

Financial Statements of

**DISTRICT SCHOOL BOARD OF NIAGARA**

Year ended August 31, 2004



**KPMG LLP**  
**Chartered Accountants**

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## **AUDITORS' REPORT**

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

We have audited the consolidated statement of financial position of the District School Board of Niagara as at August 31, 2004 and the consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the School Board as at August 31, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

St. Catharines, Canada  
December 10, 2004

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Statement of Financial Position

August 31, 2004, with comparative figures for 2003

	2004	2003
<b>Financial Assets</b>		
Bank	\$ 3,697,665	\$ 3,427,439
Temporary investments, at cost	32,121,676	25,366,040
Accounts receivable:		
Municipalities	12,368,789	12,213,565
Province of Ontario	389,215	1,089,602
Government of Canada	568,859	884,281
Other	689,356	1,010,426
<b>Total financial assets</b>	<b>49,835,560</b>	<b>43,991,353</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	12,348,814	11,225,378
Other current liabilities	3,811,606	3,226,642
Deferred revenue – reserves (note 3)	828,473	1,309,959
Deferred revenue – other	330,102	506,453
Net long-term liabilities (note 5)	438,470	712,460
Employee future benefits (note 4)	32,660,770	32,596,132
<b>Total financial liabilities</b>	<b>50,418,235</b>	<b>49,577,024</b>
<b>Net financial assets (liabilities)</b>	<b>(582,675)</b>	<b>(5,585,671)</b>
<b>Non-Financial Assets</b>		
Inventories, at cost	466,075	489,294
Prepaid expenses	191,583	352,022
<b>Total non-financial assets</b>	<b>657,658</b>	<b>841,316</b>
<b>Net assets (liabilities)</b>	<b>\$ 74,983</b>	<b>\$ (4,744,355)</b>
<b>Financial Position</b>		
Operating fund	\$ 27,060	\$ 10,620
Reserve fund	30,527,524	25,642,693
School activities fund	3,617,300	3,843,970
<b>Total fund balance</b>	<b>34,171,884</b>	<b>29,497,283</b>
Amounts to be recovered (note 6)	(34,096,901)	(34,241,638)
<b>Net financial position</b>	<b>\$ 74,983</b>	<b>\$ (4,744,355)</b>

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Statement of Financial Activities

Year ended August 31, 2004, with comparative figures for 2003

	Budget	2004	2003
Revenue:			
Local taxation	\$ 104,163,171	\$ 105,760,194	\$ 104,673,454
Provincial Legislative grant	194,617,052	197,459,845	188,174,550
Provincial grant - Other	584,200	1,216,113	198,222
Government of Canada	-	303,276	387,933
Investment income	-	853,323	1,112,780
Other	300,000	6,481,643	13,156,228
School fundraising and other revenue	1,553,000	12,596,448	12,909,046
Total revenue	301,217,423	324,670,842	320,612,213
Expenditures:			
Instruction	239,682,213	240,092,313	231,629,191
Administration	8,066,949	8,322,522	7,907,173
Transportation	13,620,437	12,826,431	12,541,449
School operation and maintenance	31,819,017	32,338,220	30,611,381
Pupil accommodation	11,286,171	11,814,592	11,027,628
Other	-	1,450,650	537,502
School funded activities	-	12,823,118	12,508,221
Total expenditures	304,474,787	319,667,846	306,762,545
Net revenue (expenditure)	(3,257,364)	5,002,996	13,849,668
Increase (decrease) in prepaid expenses	-	(160,439)	133,222
Increase (decrease) in inventories	-	(23,219)	81,938
Increase in non-financial assets	-	(183,658)	215,160
Change in net assets (liabilities)	(3,257,364)	4,819,338	14,064,328
Financing transactions:			
Debt repayments and sinking fund contributions	(273,990)	(273,990)	(472,774)
Increase (decrease) in unfunded liabilities	-	129,253	(954,484)
Change in amounts to be recovered	(273,990)	(144,737)	(1,427,258)
Change in fund balances	(3,531,354)	4,674,601	12,637,570
Opening fund balances	21,202,916	29,497,283	16,859,713
Closing fund balances	\$ 17,671,562	\$ 34,171,884	\$ 29,497,283

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Statement of Changes in Financial Position

