

The North of Superior District Roman Catholic Separate School Board

Auditor's Report



TO THE CHAIRMAN AND MEMBERS
The North of Superior District
Roman Catholic Separate School Board

We have examined the consolidated balance sheet of The North of Superior District Roman Catholic Separate School Board as at December 31, 1987 and the Revenue Fund and Capital Fund statements of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the Board as at December 31, 1987 and the results of its operations for the year ended in accordance with accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada
March 18, 1988

CLARKSON GORDON
Chartered Accountants

REVENUE FUND STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1987
(WITH COMPARATIVE FIGURES FOR 1986)

EXPENDITURE	1987	1986
Instruction	\$4,095,738	\$3,689,348
Plant operation and maintenance	564,675	578,017
Transportation	383,884	331,557
Debt charges and capital loan interest	40,199	23,919
Business administration	503,042	441,481
Other operating expenditure	255,743	166,271
Taxes written off	5,973	4,699
Transfers to Capital Fund	280,416	219,318
Tuition fees	37,539	33,882
TOTAL EXPENDITURE	6,167,209	5,488,492
RECOVERY OF EXPENDITURE		
Government of Canada	537,365	494,665
Government of Ontario	164,591	32,278
Other revenue	85,004	139,460
Other school boards	49,033	36,402
Total recovery of expenditure	835,993	702,805
NET EXPENDITURE	5,331,216	4,785,687
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General Legislative Grants	4,638,561	4,250,578
Local taxation		
Previous year's over (under) requisitions	(226,285)	(86,395)
Local taxation raised in current year	459,978	395,219
Transfer from reserve for working capital	146,000	
	5,018,254	4,559,402
Net under requisitions to be recovered from following year's taxation	\$ 312,962	\$ 226,285

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1987

- Significant account policies**
The financial statements of the Board have been prepared by management using accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted principles except as follows:
 - Basis of consolidation**
The balance sheet presents the financial position of the Revenue, Capital Reserve, and Capital Funds on a consolidated basis. Separate statements of operations are presented for the Revenue and Capital Funds.
The Revenue Fund is used to account for operational and administrative costs financed by the Province of Ontario, Government of Canada, participating organized and unorganized municipalities and miscellaneous sources.
The Capital Fund is used to account for all capital expenditures.
The Capital Reserve Funds represent funds appropriated for future capital projects which will be credited to Capital Fund Operations in the year of capital expenditure.
The Trust Funds are used in conjunction with the Board's Deferred Salary Leave Plan. This plan allows a teacher to defer a portion of his/her salary for several years and to take a year's leave from teaching. During the years of deferral the deferred salary is held in trust for the teacher by the Board. The Trust Funds, as described in note 6, are not reflected in these financial statements.
 - Accrual accounting**
The accrual method of reporting revenue and expenditure has been used except for the following:
Interest charges on long-term liabilities is not accrued from the due date of payment to the end of the fiscal year, and;
No provision has been made in these financial statements for the amount of sick leave benefits accumulated to December 31, 1987 which might be payable upon retirement to those employees remaining on staff after December 31, 1987 (see note 4).
 - Fixed assets**
Fixed assets are charges to current expenditure unless financed by long-term debt. Principal and interest charges on long-term liabilities are included in expenditure in the period due.
Fixed assets, described as unrecovered capital expenditure, are included on the balance sheet only to the extent of the balances of the related long-term liabilities outstanding and of the related temporary financing outstanding at the end of the fiscal year.
 - Long-term debt**
Debentures are recorded as unmatured debt in the year of sale.
- Bank indebtedness - demand loan**
This demand loan with the Canadian Imperial Bank of Commerce is authorized

CONSOLIDATED BALANCE SHEET

As at December 31, 1987
(with comparative figures at December 31, 1986)

ASSETS	1987	1986
Current		
Cash on hand and in bank	\$ 1,025	\$ 1,663
Accounts receivable	639,714	502,097
Deposits on site purchase and building construction contract (note 5)	613,064	
Net under requisitions	312,962	226,285
Prepaid expenses	26,395	36,957
TOTAL CURRENT ASSETS	1,593,160	767,002
Unrecovered capital expenditure	278,396	273,268
	<u>\$1,871,556</u>	<u>\$1,040,270</u>
LIABILITIES AND EQUITY		
Current		
Bank indebtedness - overdraft	\$ 207,261	\$ 102,416
- demand loan (note 2)	901,000	54,000
Accounts payable and accrued liabilities (note 4)	481,399	460,590
Debt charges due and unpaid		496
Total current liabilities	1,589,660	617,502
Long-term liabilities (note 3)	278,396	273,268
Equity:		
Reserve for working capital		146,000
Capital Reserve Funds - Board equity	157	157
- Ministry equity	3,343	3,343
	3,500	149,500
	<u>\$1,871,556</u>	<u>\$1,040,270</u>

(See notes to financial statements)

CAPITAL FUND STATEMENT OF OPERATIONS

For the year ended December 31, 1987
(with comparative figures for 1986)

CAPITAL EXPENDITURE	1987	1986
Buildings, furniture and equipment	\$280,416	\$216,531
House purchases	19,425	173,825
	<u>299,841</u>	<u>390,356</u>
Sources of recovery of capital expenditure:		
Transfers from Revenue Fund	280,416	219,318
Debenture principal payments included in Revenue Fund Expenditure	14,297	11,475
	<u>294,713</u>	<u>230,793</u>
Net increase in prior year's unrecovered capital expenditure	5,128	159,563
Unrecovered capital expenditure, beginning of year	273,268	113,705
	<u>\$278,396</u>	<u>\$273,268</u>

(See notes to financial statements)

by a borrowing resolution of the Board and bears interest at the bank's prime lending rate (9.75% at the year end).

- Long term liabilities**
Long term liabilities consist of debentures outstanding of \$88,734 and mortgages outstanding of \$189,662. Over the next five years the principal portion amounting to \$233,231 and interest amounting to \$46,648 are payable as follows:

	Principal	Interest	Total
1988	\$198,909	\$22,711	\$221,620
1989	7,610	7,018	14,628
1990	8,204	6,364	14,568
1991	8,843	5,658	14,501
1992	9,665	4,897	14,562
	<u>\$233,231</u>	<u>\$46,648</u>	<u>\$279,879</u>

- Liability for employee sick leave benefits**
Sick leave benefit plan
Under the sick leave benefit plan unused sick leave can accumulate to a certain maximum and, depending upon the number of days accumulated at the time of retirement, employees may become entitled to a cash payment, assuming that they are still employed by the Board at the time of their retirement.
These financial statements include a payment of \$38,221 (\$822 in 1986) for accumulated sick leave benefits which have accrued to employees who have terminated employment in 1987. However, as stated in note 1(b), no provision has been made for the benefits accumulated to December 31, 1987 which might be payable upon retirement to those employees remaining on staff after December 31, 1987. This liability is estimated at approximately \$233,500 at the year end.
- Subsequent event**
The Board is in the process of purchasing a site from the Township of Marathon for a school to be constructed in Marathon, Ontario. Subsequent to the year end, title to the land was transferred to the Board at a cost of \$389,623.
- Trust Funds**
These funds consist of cash and term deposits. Trust fund transactions are summarized as follows:

	1987	1986
Capital received during year	\$25,750	\$28,393
Interest earned during year	1,618	1,150
	27,368	29,543
Deferred salary payments during year	(47,504)	
	(20,136)	29,543
Fund balances, beginning of year	38,343	8,800
Fund balances, end of year	<u>\$18,207</u>	<u>\$38,343</u>