



HALTON ROMAN CATHOLIC SEPARATE SCHOOL BOARD FINANCIAL STATEMENTS

DECEMBER 31, 1997
(with comparative figures for 1996)

BALANCE SHEET DECEMBER 31, 1996 ASSETS

	1997	1996
Current assets:		
Cash	\$ 3,073,103	\$ 4,060,272
Investments at cost	10,499,713	-
Accounts receivable:		
Other	2,334,210	5,550,945
Prepaid expense	107,903	121,729
	16,014,929	9,732,946
Capital outlay to be recovered in future years	46,542,866	54,035,471
Other assets	150,802	196,227
	<u>\$ 62,708,597</u>	<u>\$ 63,964,644</u>
LIABILITIES AND EQUITY IN RESERVE FUNDS		
Current liabilities:		
Bank and other short-term borrowing	\$ 417,661	\$ -
Accounts payable and accrued liabilities:		
Over-requisitions	2,253,803	2,980,061
Other	12,041,548	9,196,682
Other current liabilities	386,192	-
	15,099,204	12,176,743
Net long term liabilities (Note 2)	45,994,113	50,210,188
Equity in reserve funds (Note 4)	1,615,280	1,577,713
	<u>\$ 62,708,597</u>	<u>\$ 63,964,644</u>

Approved on Behalf of the Board:

Frederick L. Sweeney
Frederick L. Sweeney
Director of Education

James V. Sherlock
James V. Sherlock
Chair of the Board

See accompanying notes to the financial statements.

REVENUE FUND STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1997, WITH COMPARATIVE FIGURES FOR 1996

	1997	1996
Expenditure:		
Business administration	\$ 852,887	\$ 869,542
General administration	2,306,510	2,508,395
Computer services	360,956	399,499
Instruction	87,755,303	84,039,121
Plant operation and maintenance	11,666,245	11,627,023
Pupil transportation	4,047,351	4,349,719
Tuition fees	8,887,733	9,377,043
Capital expenditure (non-allocable)	3,534,345	11,230,999
Debt charges and capital loan interest (Note 3)	8,353,602	8,247,840
Other operating expenditure	64,609	106,643
Non-operating expenditure excluding transfers to reserves	1,185,207	1,327,867
Total expenditure	<u>129,014,748</u>	<u>134,083,691</u>
Recovery of expenditure:		
School boards - tuition fees and other	6,750,125	6,074,185
Government of Ontario - other	1,307,041	2,037,966
Government of Canada	600,817	782,830
Individuals - tuition fees	328,710	288,678
Other revenue, excluding transfers from reserves	727,102	8,754,427
Total recovery of expenditure	<u>9,713,765</u>	<u>17,938,086</u>
Net expenditure	\$119,300,953	\$116,145,605
Financing of net expenditure:		
Government of Ontario:		
General legislative grants	\$ 55,461,964	\$ 58,188,631
Local taxation:		
Previous year end over-requisition	2,980,062	1,950,893
Local taxes raised in the current year	63,112,731	59,262,749
Decrease (increase) in reserves	-	(276,606)
	121,554,757	119,125,667
To be applied to the following year's taxes: Under (over)-requisition at year end	(2,253,804)	(2,980,062)
Total financing	\$119,300,953	\$116,145,605

See accompanying notes to the financial statements.

CAPITAL FUND STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1997, WITH COMPARATIVE FIGURES FOR 1996

	1997	1996
Capital expenditure:		
Capital assets and work-in-progress:		
Buildings, furniture and equipment	\$ 1,951,762	\$ 7,395,464
Other	27,076	206,888
Total capital expenditure	\$ 1,978,838	\$ 7,602,352
Capital financing:		
Balance at beginning of year not permanently financed	\$ (3,950,049)	\$ (11,042,886)
Longterm liabilities issued and sold	-	9,643,000
Permanent financing from local taxation	1,649,970	-
Capital expenditure financed from revenue fund	4,349,060	12,554,754
Transfer to revenue fund	(698,236)	(7,502,565)
Balance at end of year not permanently financed	628,093	3,950,049
Total capital financing	\$ 1,978,838	\$ 7,602,352

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1997

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 longterm liabilities:

Of the net long-term liabilities outstanding at December 31, 1997 of \$45,994,113, principal amounting to \$20,726,983 plus interest amounting to \$16,461,675 is payable over the next five years as follows:

	Principal	Interest	Total
1998	\$ 3,806,690	\$ 4,049,582	\$ 7,856,272
1999	3,870,384	3,664,106	7,534,490
2000	4,115,239	3,292,930	7,408,169
2001	4,295,785	2,903,076	7,198,861
	<u>4,638,885</u>	<u>2,551,981</u>	<u>7,190,866</u>
2002	<u>\$ 20,726,983</u>	<u>\$ 16,461,675</u>	<u>\$ 37,188,658</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:

	1997	1996
Principal payments on long term liabilities including contribution to sinking funds	\$3,929,666	\$3,741,267
Interest payments on long term liabilities	4,423,936	4,143,103
Interest payments on temporary financing of capital projects	-	363,470
	<u>\$8,353,602</u>	<u>\$8,247,840</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 \$ Nil (1996 - \$113,299).

4. Equity in 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 \$1,167,131 as a result of interest earned. 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 to various school properties. The amount allocated to this reserve in 1996 was \$437,726. The balance in reserve has increased to \$448,148 as a result of interest earned.

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 amounted to \$735,319 (1996 - \$730,093). 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 \$70,000 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:

	1998	1999	2000	2001	2002
	\$ 333,346	259,248	199,323	82,831	42,083
	<u>\$ 916,831</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 École Sacré Coeur and St. Philippe. Gross revenues, expenditures and surplus for Porte Soleil and Centre Copains-Copines day nurseries are as follows:

	1997	1996
Revenues	\$ 247,035	\$ 211,110
Surplus, beginning of the year	71,157	32,223
	318,192	243,333
Expenditures	245,706	172,176
Surplus, end of the year	<u>\$ 72,486</u>	<u>\$ 71,157</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 \$700,472 has been recorded, as at December 31, 1997, (1996 - \$327,000) to allow for potential charges that may be assessed by the Workers' Compensation Board for pending claims.

Effective February 28, 1996, the Board 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. Amalgamation of school boards:

In accordance with the Fewer School Boards Act, 1997 and the Education Quality Improvement Act, 1997, the school board will form the new district school board effective January 1, 1998. The assets, liabilities and employees of the Board will be transferred to the new English-language and French-language district school boards under the guidance of the Education Improvement Commission.

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, 1997 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, 1997 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
March 26, 1998

Horne & Co
Chartered Accountants