



THE NORTH OF SUPERIOR R.C.S.S. BOARD

Financial Statement 1990

AUDITORS' REPORT

The North of Superior District Roman Catholic Separate School Board
NOTES TO FINANCIAL STATEMENTS
 December 31, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING 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 accounting 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 charged 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, 1990 which might be payable upon retirement to those employees remaining on staff after December 31, 1990 (see note 5).

Fixed assets

Fixed assets are charged 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.

Long-term debt

Debentures are recorded as unmatured debenture debt in the year of sale.

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.

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 (12.75% at year end)

3. LONG - TERM LIABILITIES

Long-term liabilities consist of debentures outstanding of \$63,672 and mortgages outstanding of \$173,386. Over the next five years the principal portion amounting to \$217,610 and interest amounting to \$40,960 are payable as follows:

	Principal	Interest	Total
1991	\$182,310	\$26,047	\$208,357
1992	9,665	4,897	14,562
1993	7,855	4,065	11,920
1994	8,499	3,358	11,857
1995	9,281	2,593	11,874
	<u>217,610</u>	<u>40,960</u>	<u>258,570</u>

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

	1990	1989
Mortgages due on demand	\$56,198	\$59,885
Mortgages due October 1, 1991	117,269	166,179
Debentures - current portion	8,843	8,204
	<u>182,310</u>	<u>234,268</u>

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

- (a) Mobile home in Marathon and insurance;
 - (b) Lot and mobile home in Marathon; and
 - (c) Three properties in Manitowadge and fire insurance.
- The board expects to renew the mortgages on October 1, 1991 for another year.

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:

	1990	1989
Principal payments on long-term liabilities	\$60,801	\$10,468
Interest payments on long-term liabilities	<u>39,495</u>	<u>36,964</u>
	<u>100,296</u>	<u>47,432</u>

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 nil payment (\$17,045 in 1989) for accumulated sick leave benefits which have accrued to employees who have terminated employment in 1990. However, as stated in note 1, no provision has been made for the benefits accumulated to December 31, 1990 which might be payable upon retirement to those employees remaining on staff after December 31, 1990. This liability is estimated at \$301,700 at the year end.

6. PENSION PLAN COSTS

All non-teaching employees of the school board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer final average pay contributory plan. Employer contributions made to the plan during the year by the Board amounted to \$20,483 (\$12,246 in 1989). These amounts have been included in employee benefits expense in the Schedule of Expenditures.

Not shown in the financial statements of the Board are the employer's contribution to the Teacher's Superannuation Fund. The funding for such is provided directly by the Provincial government.

7. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The school board joined, effective January 1, 1987 for a five year period, the Ontario School Board Insurance Exchange, a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

8. SPECIAL GRANT

On November 21, 1990 an Order In Council approved a special grant to the Board to alleviate the financial burden on the ratepayers of the board. Under the Order In Council this special grant, which amounted to \$304,110 and which was received in December, 1990, was provided to specifically alleviate financial occurrences in prior years (1987 through 1989).

Projected enrolment related to Hemlo mine development which did not materialize as many chose to enroll in the schools of the public board - cost of excess teacher hiring and loss of legislative grant. \$106,674

Recruitment costs incurred to interview prospective teachers 73,868

Additional costs related to school building, site acquisition and suitability of site to meet the requirements of the Ministry of Education and Ministry of Environment 59,608

Additional costs for assistance of financial consultant 1988, 1989, and 1990 63,960

Less 1990 provision for consultative help 304,110

Grant relating to prior years (13,835)

290,275

In as much as the special grant of \$290,275 covered prior years' occurrences and was provided to offset the negative effect of these occurrences to the Board, and should not affect in any way the calculation of the 1990 general legislative grant and operating cost calculations, it has been included in the 1990 financial statement of the board along with other normal grant adjustments to prior years. The remaining \$13,835 is included in the Government of Ontario balance in the Revenue Fund Statement of Operations.

9. RESERVE FOR WORKING CAPITAL

A reserve for working capital of \$225,000 was set up for the current year, as follows:

	1990
Balance, beginning of year	Nil
Provision for year	\$225,000
Balance, end of year	<u>225,000</u>

10. SUBSEQUENT EVENT

On January 10, 1991, the Board issued a debenture for Holy Savior School in the amount of \$202,000.