183,830</u>	<u>\$ 64,507,370</u>	<u>\$ 40,459,459</u>	<u>\$ 40,353,787</u>

**CAPITAL FUND STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1994**

	1994	1993
CAPITAL EXPENDITURE:		
Capital assets and work-in-progress:		
Buildings, furniture and equipment	\$ 21,453,067	\$ 23,103,023
School sites and improvements to sites	1,359,371	765,738
Other (Note 3)	98,648	610,694
TOTAL CAPITAL EXPENDITURE	<u>\$ 22,911,086</u>	<u>\$ 24,479,455</u>
CAPITAL FINANCING:		
Balance at beginning of year not permanently financed (Note 8):		
Elementary	\$ (22,783,426)	\$ (14,248,803)
Secondary	(11,046,947)	(5,512,952)
Long-term liabilities issued and sold	7,720,000	7,720,000
Capital expenditure financed from revenue fund	24,627,235	14,034,235
Transfer to revenue fund	(1,706,274)	(1,343,398)
Balance at end of year not permanently financed:		
Elementary	25,026,006	22,783,426
Secondary	8,794,492	11,046,947
TOTAL CAPITAL FINANCING	<u>\$ 22,911,086</u>	<u>\$ 24,479,455</u>

The accompanying notes form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1994**

1. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and Training and are considered appropriate for Ontario school boards. These principles are in accordance with generally accepted accounting principles except as follows:

- (a) **Accrual Accounting:**
Revenue and expenditure are accounted for on the accrual basis of accounting, with the following exceptions:
(i) No provision is made for interest on unmatured debenture debt from the date of payment to the year-end.
(ii) No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.
- (b) **Capital Assets:**
Capital assets are charged to current expenditure unless financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Capital assets, including capital leases, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balance of the related net long-term liabilities outstanding and of the related temporary financing at the year-end.
- (c) **Under/Over Requisition of Taxes:**
The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement from ratepayers.

2. NET LONG-TERM LIABILITIES:

Of the net long-term liabilities outstanding at December 31, 1994 of \$21,824,323, principal amounting to \$8,612,178 plus interest amounting to \$9,465,223 is payable over the next five years, as follows:

	Principal	Interest	Total
1995	\$ 2,169,878	\$ 2,452,433	\$ 4,622,311
1996	2,170,909	2,138,782	4,309,691
1997	1,579,885	1,846,254	3,426,139
1998	1,369,054	1,621,546	2,990,600
1999	1,322,452	1,406,208	2,728,660
	<u>\$ 8,612,178</u>	<u>\$ 9,465,223</u>	<u>\$ 18,077,401</u>

On May 11, 1995 the Board participated in a debenture issue with the Regional Municipality of Halton, whereby the Board received net proceeds of \$13,787,213 on a total issue of \$13,938,184.

3. DEBT CHARGES AND CAPITAL LOAN INTEREST:

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

	1994		1993	
	Elementary	Secondary	Elementary	Secondary
Principal payments on long-term liabilities including contribution to sinking funds	\$ 927,528	\$ 1,268,433	\$ 843,023	\$ 1,125,391
Interest payments on long-term liabilities	1,066,752	1,498,045	908,044	1,470,446
Interest payments on temporary financing of capital projects	504,183	311,122	271,819	71,294
Interest payment on OFA debenture	556,583	105,184	-	-
	<u>\$ 3,055,046</u>	<u>\$ 3,182,784</u>	<u>\$ 2,022,886</u>	<u>\$ 2,667,131</u>

The amount of interest relating to the temporary financing of capital projects which is included as a capital expenditure in the Capital Fund Statement of Operations for the current year is \$98,648 (1993 - \$490,811).

4. PENSION PLAN COSTS:

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System which is a multi-employer final average pay contributory plan. Employer contributions made to the plan during the year by the Board amounted to \$653,820 (1993 - \$596,505).

These amounts have been included in employees' benefits expense in the Schedules of Expenditure. Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Pension Plan. The funding for such is provided directly by the Provincial Government.

5. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES:

(a) **Capital Projects:**

At December 31, 1994 contractual obligations amounted to approximately \$3,876,990 for the construction of schools as follows:

St. James, Oakville	\$ 1,373,882
St. John's, Burlington	2,503,108
	<u>\$ 3,876,990</u>

(b) **Ministry Equity Capital Reserve:**

As a result of the Board converting the former St. Joseph's School in Burlington to academic administration offices, the Ministry of Education has directed that \$1,093,539 be placed in a Ministry Equity Capital Reserve Fund on or before December 31, 1995. This amount will be required from the Revenue Fund and require local taxation revenues for such funding.

6. LEASE OBLIGATIONS:

In addition to amounts disclosed elsewhere in the financial statements, the Board has obligations under operating leases in the following amounts:

1995	\$ 470,484
1996	322,847
1997	168,714
1998	114,653
1999	31,997
	<u>\$ 1,108,695</u>

7. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE:

The Board joined effective April 1, 1987, the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licenced under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

8. ONTARIO FINANCING AUTHORITY:

The School Board, the Government of Ontario and the Ontario Financing Authority (OFA) have entered into an agreement whereby certain capital assets are funded by loan advances from the OFA. The School Board has reported \$21,343,185 as a recovery of expenditure from the Government of Ontario in 1994. Of this amount, \$18,922,013 relates to loan advances received in 1993 which were at that time not recorded as revenues.

Effective March 31, 1994 the loans advanced from April 1, 1993 to March 31, 1994 together with accrued interest, were converted into a debenture payable to the OFA. The debenture is unsecured, bears interest at 8.77% and is repayable in semi-annual instalments over a twenty-year period.

The agreement provides that the Government of Ontario will give annual grants equal to the principal and interest instalments required by the debenture. The agreement specifies that the obligation to repay the debenture principal and interest is conditional upon the School Board receiving the grants from the Government of Ontario.

Because the School Board has no obligation to make the semi-annual principal and interest payments unless the grants are received from the Government of Ontario, the debenture liability is not shown in these financial statements.

Due to a failure on the part of the Ministry of Education and Training to advance certain 1992 direct capital grants on a timely basis, these grants were converted into a portion of the debenture payable to the OFA by the Ministry. As a result of this treatment and at the specific direction of the Ministry, the amount previously reported as the balance not permanently financed in 1993 has been increased by \$3,883,827 (Elementary - \$3,292,927; Secondary - \$590,900). The comparative figures presented for 1993 have been adjusted to reflect this change.

9. SOCIAL CONTRACT:

The Social Contract Act requires that School Boards reduce expenditures by a specified amount in the years 1993 through 1996. Grants will be reduced by a corresponding amount each year. For 1994 the social contract reduction is \$1,699,563 and this amount is reflected in the financial statements.

AUDITORS' REPORT

To the Trustees of The Halton Roman Catholic Separate School Board

We have audited the balance sheet of the Halton Roman Catholic Separate School Board as at December 31, 1994 and the Revenue Fund Statements of Operations and the Capital Fund Statement of Operations for the year then ended. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1994 and the results of its operations for the year then ended in accordance with the accounting principles described in Note 1 to the financial statements.

Burlington, Ontario
May 18, 1995

Hoare & Co.
Chartered Accountants