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AUDITORS' REPORT

To the Trustees of the
Huron-Perth Catholic District School Board:

We have audited the balance sheet of the Huron-Perth Catholic District School Board as at August 31st, 2003, and the revenue fund statement of operations, the capital fund statement of operations, the reserve and reserve funds statement of continuity and the statement of cash flows for the year then ended. These financial statements have been prepared to comply with Section 252 of the Education Act of Ontario. These financial statements are the responsibility of the 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 Canadian 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 Huron-Perth Catholic District School Board as at August 31st, 2003, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles described in Note 1 to the financial statements.

These financial statements, which have not been , and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Trustees of the Board and the Minister of Education of Ontario for complying with Section 252 of the Education Act of Ontario. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

MONTEITH, MONTEITH & CO.

CHARTERED ACCOUNTANTS.

Stratford, Ontario,
November 27th, 2003.

Statement 1

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
BALANCE SHEET
August 31st 2003

ASSETS

	2003 $	2002 $
Current:		
Cash	2,721,918	85,981
Cash - Workplace Safety Reserve Fund (Note 2)	51,465	53,747
Accounts Receivable (Note 4)	1,401,508	1,581,404
Prepaid Expense	151,398	72,133
	4,326,289	1,793,265
Capital Outlay to be Recovered in Future Years (Note 1(b))		
Not Permanently Financed (Statement 3)	197,746	2,483,540
Permanently Financed	4,537,166	4,849,886
	4,734,912	7,333,426
	9,061,201	9,126,691

LIABILITIES and RESERVE and RESERVE FUNDS

Current:		
Bank Indebtedness	--	1,237,606
Accounts Payable and Accrued Liabilities	209,143	277,735
Current Portion of Long-term Debt (Note 7)	330,165	312,720
Other	99,732	245,828
	639,040	2,073,889
Long-term Debt (Note 7)	4,207,001	4,537,166
Reserve and Reserve Funds: (Statement 4, Note 1(c))	4,215,160	2,515,636
	9,061,201	9,126,691

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

Statement 2

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
REVENUE FUND STATEMENT OF OPERATIONS
for the year ended August 31st 2003

	2003 $	2002 $
Expenditure:		
Classroom	21,407,260	20,247,842
Non-classroom	5,268,241	4,512,834
Administration	1,583,277	1,424,030
Pupil Transportation	4,090,179	3,793,010
Pupil Accommodation	5,159,832	4,749,628
Other Non-operating Expenditures	2,779	--
Total Expenditure	37,511,568	34,727,344
Recovery of Expenditure:		
School Boards - Tuition Fees and Other	165,836	157,688
Government of Ontario - Other	97,396	679,256
Individuals - Tuition Fees	--	303
Other Revenue Excluding Transfers from Reserve and Reserve Funds	142,244	41,552
Total Recovery of Expenditure	405,476	878,799
Net Expenditure	37,106,092	33,848,545
Financing of Net Expenditure:		
Government of Ontario General Legislative Grants	31,211,116	27,564,532
Local Taxation:		
Local Taxes Raised in the Current Period	7,594,500	7,429,854
Net (Increase) Decrease in Reserve and Reserve Funds:	(1,699,524)	(1,145,841)
Total Financing	37,106,092	33,848,545

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

Statement 3

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
CAPITAL FUND STATEMENT OF OPERATIONS
for the year ended August 31st 2003

	2003 $	2002 $
Capital Outlay to be Recovered in Future Years:		
Balance at Beginning of Year	2,483,540	8,030,131
Capital Expenditure:		
Capital Assets and Work in Progress		
New Pupil Places	29,846	374,920
School Renewal	604,543	461,091
Instructional Computers	155,018	166,113
Personalized Special Education Equipment	62,406	57,374
Other Capital Expenditures	302,008	33,939
Total Capital Expenditure	1,153,821	1,093,437
Capital Financing:		
Capital Expenditure Financed from the Revenue Fund	(1,615,908)	(1,640,028)
Other Capital Contributions	(1,823,707)	--
Long-term Debt Issued and Sold	--	(5,000,000)
	(3,439,615)	(6,640,028)
Balance at End of Year (Statement 1)	197,746	2,483,540

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

Statement 4

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
RESERVE AND RESERVE FUNDS STATEMENT OF CONTINUITY
August 31st 2003

	Beginning Balance	Transfers to Reserve/ Reserve Funds	Transfers from Reserve/ Reserve Funds	Ending Balance
	$	$	$	$
Reserve Funds:				
Pupil Accomodation	--	233,564		233,564
Ministry Equity Capital Reserve	56,466			56,466
Special Education - Access	11,899			11,899
Cafeteria Equipment Replacement	86,124	25,386		111,510
Equipment Replacement - Van	30,000		30,000	--
Capital - St. Marys Hesson	637,981			637,981
Capital - Stratford/Goderich Schools	--	600,000		600,000
Classroom Expenditure	--	678,042		678,042
Retirement Gratuities	--	169,683		169,683
Workplace Safety	477,151	22,849		500,000
Total Reserves Funds	1,299,621	1,729,524	30,000	2,999,145
Reserve:				
Working Funds	1,216,015			1,216,015
Total Reserve and Reserve Funds (Statement 1)	2,515,636	1,729,524	30,000	4,215,160

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

Statement 5

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
for the year ended August 31st 2003

