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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 31, 2004, and the statements of financial activities and changes in financial position 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.

Except as explained in the following paragraph, 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.

Canadian generally accepted auditing standards require that school generated funds be included in the financial statements. As disclosed in Note 1, the Ministry of Education has indicated that they do not require school generated funds to be included in the financial statements until the 2004-2005 fiscal year and, accordingly, management has advised us that they have not quantified the balances and activities of the school generated funds for the current year. As a result, we have been unable to obtain sufficient audit evidence to form an opinion with respect to the possible amount of the balances and activities of school generated funds.

In our opinion, except that school generated funds balances and activities have not been included in the financial statements as referred to in the preceding paragraph, and except for the effect of adjustments, which we may have determined to be necessary had we been able to obtain sufficient information regarding this matter, these financial statements present fairly, in all material respects, the financial position of the Huron-Perth Catholic District School Board as at August 31, 2004, and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*MONTEITH MONTEITH & CO.*  
CHARTERED ACCOUNTANTS.

Stratford, Ontario,  
November 25, 2004.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
August 31 2004

Statement 1

	<u>2004</u>	<u>2003</u>
	\$	\$
Financial Assets:		
Cash	4,915,093	2,773,383
Accounts Receivable	2,265,781	1,401,508
Total Financial Assets	<u>7,180,874</u>	<u>4,174,891</u>
Financial Liabilities:		
Accounts Payable and Accrued Liabilities	484,910	251,959
Net Debt (Note 5)	9,678,708	4,537,166
Deferred Revenue - Reserves (Note 3)	918,458	979,971
Deferred Revenue - Other	227,078	99,732
Employee Benefits Payable (Note 4)	1,917,068	1,749,628
Total Financial Liabilities	<u>13,226,222</u>	<u>7,618,456</u>
Net Financial Assets (Liabilities)	(6,045,348)	(3,443,565)
Non-financial Assets		
Prepaid Expense	122,352	151,398
Net Assets	<u>(5,922,996)</u>	<u>(3,292,167)</u>
Financial Position:		
Operating Fund (Schedule 1)	34,595	--
Capital Fund (Schedule 2)	1,783,859	(197,746)
Reserve and Reserve Funds: (Schedule 3, Note 6)	3,965,360	3,235,189
Amounts to be Recovered (Note 7)	5,783,814	3,037,443
	<u>(11,706,810)</u>	<u>(6,329,610)</u>
Net Financial Position (Note 2)	<u>(5,922,996)</u>	<u>(3,292,167)</u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended August 31 2004

	2004 <u>Budget</u> \$	2004 <u>Actual</u> \$	2003 <u>Actual</u> \$
Revenues:			
Local Taxation	7,619,619	7,625,497	7,594,500
Provincial Legislative Grant	31,841,402	33,406,418	30,415,634
Provincial Grants - Other	85,000	145,624	1,921,103
School Boards - Tuition Fees and Other	155,873	157,572	165,836
Other Revenue	12,000	16,663	69,385
Investment Income	10,000	163,901	72,859
Total Revenues	<u>39,723,894</u>	<u>41,515,675</u>	<u>40,239,317</u>
Expenditures:			
Instruction	28,733,030	29,733,988	26,559,767
Administration	1,596,361	1,719,309	1,583,277
Transportation	4,199,802	4,180,046	4,090,179
School Operations and Maintenance	3,232,840	3,402,564	3,338,112
Pupil Accommodation	4,758,336	4,891,346	1,326,919
Other	--	190,205	2,779
Total Expenditures	<u>42,520,369</u>	<u>44,117,458</u>	<u>36,901,033</u>
Net Revenue (Expenditure)	(2,796,475)	(2,601,783)	3,338,284
Increase (Decrease) in Prepaid Expenses	--	(29,046)	79,265
Change in Net Assets (Liabilities)	<u>(2,796,475)</u>	<u>(2,630,829)</u>	<u>3,417,549</u>
Financing Transactions:			
Long-term Financing Issued	5,500,000	5,500,000	--
Debt Repayments	(721,920)	(358,458)	(312,720)
Increase (Decrease) in Unfunded Liabilities	--	235,658	85,007
Change in Amounts to be Recovered	<u>4,778,080</u>	<u>5,377,200</u>	<u>(227,713)</u>
Change in Fund Balances	1,981,605	2,746,371	3,189,836
Opening Fund Balances	<u>3,037,443</u>	<u>3,037,443</u>	<u>(152,393)</u>
Closing Fund Balances	<u><u>5,019,048</u></u>	<u><u>5,783,814</u></u>	<u><u>3,037,443</u></u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
for the year ended August 31 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
Operations:		
Net Revenue (Expenditure)	(2,601,783)	3,338,284
Sources and (Uses):		
Decrease (Increase) in Accounts Receivable	(864,273)	179,896
Increase (Decrease) in Accounts Payable and Accrued Liabilities	232,951	(71,460)
Increase (Decrease) in Deferred Revenue - Reserves	(61,513)	795,482
Increase (Decrease) in Deferred Revenue - Other	127,346	(146,097)
Increase (Decrease) in Employee Benefits Payable	167,440	87,876
	<u>(2,999,832)</u>	<u>4,183,981</u>
Net Change in Cash from Operations		
Financing:		
Increase (Decrease) in Bank Indebtedness	--	(1,237,606)
Increase (Decrease) in Long-term Debt	5,141,542	(312,720)
	<u>5,141,542</u>	<u>(1,550,326)</u>
Net (Decrease) Increase in Cash	2,141,710	2,633,655
Cash, Beginning of Year:	<u>2,773,383</u>	<u>139,728</u>
Cash, End of Year	<u><u>4,915,093</u></u>	<u><u>2,773,383</u></u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**SCHEDULE OF OPERATING FUND**  
for the year ended August 31 2004

