

The North of Superior District Roman Catholic Separate School Board Auditors' Report



TO 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, 1989 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, 1989 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 9, 1990

ERNST & YOUNG
Chartered Accountants

THE NORTH OF SUPERIOR DISTRICT ROMAN CATHOLIC SEPARATE SCHOOL BOARD REVENUE FUND STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1989 (with comparative figures for 1988)

EXPENDITURE	1989	1988
Instruction	\$3,841,167	\$3,974,940
Plant operation and maintenance	675,795	565,022
Transportation	390,171	388,079
Debt charges and capital loan interest (note 4)	47,432	39,839
Business administration	635,991	493,376
Other operating expenditure	254,994	396,002
Taxes written off	<u>1,066</u>	<u>1,132</u>
Transfers to Capital Fund	1,785,754	3,434,343
Tuition fees	<u>84,109</u>	<u>64,526</u>
TOTAL EXPENDITURE	<u>7,716,479</u>	<u>9,357,259</u>
RECOVERY OF EXPENDITURE		
Government of Canada	575,999	564,067
Government of Ontario	104,558	90,514
Other revenue	59,427	178,934
Other school boards	<u>21,206</u>	<u>32,794</u>
Total recovery of expenditure	<u>761,190</u>	<u>866,309</u>
NET EXPENDITURE	<u>6,955,289</u>	<u>8,490,950</u>
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General Legislative Grants - operating	4,914,506	4,841,792
- capital	1,723,359	3,021,996
Local taxation		
Previous year's over (under) requisitions	(443,531)	(312,962)
Adjustment to previous years' under requisitions		(19,941)
Local taxation raised in current year	596,038	516,534
	<u>6,790,372</u>	<u>8,047,419</u>
Net under requisitions to be recovered from following year's taxation (note 6)	<u>\$ 164,917</u>	<u>\$ 443,531</u>

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1989

- 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.
 - 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, 1989 which might be payable upon retirement to those employees remaining on staff after December 31, 1989 (see note 5).
 - 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 capital outlay to be recovered in future years, 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.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1989

1. Significant account policies (continued)

(d) Long-term debt -

(e) 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 reserve and reserve funds are approved by the Board and are within the limits defined in the Education Act.

(f) 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 decrease the net revenue requirement from rate payers.

2. Bank indebtedness - demand loan

This unsecured demand loan with the Canadian Imperial Bank of Commerce is authorized by a borrowing resolution of the Board and bears interest at the bank's prime lending rate (13.5% at year end).

3. Long-term liabilities

Long-term liabilities consist of debentures outstanding of \$71,877 and mortgages outstanding of \$225,982. Over the next five years the principal portion amounting to \$269,130 and interest amounting to \$52,646 are payable as follows:

	Principal	Interest	Total
1990	\$234,268	\$34,668	\$268,936
1991	8,843	5,658	14,501
1992	9,665	4,897	14,562
1993	7,855	4,065	11,920
1994	<u>8,499</u>	<u>3,358</u>	<u>11,857</u>
	<u>\$269,130</u>	<u>\$52,646</u>	<u>\$321,776</u>

Current portion of long-term liabilities is composed of the following:

	1989	1988
Mortgages due on demand	\$59,885	\$61,485
Mortgages due October 1, 1990	166,179	167,355
Debentures - current portion	<u>8,204</u>	<u>7,610</u>
	<u>\$234,268</u>	<u>\$236,450</u>

3. Long term liabilities (continued)

The nature of the collateral to support the mortgages is as follows:

- mobile home in Marathon and insurance;
- lot and mobile home in Marathon and
- three properties in Manitouwadge and fire insurance.

4. Debt charges and capital loan interest

The revenue fund expenditures for debt charges and capital loan interest include principal and interest payments as follows:

	1989	1988
Principal payments on long-term liabilities	\$10,468	\$12,569
Interest payments on long-term liabilities	<u>36,964</u>	<u>27,270</u>
	\$47,432	\$39,839

5. 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 \$17,045 (\$Nil in 1988) for accumulated sick leave benefits which have accrued to employees who have terminated employment in 1989. However, as stated in note 1(b), no provision has been made for the benefits accumulated to December 31, 1989 which might be payable upon retirement to the employees remaining on staff after December 31, 1989. This liability is estimated approximately \$256,400 at the year-end.

6. Net under requisitions

The board is negotiating with the Ministry of Education for additional funding for operational purposes. The funding must be approved via an order in council from the provincial government.