

# *Monteith, Monteith & Co.*

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## AUDITORS' REPORT

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

We have audited the statement of financial position of the Huron-Perth Catholic District School Board as at August 31st, 2002, and the Revenue Fund Statement of Operations, the Capital Fund Statement of Operations and the Statement of Cash Flows for the year then ended. 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, 2002, 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.

***MONTEITH, MONTEITH & CO.***

CHARTERED ACCOUNTANTS.

Stratford, Ontario,  
November 20th, 2002.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**STATEMENT of FINANCIAL POSITION**  
 August 31st 2002

ASSETS

	<u>2002</u>	<u>2001</u>
	\$	\$
Current:		
Cash	85,981	106,048
Cash - Workplace Safety Reserve Fund (Note 2)	53,747	76,596
Accounts Receivable (Note 4)	1,581,404	2,904,652
Prepaid Expense	72,133	646,553
	1,793,265	3,733,849
Capital Outlay to be Recovered in Future Years (Note 1(b))		
Not Permanently Financed (Statement 3)	2,483,540	8,030,131
Permanently Financed	4,849,886	--
	7,333,426	8,030,131
	9,126,691	11,763,980

LIABILITIES and RESERVES

Current:		
Bank Indebtedness	1,237,606	4,005,488
Bank Loan	--	5,600,000
Accounts Payable and Accrued Liabilities	277,735	722,940
Current Portion of Long-term Debt (Note 8)	312,720	--
Other	245,828	65,757
	2,073,889	10,394,185
Long-term Debt (Note 8)	4,537,166	--
Reserves: (Note 1(c), 5)	2,515,636	1,369,795
	9,126,691	11,763,980

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**REVENUE FUND STATEMENT of OPERATIONS**  
for the year ended August 31st 2002

	<u>2002</u>	<u>2001</u>
	\$	\$
Expenditure:		
Classroom	20,247,842	19,100,968
Non-classroom	4,512,834	4,662,520
Administration	1,424,030	1,587,569
Pupil Transportation	3,793,010	3,920,647
Pupil Accommodation	4,749,628	5,011,375
Other Non-operating Expenditures	--	33,274
	<hr/>	<hr/>
Total Expenditure	34,727,344	34,316,353
	<hr/>	<hr/>
Recovery of Expenditure:		
School Boards - Tuition Fees and Other	157,688	394,337
Government of Ontario - Other	679,256	635,414
Individuals - Tuition Fees	303	4,218
Other Revenue Excluding Transfers from Reserves	41,552	90,684
	<hr/>	<hr/>
Total Recovery of Expenditure	878,799	1,124,653
	<hr/>	<hr/>
Net Expenditure	33,848,545	33,191,700
	<hr/>	<hr/>
Financing of Net Expenditure:		
Government of Ontario General Legislative Grants	27,564,532	25,715,234
	<hr/>	<hr/>
Local Taxation:		
Local Taxes Raised in the Current Period	7,429,854	7,391,617
	<hr/>	<hr/>
Net (Increase) Decrease in Reserves: (Note 5)	(1,145,841)	84,849
	<hr/>	<hr/>
Total Financing	33,848,545	33,191,700
	<hr/>	<hr/>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**CAPITAL FUND STATEMENT of OPERATIONS**  
for the year ended August 31st 2002

	<u>2002</u>	<u>2001</u>
	\$	\$
Capital Outlay to be Recovered in Future Years:		
Balance at Beginning of Year	<u>8,030,131</u>	<u>4,328,826</u>
Capital Expenditure:		
Capital Assets and Work in Progress		
New Pupil Places	374,920	5,139,690
School Renewal	461,091	686,709
Non-instructional Capital	--	5,479
Instructional Computers	166,113	114,510
Personalized Special Education Equipment	53,145	141,065
Other Capital Expenditures	<u>38,168</u>	<u>81,819</u>
Total Capital Expenditure	<u>1,093,437</u>	<u>6,169,272</u>
Capital Financing:		
Capital Expenditure Financed from the Revenue Fund	(1,640,028)	(2,467,967)
Long-term Debt Issued and Sold	<u>(5,000,000)</u>	<u>--</u>
	<u>(6,640,028)</u>	<u>(2,467,967)</u>
Balance at End of Year (Statement 1)	<u><u>2,483,540</u></u>	<u><u>8,030,131</u></u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**STATEMENT of CASH FLOWS**  
for the year ended August 31st 2002