	<u>2004</u> <u>Budget</u> \$	<u>2004</u> <u>Actual</u> \$	<u>2003</u> <u>Actual</u> \$
<b>Revenues:</b>			
Local Taxation	7,619,619	7,625,497	7,594,500
Provincial Legislative Grant	31,841,402	33,406,418	30,415,634
Provincial Grants - Other	85,000	145,624	97,396
School Boards - Tuition Fees and Other	155,873	157,572	165,836
Other Revenue	12,000	16,663	69,385
Investment Income	10,000	61,993	72,859
<b>Total Revenues</b>	<u>39,723,894</u>	<u>41,413,767</u>	<u>38,415,610</u>
<b>Expenditures:</b>			
Instruction	28,524,230	28,641,368	26,280,163
Administration	1,576,361	1,651,225	1,471,812
Transportation	4,199,802	4,180,046	4,090,179
School Operations and Maintenance	3,232,840	3,402,564	3,179,903
Pupil Accommodation	244,689	474,129	722,376
Other	--	190,205	2,779
<b>Total Expenditures</b>	<u>37,777,922</u>	<u>38,539,537</u>	<u>35,747,212</u>
<b>Net Revenue (Expenditure)</b>	1,945,972	2,874,230	2,668,398
<b>Increase (to) (Decrease) in Prepaid Expenses</b>	--	(29,046)	79,265
	1,945,972	2,845,184	2,747,663
<b>Financing Transactions:</b>			
Debt Repayments	(721,920)	(358,458)	(312,720)
Increase (Decrease) in Unfunded Liabilities	--	235,658	85,007
<b>Change in Amounts to be Recovered</b>	<u>(721,920)</u>	<u>(122,800)</u>	<u>(227,713)</u>
<b>Net Transfers (to) From Other Funds</b>			
Net Transfers (to) From Capital Fund	(1,224,052)	(2,059,526)	(1,615,908)
Net Transfers (to) From Reserve and Reserve Funds	--	(628,263)	(904,042)
	<u>(1,224,052)</u>	<u>(2,687,789)</u>	<u>(2,519,950)</u>
<b>Change in Operating Fund Balance</b>	--	34,595	--
<b>Opening Balance - Operating Fund</b>	--	--	--
<b>Closing Balance - Operating Fund</b>	<u>--</u>	<u>34,595</u>	<u>--</u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**SCHEDULE OF CAPITAL FUND**  
for the year ended August 31 2004

