



HALTON ROMAN CATHOLIC SEPARATE SCHOOL BOARD FINANCIAL STATEMENTS

DECEMBER 31, 1996

(with comparative figures for 1995)

BALANCE SHEET DECEMBER 31, 1996

ASSETS		1996	1995
CURRENT ASSETS:			
Cash		\$ 4,060,272	\$ 396,975
Accounts receivable:			
Other		5,550,945	7,631,452
Prepaid expense		121,729	266,416
		<u>9,732,946</u>	<u>8,294,843</u>
Capital outlay to be recovered in future years		54,035,471	55,468,233
OTHER ASSETS		196,227	238,746
		<u>\$ 63,964,644</u>	<u>\$ 64,001,822</u>
LIABILITIES AND EQUITY IN RESERVE FUNDS			
CURRENT LIABILITIES:			
Bank and other short-term borrowing		\$ -	\$ 5,204,296
Accounts payable and accrued liabilities:			
Over-requisitions		2,980,061	1,950,893
Other		9,196,682	10,958,447
		<u>12,176,743</u>	<u>18,113,636</u>
NET LONG TERM LIABILITIES (Note 2)		50,210,188	44,633,527
RESERVE FOR WORKING FUNDS		-	161,120
EQUITY IN RESERVE FUNDS (Note 4)		1,577,713	1,093,539
		<u>\$63,964,644</u>	<u>\$64,001,822</u>

Approved on Behalf of the Board:

Frederick L. Sweeney
Frederick L. Sweeney
Director of Education

Donald W. Schrenk
Donald W. Schrenk
Chair of the Board

REVENUE FUND STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1996, WITH COMPARATIVE FIGURES FOR 1995

	1996	1995
EXPENDITURE:		
Business administration	\$ 869,542	\$ 898,685
General administration	2,508,395	2,489,611
Computer services	399,499	386,964
Instruction	84,039,121	83,277,723
Plant operation and maintenance	11,627,023	12,318,977
Pupil transportation	4,349,719	4,687,310
Tuition fees	9,377,043	10,437,071
Capital expenditure (non-allocable)	11,230,999	21,188,270
Debt charges and capital loan interest (Note 3)	8,247,840	8,688,182
Other operating expenditure	106,643	353,256
Non-operating expenditure excluding transfers to reserves	1,327,867	1,064,484
Total expenditure	<u>134,083,691</u>	<u>145,790,533</u>
RECOVERY OF EXPENDITURE:		
School boards - tuition fees and other	6,074,185	6,019,342
Government of Ontario - other	2,037,966	11,320,332
Government of Canada	782,830	1,180,185
Individuals - tuition fees	288,678	267,864
Other revenue, excluding transfers from reserves	8,754,427	11,435,394
Total recovery of expenditure	<u>17,938,086</u>	<u>30,223,117</u>
	<u>\$116,145,605</u>	<u>\$115,567,416</u>
FINANCING OF NET EXPENDITURE:		
Government of Ontario:		
General legislative grants	\$ 58,188,631	\$ 59,496,854
Local taxation:		
Previous year end over-requisition	1,950,893	4,066,021
Local taxes raised in the current year	59,262,749	55,210,093
Increase in reserves	(276,606)	(1,254,659)
	<u>119,125,667</u>	<u>117,518,309</u>
To be applied to the following year's taxes:		
Over-requisition at year end	(2,980,062)	(1,950,893)
TOTAL FINANCING	<u>\$116,145,605</u>	<u>\$115,567,416</u>

CAPITAL FUND STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1996, WITH COMPARATIVE FIGURES FOR 1995

	1996	1995
CAPITAL EXPENDITURE:		
Capital assets and work-in-progress:		
Buildings, furniture and equipment	\$ 7,395,464	\$ 14,464,909
School sites and improvements to sites	-	1,083,789
Other	206,888	523,283
TOTAL CAPITAL EXPENDITURE	<u>\$ 7,602,352</u>	<u>\$ 16,071,981</u>
CAPITAL FINANCING:		
Balance at beginning of year not permanently financed	\$ (11,042,886)	\$ (33,820,498)
Long-term liabilities issued and sold	9,643,000	25,502,084
Capital expenditure financed from revenue fund	12,554,754	23,363,842
Transfer to revenue fund	(7,502,565)	(10,016,333)
Balance at end of year not permanently financed	3,950,049	11,042,886
TOTAL CAPITAL FINANCING	<u>\$ 7,602,352</u>	<u>\$ 16,071,981</u>

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1996

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) Reserves and reserve funds:

Reserves and reserve funds represent funds appropriated for general and specific purposes and are charged or credited to Revenue Fund Operations in the year appropriated or drawn down. The amounts in reserves and reserve funds are approved by the Board and are within the limits defined in the Education Act.

