



THE YORK REGION BOARD OF EDUCATION

AUDITORS' REPORT

TO THE TRUSTEES OF THE YORK REGION BOARD OF EDUCATION

We have audited the Balance Sheet of The York Region Board of Education as at December 31, 1993 and the Revenue Fund Statements of Operations, the Capital Fund Statement of Operations and the Capital Reserve Fund Statements of Continuity 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, 1993 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.

W. Crothers
W. Crothers
Chair of the Board

Markham, Ontario
April 15, 1994

CHARTERED ACCOUNTANTS

BALANCE SHEET

December 31	1993	1992
ASSETS		
CURRENT		
Cash	\$ 6,678	\$ 6,678
Accounts receivable		
Municipalities - supplementary taxes, etc.	6,347,005	6,769,641
Other school boards	6,411,363	6,935,440
Government of Ontario	4,039,396	5,860,240
Government of Canada	197,065	75,228
Other	5,969,940	2,472,344
	<u>22,971,447</u>	<u>22,119,571</u>
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	161,755,565	142,759,790
	<u>\$184,727,012</u>	<u>\$164,879,361</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 16,072,707	\$ 4,841,986
Accounts payable and accrued liabilities		
Other school boards	4,168,353	2,040,836
Trade payables	36,833,343	38,296,430
Deferred income	17,758	2,416,153
	<u>57,092,161</u>	<u>47,595,405</u>
NET LONG TERM LIABILITIES (Notes 1(b) and 2)		
Unmatured debenture debt	99,346,945	96,703,321
Other long term liabilities	7,341,312	466,951
	<u>106,688,257</u>	<u>97,170,272</u>
RESERVE FOR WORKING FUNDS (Note 8)	15,915,055	14,638,549
EQUITY IN CAPITAL RESERVE FUND	5,031,539	5,475,135
	<u>\$184,727,012</u>	<u>\$164,879,361</u>

On behalf of the Board:

W. Crothers
Chair of the Board

W. Horgarth
Chief Executive Officer

REVENUE FUND STATEMENT OF OPERATIONS FOR ELEMENTARY AND SECONDARY SCHOOL PURPOSES

For the year ended December 31	1993	1992
EXPENDITURE		
Business administration	\$ 4,994,133	\$ 4,996,525
General administration	2,670,967	2,158,850
Computer services	4,115,850	4,340,138
Instruction	349,305,681	333,178,955
Plant operations and maintenance	49,011,740	48,776,438
Transportation	24,334,870	24,972,157
Tuition fees	9,227,643	7,747,060
Capital expenditures (non-allocable)	8,615,187	33,286,623
Debt charges and capital loan interest (Note 3)	24,288,229	23,728,144
Other operating expenditures	2,670,785	2,291,685
Non-operating expenditure, excluding transfers to reserves	8,966,315	8,196,806
TOTAL EXPENDITURE	488,201,400	493,673,381
RECOVERY OF EXPENDITURE		
Other school boards - tuition fees and miscellaneous	13,889,443	11,809,614
Government of Ontario-miscellaneous	276,480	76,157
Government of Canada	428,451	305,991
Individuals - tuition fees	1,098,867	1,339,623
Other revenue, excluding transfers from reserves	3,470,624	4,945,698
TOTAL RECOVERY OF EXPENDITURE	19,163,865	18,477,083
NET EXPENDITURE	\$ 469,037,535	\$ 475,196,298
FINANCING OF NET EXPENDITURE		
Government of Ontario - General		
Legislative Grants	\$ 48,969,465	\$ 70,988,406
Local taxation		
Local taxation raised in current year	420,640,344	391,008,036
(Increase) decrease in reserves other than reserve for refund of taxes	(572,274)	13,199,856
	<u>\$ 469,037,535</u>	<u>\$ 475,196,298</u>

CAPITAL FUND STATEMENT OF OPERATIONS

For the year ended December 31	1993	1992
CAPITAL EXPENDITURE		
Capital assets and work in progress		
Buildings, furniture and equipment	\$ 37,404,001	\$ 43,268,641
School sites and improvements to sites	3,959,448	2,424,496
	<u>41,363,449</u>	<u>45,693,137</u>
Less: Federal sales tax rebate		553,254
	<u>\$ 41,363,449</u>	<u>\$ 45,139,883</u>
CAPITAL FINANCING		
Unexpended Funds at Beginning of year, or (Balance at Beginning of Year not Permanently Financed)		
Elementary	\$ (27,904,548)	\$ (31,886,241)
Secondary	(17,684,969)	(14,529,386)
Long term liabilities issued and sold	20,199,818	9,037,000
Capital expenditure financed from		
Revenue Fund	11,716,096	37,042,321
Transfer of Surplus Capital Funds to		
Revenue Fund	(30,256)	(113,328)
Balance at end of Year not Permanently Financed		
Elementary	34,994,370	27,904,548
Secondary	20,072,938	17,684,969
	<u>\$ 41,363,449</u>	<u>\$ 45,139,883</u>