	<u>2004</u> <u>Budget</u> \$	<u>2004</u> <u>Actual</u> \$	<u>2003</u> <u>Actual</u> \$
Revenues:			
Provincial Grants - Other	--	--	<u>1,823,707</u>
Capital Expenditures:			
Instruction	208,800	1,092,620	279,604
Administration	20,000	68,084	111,465
School Operations and Maintenance	--	--	158,209
Pupil Accommodation	<u>4,513,647</u>	<u>4,417,217</u>	<u>604,543</u>
Total Expenditures	<u>4,742,447</u>	<u>5,577,921</u>	<u>1,153,821</u>
Net Revenue (Expenditure)	<u>(4,742,447)</u>	<u>(5,577,921)</u>	<u>669,886</u>
Long-term Financing	<u>5,500,000</u>	<u>5,500,000</u>	<u>--</u>
Net Transfers from (to) Operating Fund	<u>1,224,052</u>	<u>2,059,526</u>	<u>1,615,908</u>
Change in Capital Fund Balance	1,981,605	1,981,605	2,285,794
Opening Balance - Capital Fund	<u>(197,746)</u>	<u>(197,746)</u>	<u>(2,483,540)</u>
Closing Balance - Capital Fund	<u><u>1,783,859</u></u>	<u><u>1,783,859</u></u>	<u><u>(197,746)</u></u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**SCHEDULE OF RESERVE FUNDS**  
for the year ended August 31 2004

	<u>2004</u> <u>Budget</u> \$	<u>2004</u> <u>Actual</u> \$	<u>2003</u> <u>Actual</u> \$
Revenues:			
Investment Income	--	101,908	--
Net Transfers from (to) Operating Fund	--	628,263	904,042
Change in Reserve and Reserve Funds Balance	--	730,171	904,042
Opening Balance - Reserve and Reserve Funds	<u>3,235,189</u>	<u>3,235,189</u>	<u>2,331,147</u>
Closing Balance - Reserve and Reserve Funds	<u><u>3,235,189</u></u>	<u><u>3,965,360</u></u>	<u><u>3,235,189</u></u>

(SEE ACCOMPANYING NOTES to FINANCIAL STATEMENTS)

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

1. Significant Accounting Policies:

The financial statements have been prepared by management in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, except that school generated funds have not been included in these financial statements. The inclusion of school generated funds is not recommended by the Ministry of Education until 2004-2005 fiscal year and, as a result, management has not quantified these balances and activities for the 2003-2004 fiscal year.

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board with the exception of school generated funds which are not consolidated.

b) Trust Funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

c) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

e) Capital Assets

The historical cost and accumulated amortization of capital assets are not reported. Capital assets are reported as expenditures on the Consolidated Statement of Financial Activities in the year of acquisition.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

1. Significant Accounting Policies: (Continued)

f) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may be used only in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

g) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity and workers' compensation. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, the cost is recognized immediately in the period in which the events occur.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

1. Significant Accounting Policies: (Continued)

h) Reserves and Reserve Funds

Certain amounts, as approved by the Board trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

i) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

j) Investment Income

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds are reported as revenue in the period earned.

Investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education is added to the fund balance and forms part of the respective deferred revenue balances.

k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements. The budget figures are unaudited.

l) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

2. Adoption of Public Sector Accounting Recommendations:

Commencing in 2004, the Board has adopted generally accepted accounting principles applying the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Key elements of the changes to the balances reported include:

- (i) Establishing a liability on the Board's accounts for estimated employee future benefit obligations associated with employee pension plans and retirement gratuities. The restated statement of financial activities includes the cost of providing these benefits in the period earned.
- (ii) Establishing a liability for the accrued interest obligation in respect of debenture debt obligations that arises since the last payment date and restating the expenditure in the statement of financial activities to show only interest expense on an accrual basis, excluding payments on account of repayment of principal.
- (iii) Reporting amounts received that are subject to restrictions arising from legislation, regulations or agreements with external parties as deferred revenues. Previously such amounts were reported as revenues when received and accumulated in reserve funds. Amounts reported in the restated statement of financial activities include only revenues realized in the period expended in a manner consistent with the purpose specified.

