

Financial Statements of

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

August 31, 2003



Auditors' Report

To the Chairman and Members of the
Wellington Catholic District School Board:

We have audited the balance sheet of Wellington Catholic District School Board as at August 31, 2003 and the statements of operations for the revenue fund and the capital fund and the reserve funds statement of continuity 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 Board as at August 31, 2003 and the results of its operations for the year then ended in accordance with the basis of accounting 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.

A handwritten signature in black ink that reads "Deloitte Touche LLP".

Chartered Accountants

November 14, 2003

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WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Balance Sheet

August 31, 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Accounts receivable		
Municipalities	\$ 33,610	\$ 33,610
Government of Ontario	2,165,046	1,398,702
Government of Canada	449,536	224,255
Other	977,188	1,219,975
Investments (Note 2)	5,399,635	65,000
Deferred charges (Note 3)	-	175,343
	<u>9,025,015</u>	<u>3,116,885</u>
CAPITAL ASSETS NOT PERMANENTLY FINANCED	10,079,396	17,235,785
CAPITAL ASSETS PERMANENTLY FINANCED	66,058,504	34,905,028
	<u>\$ 85,162,915</u>	<u>\$ 55,257,698</u>
LIABILITIES		
CURRENT		
Bank and other short-term borrowings (Note 4)	\$ 4,895,907	\$ 8,164,181
Accounts payable and accrued liabilities	5,733,612	3,636,976
	<u>10,629,519</u>	<u>11,801,157</u>
LONG-TERM DEBT (Note 6)	65,512,238	34,905,028
OBLIGATION UNDER CAPITAL LEASE (Note 8)	546,266	-
	<u>76,688,023</u>	<u>46,706,185</u>
FUND BALANCES		
Deficit for the year	(691,491)	(53,697)
Reserve funds	9,166,383	8,605,210
	<u>\$ 85,162,915</u>	<u>\$ 55,257,698</u>

APPROVED ON BEHALF OF THE BOARD

..... Chairman of the Board

..... Director of Education

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Revenue Fund Statement of Operations

Year Ended August 31, 2003

	<u>2003</u>	<u>2002</u>
EXPENDITURE		
Classroom	\$ 33,392,789	\$ 31,570,849
Non-classroom	7,605,337	7,163,944
Administration	3,040,461	2,605,694
Pupil transportation	4,204,092	3,825,965
Pupil accomodation	10,853,196	7,285,940
Other non-operating expenditure (excluding transfers to reserves)	22,455	5,693
TOTAL EXPENDITURE	59,118,330	52,458,085
RECOVERIES OF EXPENDITURE		
Other school boards	582,089	492,943
Government of Ontario	2,023	787,325
Other (Note 9)	578,069	1,597,903
	1,162,181	2,878,171
NET EXPENDITURE	57,956,149	49,579,914
NET EXPENDITURE FINANCED BY:		
Government of Ontario General Legislative Grants	40,402,226	35,899,420
Transfer from (to) reserve funds	508,336	(2,699,358)
Local taxation	16,354,096	16,326,155
	57,264,658	49,526,217
NET UNDER REQUISITION REQUIRED TO BE APPLIED TO FUTURE TAXATION	\$ 691,491	\$ 53,697

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Capital Fund Statement of Operations

Year Ended August 31, 2003

	<u>2003</u>	<u>2002</u>
CAPITAL EXPENDITURE		
New pupil places	\$ 22,540,412	\$ 22,568,963
School renewal	1,049,163	186,972
Instructional computers	37,671	76,758
ISA equipment	95,320	40,259
EDC capital	1,741,721	4,371,666
Other capital expenditures	519,776	132,656
TOTAL CAPITAL EXPENDITURE	\$ 25,984,063	\$ 27,377,274
CAPITAL FINANCING		
Balance at beginning of year not permanently financed	\$ (17,235,785)	\$ (17,835,156)
Capital expenditure from the Revenue Fund	1,340,482	436,645
Proceeds on issue or sale of debenture	31,799,970	27,540,000
Balance at end of year not permanently financed	10,079,396	17,235,785
TOTAL CAPITAL FINANCING	\$ 25,984,063	\$ 27,377,274

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Reserve Funds Statement of Continuity

Year Ended August 31, 2003

	<u>Pupil Accommodation Allocation</u>	<u>Education Development</u>	<u>2003 Total</u>	<u>2002 Total</u>
BALANCE, BEGINNING OF YEAR	\$ 7,029,633	\$ 1,575,577	\$ 8,605,210	\$5,905,852
TRANSFERS TO THE RESERVE FUND	-	557,384	557,384	2,682,443
EARNINGS ON RESERVE FUND INVESTMENT	335,831	176,294	512,125	16,915
TRANSFERS FROM THE RESERVE FUND	508,336	-	508,336	-
BALANCE, END OF YEAR	\$ 6,857,128	\$ 2,309,255	\$ 9,166,383	\$8,605,210

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Financial Statements

Year Ended August 31, 2003

1. ACCOUNTING POLICIES

These financial statements have been prepared by the Board in accordance with Section 252 of the Education Act using 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 paragraph (a) to (d).

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 (see Note 6).
- (ii) No provision is made to record the liability for employee future benefits as described in the CICA Handbook – section 3461 (see Note 10).
- (iii) The education portion of municipal supplementary taxes and tax write-offs has not been accrued for the calendar year 2003.
- (iv) Vacation pay is recorded as a salary expense when it is paid (See Note 5).

b) Capital assets

The acquisition of capital assets is expensed unless they are or will 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.

d) Accumulated deficit (surplus) at year end

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 reduce the net revenue requirement.