(d) 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, 1996 of \$50,210,188, principal amounting to \$19,957,363 plus interest amounting to \$18,335,024 is payable over the next five years as follows:

	Principal	Interest	Total
1997	\$3,916,135	\$4,425,330	\$8,341,465
1998	3,746,903	4,049,582	7,796,485
1999	3,872,383	3,664,106	7,536,489
2000	4,126,157	3,292,930	7,419,087
2001	4,295,785	2,903,076	7,198,861
	<u>\$19,957,363</u>	<u>\$18,335,024</u>	<u>\$38,292,387</u>

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:

	1996	1995
Principal payments on long term liabilities including contribution to sinking funds	\$3,741,267	\$2,318,703
Interest payments on long term liabilities	4,143,103	3,078,556
Interest payments on temporary financing of capital projects	363,470	1,232,834
Interest payment on OFA debenture	-	2,058,089
	<u>\$8,247,840</u>	<u>\$8,688,182</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 \$113,299 (1995 - \$234,208).

4. RESERVE FUNDS:

a) Ministry equity capital reserve:

Pursuant to Ministry of Education and Training requirements, the Board was required to establish a Ministry Equity Capital Reserve in 1995 of \$1,093,539, relating to the transfer of a former school facility to administrative use in 1991. The balance in the reserve has increased to \$1,139,987 as a result of interest earned in the year. These funds will be utilized through a reduction of a future capital allocation from the Ministry.

b) Facilities renewal capital reserve:

On May 28, 1996, the Board approved the establishment of a reserve to provide for expenditures for permanent improvements. The amount allocated to this reserve in the year was \$437,726.

5. 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 amount to \$730,093 (1995 - \$726,867). These amounts have been included in employees' benefits expense in the Schedule 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.

6. CONTRACTUAL OBLIGATIONS:

a) Early retirement incentive plan:

Under the terms of an Early Retirement Incentive Plan offered by the Board, the Board is committed to pay incentives and benefits worth approximately \$132,000 over the next two years. No provision has been made for these costs in the financial statements.

b) Lease obligations:

The Board has obligations under operating leases that require annual lease payments in the following amounts:

	1996	1995
1997	\$ 1,053,467	
1998	181,556	
1999	120,463	
2000	103,217	
2001	66,218	
	<u>\$ 1,524,921</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. DAY NURSERIES:

As provided by Bill 4, the Board operates day nurseries at Ecole Sacre Coeur and St. Philippe. Gross revenues, expenditures and surplus for Porte Soleil and Centre Copains-Copines day nurseries are as follows:

	1996	1995
Revenues	\$ 211,110	\$ 171,790
Surplus, beginning of the year	32,223	20,093
	<u>243,333</u>	<u>191,883</u>
Expenditures	172,176	159,660
Surplus, end of the year	<u>\$ 71,157</u>	<u>\$ 32,223</u>

9. WORKERS' COMPENSATION:

On January 28, 1997, the Board received approval from the Workers' Compensation Board for a transfer out of Schedule 1 to become a Schedule 2, self-insured employer effective, January 1, 1994. As a result, the Board now directly assumes the cost of Workers' Compensation Board awards for its injured workers. An accrued liability of \$327,000 has been recorded, as at December 31, 1996, to allow for potential charges that may be assessed by the Workers' Compensation Board for pending claims. Effective February 28, 1996, the Board has contracted third-party co-insurance coverage under which the Board receives reimbursement from the insurer for Workers' Compensation claim assessments over \$250,000 and less than \$10,000,000.

10. COMPARATIVE FIGURES:

Commencing in 1996, The Board is reporting as a combined board. Accordingly, comparative figures for 1995 for elementary and secondary panels have been combined where appropriate for presentation in these 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, 1996 and the Revenue Fund Statement 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, 1996 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 27, 1997

Home & Co
Chartered Accountants