To facilitate comparability, retroactive restatement has been made of the corresponding comparative figures for the 2003 year. A summary of the impact of key aspects of the restatement and the impact on amounts reported is set out below.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**NOTES to the FINANCIAL STATEMENTS**  
August 31 2004

2. Adoption of Public Sector Accounting Recommendations: (Continued)

	<u>2003</u>
	\$
 Capital Fund:	
Balance, Beginning of Year, as Previously Stated	–
Transfers of Not Permanently Financed amounts	<u>(2,483,540)</u>
Balance, Beginning of Year, as Restated	(2,483,540)
Net Revenue (Expenditure) for Year	669,886
Net transfers from Operating Funds	<u>1,615,908</u>
 Balance, End of Year	 <u><u>(197,746)</u></u>
 Reserve and Reserve Funds:	
Balance, Beginning of Year, as Previously Stated	2,515,636
Obligatory Reserves Funds Transferred to Deferred Revenue	<u>(184,489)</u>
Balance, Beginning of Year, as Restated	2,331,147
Net transfers from Operating Funds	<u>904,042</u>
 Balance, End of Year	 <u><u>3,235,189</u></u>
 Amounts to be Recovered:	
Balance, Beginning of Year, as Previously Stated	–
Net Long-Term Debt	(4,849,886)
Retirement and Other Employee Future Benefits Liability	(1,578,367)
Workplace Safety and Insurance Board	(83,385)
Interest Accrual	<u>(45,684)</u>
Balance, Beginning of Year, as Restated	(6,557,322)
Transactions during the Year	<u>227,712</u>
 Balance, End of Year	 <u><u>(6,329,610)</u></u>
 Net Financial Position, End of Year	 <u><u>(3,292,167)</u></u>

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
**NOTES to the FINANCIAL STATEMENTS**  
August 31 2004

3. Deferred Revenue:

The use of certain reserve funds are restricted by the provincial government regulations. It is a requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants that these reserve funds be reported as deferred revenue.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2004 is comprised of:

	<u>2004</u>	<u>2003</u>
	\$	\$
Classroom	50,000	678,042
Pupil Accommodation	798,713	233,564
Special Education	12,139	11,899
Ministry Equity Capital Reserve (M.E.C.R.)	<u>57,606</u>	<u>56,466</u>
	<u><u>918,458</u></u>	<u><u>979,971</u></u>

4. Retirement and Other Employee Future Benefits:

	<u>2004</u>	<u>2003</u>
	\$	\$
Retirement and Other Employee Future Benefit Liabilities:		
Accrued Employee Future Obligations at August 31, 2004	1,843,644	1,703,007
W.S.I.B. Future Benefits	<u>73,424</u>	<u>46,621</u>
	<u><u>1,917,068</u></u>	<u><u>1,749,628</u></u>
Retirement and Other Employee Benefit Expenses:		
Current Year Benefit Cost	190,731	188,366
Interest on Accrued Benefit Obligations	<u>94,923</u>	<u>87,823</u>
	<u><u>285,654</u></u>	<u><u>276,189</u></u>

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

4. Retirement and Other Employee Future Benefits: (Continued)

Retirement Benefits

(i) Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. From January 1, 2003 to December 31, 2003, eligible employees contributed at reduced rates of up to 2.6% of earnings. Effective January 1, 2004 employee contribution rates returned to levels of up to 8.8% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2004, the Board contributed \$210,236 (2003 - \$55,812) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

(iii) Retirement Gratuities

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 2004, payments of \$119,826 (2003 - \$124,982) were made under these plans.

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

4. Employee Future Benefit Plans: (Continued)

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 2004, amounts were expensed of \$28,191 (2003 - \$39,988) regarding this plan.
- (c) The future benefit obligation for this benefit plan is \$73,424 (2003 - \$46,621) as estimated by an actuary. A reserve of \$500,000 has been set up to meet this and potential future obligations.

5. Net Long-term Liabilities:

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	<u>2004</u>	<u>2003</u>
	\$	\$
Canadian Imperial Bank of Commerce Repayable at \$31,953 on the first of day of July and January including interest at 4.92% calculated semi-annually not in advance. Due January 1, 2011	391,755	436,257
Canadian Imperial Bank of Commerce Repayable at \$32,469 on the first of day of July and January including interest at 5.26% calculated semi-annually not in advance. Due January 1, 2011	398,190	440,506
Canadian Imperial Bank of Commerce Repayable at \$196,686 on the first of day of July and January including interest at 6.08% calculated semi-annually not in advance. Due January 1, 2014	3,020,274	3,220,823

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
NOTES to the FINANCIAL STATEMENTS  
August 31 2004