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Financial Statements

Year Ended August 31, 2003

1. ACCOUNTING POLICIES (continued)

e) Legislative Grant

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

f) 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, 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.

g) Financial instruments

The balance sheet values for short-term investments are stated at the lower of cost or market value.

2. INVESTMENTS

Investment include balance amount from the proceeds of debentures issued. The amount was held in a dual rate bank account and has been fully utilised for purpose debentures were issued.

3. DEFERRED CHARGES

Deferred charges represent the current year's expenditures on projects to be funded in the following year(s).

4. BANK AND OTHER SHORT-TERM BORROWINGS

Short-term borrowings are unsecured and bear interest at prime minus 1/4%.

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Financial Statements

Year Ended August 31, 2003

5. UNUSED VACATION DAYS ACCRUAL

The amount of unused vacation days that has not been accrued is \$187,499.

6. UNMATURED DEBENTURE DEBT

Of the total unmatured debenture debt outstanding of \$62,512,238, principal amounting to \$10,746,302 plus interest amounting to \$18,819,426 is payable over the next five years as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	3,484,398	4,030,332	\$ 7,514,730
2005	1,655,653	3,860,527	5,516,180
2006	1,776,608	3,756,947	5,533,555
2007	1,851,393	3,644,609	5,496,002
2008	1,978,250	3,527,011	5,505,261
2009 and thereafter	54,765,936	34,447,521	89,213,457
	<u>\$ 65,512,238</u>	<u>\$ 53,266,947</u>	<u>\$ 118,779,185</u>

The unmatured debenture debt relates to the purchase of school sites and the construction of schools.

The amount of unaccrued interest on long-term debt from the date of payment to the year end is \$1,449,057 (2002 - \$760,760).

7. DEBT CHARGES

The expenditure for debt charges and capital loan interest reported in the Revenue Fund Statement of Operations includes principal and interest payments as follows:

	<u>2003</u>	<u>2002</u>
Principal payments on debenture debt	\$ 1,284,856	\$ 688,972
Interest payments on debenture debt	3,253,824	1,495,184
	<u>\$ 4,538,680</u>	<u>\$ 2,184,156</u>

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Financial Statements

Year Ended August 31, 2003

8. OBLIGATION UNDER CAPITAL LEASE

Computer equipment costing \$621,873 was obtained on a five year capital lease from Scotia Bank on July 31, 2003. \$136,566 have been paid during the towards the base rent. Future base rent payments are as follows:

	<u>Base Rent</u>
2004	\$ 136,566
2005	136,566
2006	136,566
2007	136,566
	<hr/> <u>\$ 546,264</u>

Base rent includes the principal and interest. Taxes will need to be paid in addition to the base rent.

9. OTHER EXPENDITURE RECOVERIES

Other expenditure recoveries include earnings on temporary investments, reimbursement for services and other miscellaneous items that are in the nature of recovery of expenditure.

10. EMPLOYEE FUTURE BENEFITS

Retirement Gratuities

Upon retirement, subject to meeting qualifying conditions, certain employees of the Board are entitled to a retirement gratuity.

Retirement gratuities paid in 2003 amounted to \$47,418 (2002 - \$70,794).

No provision has been made for the future obligation in respect of employees who meet the vesting requirements. School Boards Co-operative Inc (SBCI) in their valuation report dated November 20, 2003 have valued the liability at \$1,300,681 as at August 31, 2003.

Post Retirement Benefits

Upon early retirement, subject to qualifying conditions, certain employees are eligible for health, dental and life benefits until the age of 65. As at August 31, 2003 there are 38 active members who are eligible for these benefits on retirement and 6 retired employees are currently receiving benefits.

Post retirement benefits paid in 2003 amounted to \$89,814.

No provision has been made for the future obligation in respect of employees who meet the requirements. School Boards Co-operative Inc (SBCI) in their valuation report dated November 20, 2003 have valued the liability at \$924,137 as at August 31, 2003.

WELLINGTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to the Financial Statements

Year Ended August 31, 2003

11. 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 pension plan with final average pay contributory provision. No employer contributions were made to the plan during the year due to a contribution holiday, which continues until January 1, 2004. Not shown in the financial statements by the Board are the employer's contributions to the Teachers' Pension Plan as funding is provided directly by the Provincial Government.

12. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE

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 other risks.

13. REVENUE FUND STATEMENT OF OPERATION

2002-03 Estimates

The 2002-03 estimates data shown on this schedule are the budget amounts approved by the board and submitted to the Ministry of Education. These amounts have not been audited by the board's external auditor and do not include the funding enhancements announced in December 2002. These enhancements are included in the actual revenues for the 2002-03 operations.

14. STATEMENT OF CASH FLOWS

A statement of Cash Flows is not required by the Ministry of Education.

15. FINANCIAL INSTRUMENTS

The balance sheet value for short-term investments, accounts receivable, short-term borrowing, accounts payable and accrued liabilities approximates fair market value because of their limited term. The intention of the Board is to retire the debt to maturity and therefore we have not determined the fair value of the long-term debt since the cost to do so would not be justified. Fair value estimates are made as at the balance sheet date based on relevant information and information about the financial instruments.

16. SUBSEQUENT EVENTS

Subsequent to August 31, 2003, the School Board sold certain properties under conditional sales contracts for proceeds totalling \$3,040,000.

The School Board also acquired computer equipment under a capital lease totalling \$745,825.

17. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to current year presentation.