	<u>2002</u>	<u>2001</u>
	\$	\$
Cash Flows From Operating Activities:		
Net Change in Accumulated Surplus (Deficit)	--	--
Net Change in Non-Cash Working Capital (Note 9)	1,632,534	(1,927,024)
	<u>1,632,534</u>	<u>(1,927,024)</u>
Cash Flows From Financing and Investing Activities:		
Capital Outlay to be Recovered in Future Years	696,705	(3,701,305)
Increase (Decrease) in Bank Indebtedness	(2,767,882)	1,250,888
Increase (Decrease) in Bank Loan	(5,600,000)	4,500,000
Increase (Decrease) in Long-term Debt	4,849,886	--
Net Change in Reserves	1,145,841	(84,849)
	<u>(1,675,450)</u>	<u>1,964,734</u>
Net (Decrease) Increase in Cash	(42,916)	37,710
Cash, Beginning of Year:		
Cash	106,048	60,120
Cash, Workplace Safety Reserve Fund	76,596	84,814
	<u>182,644</u>	<u>144,934</u>
Cash, End of Year	<u>139,728</u>	<u>182,644</u>
Cash, End of Year:		
Cash	85,981	106,048
Cash, Workplace Safety Reserve Fund	53,747	76,596
	<u>139,728</u>	<u>182,644</u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31st 2002

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 Training 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 unmatured 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.
- (iii) Supplementary taxes and tax write-offs have not been accrued for 2002.

(b) Capital Outlay to be Recovered in Future Years:

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 temporary financing.

(c) Reserves:

Reserves 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 are approved by the Board and are within the limits defined in the Education Act.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31st 2002

1. Significant Accounting Policies: (Continued)

(d) Legislative Grants:

The Legislative Grant calculations are prepared by the Board annually and submitted to the Ministry of Education and Training for their final approval. Ministry adjustments are recognized in the year of reassessment.

(e) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.
- (b) In 2002, payments of \$135,468 (2001 - \$197,024) were made under these plans.
- (c) No provision for this contingency has been reflected in the financial statements.
- (d) The board has a liability related to employee future benefits for the plans described in (a). The amount has not been disclosed as it has not been actuarially determined.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
 NOTES to the FINANCIAL STATEMENTS  
 August 31st 2002

2. Employee Future Benefit Plans: (Continued)

II. Workers' Safety 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 2002, amounts were expensed of \$49,512 (2001 - \$76,900) regarding this plan.
- (c) A reserve of \$477,151 has been set up to meet potential future obligations.
- (d) The future benefit obligation for this benefit plan is \$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. Employer contributions made to the plan during the year by the Board amounted to \$Nil (2001 - \$Nil). Effective August 1st, 1998 the OMERS Board has introduced a temporary contribution holiday for active members and participating employers. It is anticipated that the holiday will continue until July 1, 2003.

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

	<u>2002</u>	<u>2001</u>
	\$	\$
Municipalities	784,052	847,071
Other School Boards	189	388,444
Government of Ontario	258,537	903,619
Government of Canada	432,534	656,273
Other	<u>106,092</u>	<u>109,245</u>
	<u>1,581,404</u>	<u>2,904,652</u>

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
 NOTES to the FINANCIAL STATEMENTS  
 August 31st 2002

5. Reserves:

	2002		
	Beginning Balance	Net Increase (Decrease)	Ending Balance
	\$	\$	\$
Workplace Safety	468,423	8,728	477,151
Working Funds	771,669	444,346	1,216,015
Ministry Equity Capital	56,466	--	56,466
Cafeteria Equipment Replacement	61,338	24,786	86,124
Equipment Replacement - Van	--	30,000	30,000
Capital - St. Marys Hesson	--	637,981	637,981
Special Education - Access	11,899	--	11,899
	<u>1,369,795</u>	<u>1,145,841</u>	<u>2,515,636</u>

6. Debt Charges and Capital Loans Interest:

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

	<u>2002</u>	<u>2001</u>
	\$	\$
Principal payments on long-term liabilities	150,114	--
Interest payments on long-term liabilities	141,175	--
Interest payments on temporary financing of capital projects	<u>117,240</u>	<u>332,294</u>
	<u>408,529</u>	<u>332,294</u>

7. Debt Interest Accrual:

The amount of unaccrued interest on long-term debt from the date of payment to the year-end is \$45,684 (2001 - \$Nil).

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**NOTES to the FINANCIAL STATEMENTS**  
August 31st 2002

8. Long-term Debt:

Long-term debt payments are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2003	312,720	269,858	582,578
2004	330,165	252,413	582,578
2005	348,606	233,972	582,578
2006	368,101	214,477	582,578
2007	388,709	193,869	582,578
Thereafter	<u>3,101,585</u>	<u>700,133</u>	<u>3,801,718</u>
	<u>4,849,886</u>	<u>1,864,722</u>	<u>6,714,608</u>

9. Net Change in Non-cash Working Capital:

	<u>2002</u>	<u>2001</u>
	\$	\$
Accounts Receivable	1,323,248	(1,043,498)
Prepaid Expense	574,420	(509,898)
Accounts Payable and Accrued Liabilities	(445,206)	(340,737)
Other	<u>180,072</u>	<u>(32,891)</u>
	<u>1,632,534</u>	<u>(1,927,024)</u>