5. Net Long-term Liabilities: (Continued)

Canadian Imperial Bank of Commerce Repayable at \$30,181 on the first of day of July and January including interest at 3.73% calculated semi-annually not in advance. Due January 1, 2011	396,783	439,580
C.I.B.C. Mellon Trust Company Repayable at \$63,634 semi-annually as interest and commencing on November 7, 2004 \$32,846.44 shall be deposited annually in a sinking fund. Interest is at 5.30% per annum due May 7 and November 7 Due November 7, 2013	2,401,270	--
C.I.B.C. Mellon Trust Company Repayable at \$118,157 on the seventh of day of May and November including interest at 5.80% per annum not in advance. Due November 7, 2028	<u>3,070,436</u>	<u>          --</u>
	9,678,708	4,537,166
Less: Sinking Fund Assets	<u>          --</u>	<u>          --</u>
Balance as at August 31, 2004	<u><u>9,678,708</u></u>	<u><u>4,537,166</u></u>

Principal payments relating to net long-term liabilities of \$9,678,708 outstanding as at August 31, 2004 are due as follows:

	<u>Principal and Sinking Fund Contributions</u>	<u>Interest</u>	<u>Total</u>
2004/05	440,525	538,480	979,005
2005/06	463,496	515,509	979,005
2006/07	487,784	491,221	979,005
2007/08	513,470	465,535	979,005
2008/09	540,633	438,372	979,005
Thereafter	<u>7,232,800</u>	<u>2,821,624</u>	<u>10,054,424</u>
Net Long-term Liabilities	<u><u>9,678,708</u></u>	<u><u>5,270,741</u></u>	<u><u>14,949,449</u></u>

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
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5. Net Long-term Liabilities: (Continued)

Included in net long-term debt are outstanding debentures of \$2,401,270 (2003 \$Nil) secured by sinking fund assets with a carrying value of \$Nil (market value - \$Nil).

6. Reserve and Reserve Funds

The total balances of reserve and reserve funds of \$3,965,360 (2003 - \$3,235,189) are comprised of the following:

	<u>2004</u>	<u>2003</u>
	\$	\$
Reserve:		
Working Funds	<u>1,216,015</u>	<u>1,216,015</u>
Reserve Funds:		
Retirement Gratuities	366,678	169,683
Workplace Safety and Insurance Board	500,000	500,000
Cafeteria	123,454	111,510
Capital Projects	<u>1,759,213</u>	<u>1,237,981</u>
	<u>2,749,345</u>	<u>2,019,174</u>
	<u><u>3,965,360</u></u>	<u><u>3,235,189</u></u>

**HURON-PERTH CATHOLIC DISTRICT SCHOOL BOARD**  
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7. Amounts to be Recovered in Future Years:

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	<u>2004</u>	<u>2003</u>
	\$	\$
Net Long-Term Debt	9,678,708	4,537,166
Retirement and Other Employee Future Benefits Liability	1,843,644	1,703,007
Workplace Safety and Insurance Board	73,424	46,621
Interest Accrual	<u>111,034</u>	<u>42,816</u>
	<u>11,706,810</u>	<u>6,329,610</u>

8. Debt Charges and Capital Loans and Leases Interest

The expenditure for debt charges, capital loans and capital leases interest includes principal, sinking fund contributions and interest payments as follows:

	<u>2004</u>	<u>2003</u>
	\$	\$
Principal payments on long-term liabilities including contributions to sinking funds	358,458	312,720
Interest payments on long-term liabilities	<u>474,129</u>	<u>365,462</u>
	<u>832,587</u>	<u>678,182</u>

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8. Expenditures by Object:

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	2004 <u>Budget</u> \$	2004 <u>Actual</u> \$	2003 <u>Actual</u> \$
Current Expenditures:			
Salary and wages	25,655,760	25,405,053	23,602,719
Employee benefits	3,287,540	3,296,397	3,018,845
Staff development	256,100	436,022	350,520
Supplies and services	3,358,106	3,663,209	3,776,111
Interest	244,689	474,129	365,462
Rental expenditures	15,900	17,512	71,505
Fees & Contract Services	4,835,827	4,844,636	4,456,617
Other	124,000	402,579	105,433
Capital Expenditures	<u>4,742,447</u>	<u>5,577,921</u>	<u>1,153,821</u>
	<u>42,520,369</u>	<u>44,117,458</u>	<u>36,901,033</u>

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 licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain risks.

10. Contractual Obligations and Contingent Liabilities:

The school board has borrowed an additional \$5,000,000 at an interest rate of 5.483% for a 25 year period starting November 26, 2004 and maturing November 26, 2029. The loan is to be repaid with semiannual payments of \$184,898.