

Financial Statements of

**DISTRICT SCHOOL BOARD OF NIAGARA**

Year ended August 31, 2002



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## **AUDITORS' REPORT**

To the Trustees and Ratepayers of the  
District School Board of Niagara

We have audited the balance sheet of the District School Board of Niagara as at August 31, 2002 and the revenue fund statement of operations and the capital fund statement of operations 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 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 school board as at August 31, 2002 and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

**KPMG LLP**

Chartered Accountants

St. Catharines, Canada

November 22, 2002

# DISTRICT SCHOOL BOARD OF NIAGARA

## Balance Sheet

August 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
<b>Revenue Fund</b>		
Bank	\$ 4,233,985	\$ 5,097,942
Temporary investments, at cost	16,040,000	21,555,000
Accounts receivable:		
Municipalities	12,188,231	11,701,309
Province of Ontario	526,451	1,056,653
Government of Canada	-	36,912
Other	2,107,291	1,699,869
Inventories, at cost	526,780	506,507
Prepaid expenses	1,811,134	1,150,180
Due from capital fund	9,176,721	9,176,721
	46,610,593	51,981,093
<b>Reserve Funds</b>		
Due from revenue fund	23,707,937	26,485,535
	23,707,937	26,485,535
<b>Capital Fund</b>		
Capital outlay to be recovered in future years	10,361,955	10,678,951
	10,361,955	10,678,951
<b>Trust Funds</b>		
Cash and investment	1,432,297	1,412,099
Due from revenue fund	979,112	845,800
	2,411,409	2,257,899
	\$ 83,091,894	\$ 91,403,478

	2002	2001
<b>Liabilities</b>		
<b>Revenue Fund</b>		
Bank and other short-term borrowing	\$ 9,571,905	\$ 9,561,905
Accounts payable and accrued liabilities:		
Municipalities - other	-	-
Province of Ontario	-	-
Other	11,228,569	14,075,687
Due to other funds:		
Reserve funds	23,707,937	26,485,535
Trust funds	979,112	845,580
Deferred income	1,123,070	1,012,386
	<u>46,610,593</u>	<u>51,981,093</u>
<b>Reserve Funds</b>		
Reserves (note 3):		
Ministry special education	1,156,943	1,325,097
Other	22,550,994	25,160,438
	<u>23,707,937</u>	<u>26,485,535</u>
<b>Capital Fund</b>		
Due to revenue fund	9,176,721	9,176,721
Net long-term liabilities (note 4)	1,185,234	1,502,230
	<u>10,361,955</u>	<u>10,678,951</u>
<b>Trust Funds</b>		
Trust fund balances (note 5):		
Financed leave plan	1,432,297	1,407,224
Other	979,112	850,675
	<u>2,411,409</u>	<u>2,257,899</u>
	<u>\$ 83,091,894</u>	<u>\$ 91,403,478</u>

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Revenue Fund Statement of Operations

Year ended August 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Local taxation	\$ 103,030,168	\$ 103,831,940
Government of Ontario:		
Legislative grant	176,789,183	175,951,050
Other	3,977,111	3,660,762
	<u>180,766,294</u>	<u>179,611,812</u>
Government of Canada	268,524	423,991
Other:		
Tuition fees from individuals	739,215	814,395
School rentals	853,725	782,386
Proceeds on sale of property and equipment	1,478,007	2,927,593
Sundry	779,555	797,856
	<u>3,850,502</u>	<u>5,322,230</u>
	<u>287,915,488</u>	<u>289,189,973</u>
Net transfers from reserves	3,413,318	8,250,485
Total revenue	<u>291,328,806</u>	<u>297,440,458</u>
Expenditures:		
Classroom	183,176,685	187,380,804
Non-classroom	45,529,988	47,346,387
Administration	7,604,126	7,319,985
Pupil transportation	12,284,084	12,371,779
Pupil accommodation	28,730,159	30,905,420
Capital expenditure - unallocated	13,275,351	10,124,957
Other non-operating expenditure	16,958	156,448
Charges on net long-term liabilities (note 6)	711,455	1,834,678
Total expenditures	<u>291,328,806</u>	<u>297,440,458</u>
Excess of revenue over expenditure	-	-
Surplus, beginning of year	-	-
Surplus, end of year	\$ -	\$ -

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Capital Fund Statement of Operations

Year ended August 31, 2002, with comparative figures for 2001

	2002	2001
Working capital derived from:		
Revenue fund	\$ 13,353,810	\$ 15,262,616
Working capital applied to:		
Additions to capital assets	13,353,810	15,262,616
Increase in unfinanced capital expenditure	–	–
Unfinanced capital expenditure, beginning of year	9,176,721	9,176,721
Unfinanced capital expenditure, end of year	\$ 9,176,721	\$ 9,176,721

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Financial Statements

Year ended August 31, 2002

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## 1. Significant accounting policies:

These 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 Canadian 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 has been made to record the liability for employee future benefits accruing over the working lives of employees as described in the CICA Handbook – section 3461.
- (ii) No provision has been made for interest on unmatured debenture debt from the date of payment to the year-end.
- (iii) Vacation pay is recorded as a salary expense when it is paid.
- (iv) The education portion of municipal supplementary taxes and tax write-offs has not been accrued for the calendar year 2002.