	2003 $	2002 $
Cash Flows From Operating Activities:		
Net Change in Accumulated Surplus (Deficit)	--	--
Net Change in Non-Cash Working Capital (Note 10)	(114,057)	1,632,534
	(114,057)	1,632,534
Cash Flows From Financing and Investing Activities:		
Capital Outlay to be Recovered in Future Years	2,598,514	696,705
Increase (Decrease) in Bank Indebtedness	(1,237,606)	(2,767,882)
Increase (Decrease) in Bank Loan	--	(5,600,000)
Increase (Decrease) in Long-term Debt	(312,720)	4,849,886
Net Change in Reserve and Reserve Funds	1,699,524	1,145,841
	2,747,712	(1,675,450)
Net (Decrease) Increase in Cash	2,633,655	(42,916)
Cash, Beginning of Year:		
Cash	85,981	106,048
Cash, Workplace Safety Reserve Fund	53,747	76,596
	139,728	182,644
Cash, End of Year	2,773,383	139,728
Cash, End of Year:		
Cash	2,721,918	85,981
Cash, Workplace Safety Reserve Fund	51,465	53,747
	2,773,383	139,728

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD
NOTES to the FINANCIAL STATEMENTS
August 31st 2003

1. Significant Accounting Policies:

The financial statements have been prepared by the Board in accordance with Section 252 of the Education Act of Ontario using accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario school boards. These principles are consistent with those used in prior years. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as described in paragraphs (a) to (e):

(a) Accrual Accounting:

Revenue and expenditure are accounted for on the accrual basis of accounting, with the following exceptions:

(i) No provision has been made for interest on unmatured debenture debt from the date of payment to the year end.(See note 6)

(ii) No provision has been made to record the liability for employee future benefits except for $169,683 which represents the contingent liability for retirement gratuities for the current year. (See note 2)

(iii) The education portion of municipal supplementary taxes and tax write-offs has not been accrued for the calendar year 2003.

(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 expenditures permanently financed are included on the balance sheet only to the extent of the balance of the related net long-term liabilities outstanding. Capital expenditures not permanently financed are recorded separately on the balance sheet until permanent financing has been arranged.

(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 and its regulations.

1. Significant Accounting Policies: (Continued)

(d) Legislative Grants:

The legislative grants calculations are prepared annually by the school board and submitted to the Ministry of Education for final approval. Adjustments, if any, are recorded in the year in which they are made.

(e) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

2. Employee Future Benefit Plans:

I. Retirement Gratuities Plans:

(a) Upon retirement, after 12 years of consecutive service with this Board, employees who have applied for a pension under the provisions of the Teachers' Superannuation Act, or the Ontario Municipal Employees Retirement System shall be entitled to payment of a sick leave gratuity. The maximum sick leave gratuity payable on retirement is limited to 20% of annual salary at the date of retirement. In 2003, payments of $124,982 (2002 - $135,468) were made under these plans.

(b) An actuarial evaluation of the retirement gratuity plan was completed as at August 31, 2003. The projected future benefit obligation as determined by the actuary is $1,595,316. A provision for this contingency of $169,683 (2002 - $Nil) has been reflected in the financial statements.

2. Employee Future Benefit Plans: (Continued)

II. Workplace Safety and Insurance Board:

(a) The School Board is a schedule 2 employer under the Workplace Safety and Insurance Board. The School Board is responsible for any claims arising from workplace injury.

(b) In 2003, amounts were expensed of $46,621 (2002 - $49,512) regarding this plan.

(c) A reserve of $500,000 has been set up to meet potential future obligations.

(d) The future benefit obligation for this benefit plan is $46,621 (2002 - $83,385) as estimated by an actuary.

3. 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. No employee contributions were made to the plan prior to December 31, 2002 due to a contribution holiday that ended on that date. Subsequent to December 31, 2002, employee contributions of $55,812 were made to the plan.

Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Superannuation Fund. The funding for such is provided directly by the Government of Ontario.

4. Accounts Receivable

	2003 $	2002 $
Municipalities	875,408	784,052
Other School Boards	–	189
Government of Ontario	129,115	258,537
Government of Canada	234,135	432,534
Other	162,850	106,092
	1,401,508	1,581,404

5. Debt Charges and Capital Loans Interest:

The Revenue Fund expenditure for debt charges and capital loans interest includes principal and interest payments as follows:

	2003 $	2002 $
Principal payments on long-term liabilities	311,720	150,114
Interest payments on long-term liabilities	270,858	141,175
Interest payments on temporary financing of capital projects	51,788	117,240
	637,366	408,529

6. Debt Interest Accrual:

The amount of unaccrued interest on long-term debt from the date of payment to the year-end is $42,816 (2002 - $45,684).

7. Long-term Debt:

Long-term debt payments are summarized as follows:

	Principal $	Interest $	Total $
2004	330,165	252,413	582,578
2005	348,605	233,973	582,578
2006	368,100	214,478	582,578
2007	388,709	193,869	582,578
2008	410,497	172,081	582,578
Thereafter	2,691,090	611,184	3,302,274
	4,537,166	1,677,998	6,215,164

8. Contractual Obligations and Contingent Liabilities:

St. Josephs, Clinton and St. Marys, Hesson have been designated as prohibitive to repair by the Ministry of Education. These schools will be replaced in 2004. The Board has debentured 5.5 million dollars which will be repaid using prohibitive to repair new pupil place grants over the next twenty five year period.

9. Ontario School Board Insurance Exchange (OSBIE):

The school board is a member of 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.

10. Net Change in Non-cash Working Capital:

	2003 $	2002 $
Accounts Receivable	179,896	1,323,248
Prepaid Expense	(79,265)	574,420
Accounts Payable and Accrued Liabilities	(68,592)	(445,206)
Other	(146,096)	(180,072)
	(114,057)	1,632,534