CAPITAL RESERVE FUND STATEMENTS OF CONTINUITY

For the year ended December 31	1993	1992
ELEMENTARY SCHOOL PURPOSES		
Equity in capital reserve fund, beginning of year	\$ 2,520,255	\$ 3,497,032
Provided from revenue fund	393,974	784,998
Interest earned on investments	70,131	82,479
	<u>2,984,360</u>	<u>4,364,509</u>
Transfers to revenue fund	1,010,820	1,844,254
EQUITY IN CAPITAL RESERVE FUND, end of year	\$ 1,973,540	\$ 2,520,255
SECONDARY SCHOOL PURPOSES		
Equity in capital reserve fund, beginning of year	\$ 2,954,880	\$ 2,154,018
Provided from revenue fund		693,341
Interest earned on investments	103,119	107,521
EQUITY IN CAPITAL RESERVE FUND, end of year	\$ 3,057,999	\$ 2,954,880

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1993

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 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 unmaturing 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 expensed unless they are to be 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) Education Development Charge

The Education Development charge has been accounted for on the cash basis.

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1993

2. NET LONG TERM LIABILITIES

Of the net long term liabilities outstanding of \$106,688,257, principal amounting to \$52,048,719 plus interest amounting to \$52,365,753 is payable over the next five years as follows:

	Principal	Interest	Total
1994	\$ 9,996,356	\$11,576,518	\$ 21,572,874
1995	10,320,787	11,012,984	21,333,771
1996	10,569,205	10,396,473	20,965,678
1997	10,496,713	9,816,282	20,312,995
1998	10,665,658	9,563,496	20,229,154
Total	<u>\$52,048,719</u>	<u>\$52,365,753</u>	<u>\$104,414,472</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:

	Elementary	Secondary	1993 Total	1992 Total
Principal payments on long term liabilities including contribution to sinking funds	\$ 5,827,915	\$ 4,529,461	\$10,357,376	\$ 9,298,827
Interest payments on long term liabilities	6,711,375	4,640,213	11,351,588	11,415,164
Interest payments on temporary financing of capital projects	1,289,633	1,289,632	2,579,265	3,014,153
	<u>\$13,828,923</u>	<u>\$10,459,306</u>	<u>\$24,288,229</u>	<u>\$23,728,144</u>

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1993

4. RESERVE FOR WORKING FUNDS

The reserve for working funds is applicable to the elementary and secondary school operations of the Board as follows:

	1993	1992
Elementary	\$ 9,291,777	\$ 7,983,576
Secondary	6,623,278	6,654,973
	<u>\$15,915,055</u>	<u>\$14,638,549</u>

5. COMMITMENTS

The Board has entered into contractual obligations for completion of school projects on a continuing basis.

6. PENSION PLAN COSTS

All non-teaching employees of the School 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 \$2,985,624 (1992 - \$3,005,179). Those amounts have been included in employee 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.

7. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE

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

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1993

8. CHANGE IN GOVERNMENT FUNDING

The Ministry of Education and Training funded its portion of capital projects by direct capital grants up to March 31, 1993. This resulted in the government's portion of capital transactions being recognized as revenue and expenditure in the Revenue Fund Statement of Operations in the year incurred.

Subsequent to this date the government changed its method of funding capital projects pursuant to Bill 17, whereby all capital funding flows through the Ontario Financing Authority. This resulted in the government's portion of capital transactions being accounted for through the Capital Fund in the form of capital loans. Total projects which qualified for capital loans from the Ontario Financing Authority in the current year were \$8,247,117. The Board has received to date \$7,198,818 for which the terms of repayment are to be determined.

Repayments of the principal and interest on these advances will be funded by the Ministry of Education and Training.

9. CONTINGENT LIABILITY

The Board may be contingently liable in respect of pay equity for elementary non-degree teachers for the years ended December 31, 1990, 1991 and 1992. The amount of the eventual liability, if any, is at present not determinable.

10. SUBSEQUENT EVENT

The legality of the Education Development charge had been under dispute and only subsequent to the year end the Court of Appeal for Ontario ruled that the Education Development charge is collectible by the Board from owners of land undergoing residential and commercial development. These charges were not levied or accrued during the appeal process.