### (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.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Financial Statements, page 2

Year ended August 31, 2002

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## 1. Significant accounting policies (continued):

### (d) 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.

### (e) Legislative grant:

The legislative grant is calculated based on actual expenditures. Calculations are prepared by the Board annually and submitted to the Ministry of Education. Any adjustments will be recorded in the year that they occur.

### (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 value for short-term investments, accounts receivable, short-term borrowing, accounts payable and accrued liabilities approximates fair value because of their limited term.

## 2. Employee future benefits:

The Board has a liability related to the following unfunded employee benefit plans.

### (a) Workers' Compensation:

The school board has assumed the liability for any cost awarded under the Workers' Compensation Act. An amount of \$3,112,667 (2001 - \$3,088,443) has been provided for this liability and is included on the balance sheet as a reserve fund. Payments charged against operations in the current year amounted to \$557,894 (2001 - \$546,768). The school board has contracted with an insurer for coverage of claims paid in excess of \$250,000 per employee accident.

The estimated future benefit obligation is \$2,194,000 which has been actuarially determined.



# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Financial Statements, page 3

Year ended August 31, 2002

## 2. Employee future benefits (continued):

### (b) Sick leave benefit plans:

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they retire or leave the Board's employment.

The Board has established a reserve of \$3,691,484 (2001 - \$ 5,630,079) to finance this future liability.

The amount paid and expensed in revenue fund statement of operations under all plans in 2002 was \$4,044,616 (2001 - \$8,275,245).

The liability has not been disclosed as it has not been actuarially determined.

### (c) Health and dental from retirees:

Employees who retired prior to 2000 were eligible to continue with Board health and dental plans until age 65. Union employees who retired after 1999 were no longer offered these benefits.

The liability has not been disclosed as it has not been actuarially determined.

## 3. Reserve funds:

	2002	2001
Balance, beginning of year	\$ 26,485,535	\$ 33,094,028
Contribution from revenue fund	2,752,550	2,842,729
Interest earned	635,720	1,641,992
	3,388,270	4,484,721
Contribution to revenue fund	(6,165,868)	(11,093,214)
Balance, end of year	\$ 23,707,937	\$ 26,485,535

## 4. Net long-term liabilities:

### (a) The balance of net long-term liabilities reported on the balance sheet is made up of the following:

	2002	2001
At the end of the year, the total outstanding principal amount	\$ 1,624,082	\$ 2,016,534
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by Le Conseil Scolaire Public du District Centre Sud Ouest. At the end of the year, the outstanding principal amount of this liability is	(438,848)	(514,304)

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Net long-term liabilities, at end of year	\$ 1,185,234	\$ 1,502,230
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# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Financial Statements, page 4

Year ended August 31, 2002

## 4. Net long-term liabilities (continued):

(b) Principal and interest due within each of the next five years on net long-term liabilities is as follows:

	Principal	Interest	Total
2003	\$ 472,774	\$ 134,480	\$ 607,254
2004	273,990	111,171	385,161
2005	297,470	85,832	383,302
2006	141,000	58,157	199,157
2007	–	52,429	52,429
Thereafter	485,000	157,284	642,284
	1,670,234	599,353	2,269,587
Less: Sinking fund assets	485,000	–	485,000
Net long-term liabilities	\$ 1,185,234	\$ 599,353	\$ 1,784,587

(c) The Board is contingently liable for long-term liabilities with respect to those for which the responsibility for the payment of principal and interest has been assumed by Le Conseil Scolaire Public du District Centre Sud Ouest. The total amount outstanding as at August 31, 2002 of \$514,304 (2001 - \$584,830) is not recorded on the balance sheet.

## 5. Continuity of trust funds:

	Financed Leave Plan	Other	Total
Balance, beginning of year	\$ 1,407,224	\$ 850,675	\$ 2,257,899
Add:			
Capital received	614,968	351,659	966,627
Interest earned	40,968	22,621	63,589
	655,936	374,280	1,030,216
Less:			
Disbursements	630,863	245,843	876,706
Balance, end of year	\$ 1,432,297	\$ 979,112	\$ 2,411,409

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Financial Statements, page 5

Year ended August 31, 2002

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## 6. Charges on net long-term liabilities:

The expenditure for debenture debt charges reported in the revenue fund statement of operations includes principal and interest payments as follows:

	2002	2001
Principal payments	\$ 537,180	\$ 1,547,380
Interest payments:		
Long-term liabilities	174,275	287,298
	711,455	1,834,678
Interest payments on temporary financing:		
Capital projects	347,081	592,324
	\$ 1,058,536	\$ 2,427,002

## 7. 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. No employer contributions were made to the plan during the year by the Board due to a contribution holiday that continues until December 31, 2002.

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 Provincial Government.

## 8. Ontario School Board Insurance Exchange:

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.

## 9. Employee benefit plans:

The Board has agreed to provide a group health and welfare plan for certain employees and has assumed the liability for payment of benefits under this plan. The Board has contracted with an insurer for coverage of claims paid in excess of \$10,000 per plan member per year. An amount of \$1,300,000 (2001 - \$2,100,000) has been provided for this liability.

## 10. Commitment:

The Board has committed capital building contracts in the amount of \$1,500,000.