Year ended August 31, 2004, with comparative figures for 2003

	2004	2003
Operations:		
Net revenue (expenditure)	\$ 5,002,996	\$ 13,849,668
Sources and (uses):		
Accounts receivable	1,181,655	1,337,407
Accounts payable and accrued liabilities	1,104,709	511,276
Other current liabilities	584,964	789,638
Deferred revenues – reserves	(481,486)	153,016
Deferred revenue - other	(176,351)	(616,617)
Employee future benefits	83,365	(944,105)
Net increase in cash from operations	7,299,852	15,080,283
Financing:		
Long term liabilities	(273,990)	(472,774)
Change in cash and cash equivalents	7,025,862	14,607,509
Opening cash and cash equivalents	28,793,479	14,185,970
Closing cash and cash equivalents	\$ 35,819,341	\$ 28,793,479

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Schedule of Operating Fund

Year ended August 31, 2004, with comparative figures for 2003

	2003-04 Budget	2003-04 Actual	2002-03 Actual
<b>Revenues:</b>			
Local taxation	\$ 104,163,171	\$ 105,760,194	\$ 104,673,454
Provincial legislative grants	194,617,052	197,646,180	188,174,550
Provincial grants – other	584,200	1,029,778	198,222
Federal grants and fees	-	303,276	27,933
Investment income	-	266,405	461,994
Sundry	1,448,000	2,338,158	2,642,117
	<u>300,812,423</u>	<u>307,343,991</u>	<u>296,178,270</u>
<b>Expenditures:</b>			
Instruction	239,532,213	239,888,941	231,167,278
Administration	7,766,949	8,322,522	7,907,173
Transportation	13,620,437	12,826,431	12,541,449
School operations and maintenance	31,819,017	32,338,220	30,611,381
Pupil accommodation	111,171	111,171	203,547
Other	-	1,450,650	537,502
	<u>292,849,787</u>	<u>294,937,935</u>	<u>282,968,330</u>
Net revenue (expenditure)	7,962,636	12,406,056	13,209,940
Increase (decrease) in prepaid expenses	-	(23,219)	81,938
Increase (decrease) in inventories	-	(160,439)	133,222
	-	(183,658)	215,160
Debt principal repayments	(273,990)	(273,990)	(472,774)
Increase (decrease) in unfunded liabilities	-	129,253	954,484
	(273,990)	(144,737)	(1,427,258)
<b>Net transfers to (from) other funds:</b>			
Transfer (to) from Capital Fund	(11,220,000)	(7,763,308)	(9,588,604)
Transfer (to) from Reserve Fund	3,531,354	(4,297,913)	(2,440,913)
	(7,688,646)	(12,061,221)	(12,029,517)
Change in operating fund balance	-	16,440	(31,675)
Opening balance – Operating Fund	-	10,620	42,295
Closing balance – Operating Fund	\$ -	\$ 27,060	\$ 10,620

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Schedule of Capital Fund

Year ended August 31, 2004, with comparative figures for 2003

	2003-04 Budget	2003-04 Actual	2002-03 Actual
Revenues:			
Other revenues	\$ -	\$ 4,143,485	\$ 10,514,111
Capital expenditures:			
Instruction	45,000	203,372	101,913
Pupil accommodation	11,175,000	11,703,421	10,824,081
	11,220,000	11,906,793	10,925,994
Net revenue (expenditure)	(11,220,000)	(7,763,308)	(411,883)
Net transfers from other funds:			
Transfers from Operating Fund	11,220,000	7,763,308	9,588,604
Change in capital fund balance	-	-	9,176,721
Opening balance – Capital Fund	-	-	(9,176,721)
Closing balance – Capital Fund	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Schedule of Reserve Funds

Year ended August 31, 2004, with comparative figures for 2003

	2003-04 Budget	2003-04 Actual	2002-03 Actual
Revenues:			
Investment income	\$ -	\$ 586,918	\$ 650,786
Net transfers from (to other funds):			
Transfer from (to) operations	(3,531,354)	4,297,913	2,440,913
Change in reserved fund balance	(3,531,354)	4,884,831	3,091,699
Opening balance – Reserve Fund	21,202,916	25,642,693	22,550,994
Closing balance – Reserve Fund	\$ 17,671,562	\$ 30,527,524	\$ 25,642,693

See accompanying notes to financial statements.



# DISTRICT SCHOOL BOARD OF NIAGARA

## Consolidated Schedule of School Activities Funds

Year ended August 31, 2004, with comparative figures for 2003

	2003-04 Budget	2003-04 Actual	2002-03 Actual
Revenues:			
School fundraising and other revenues	\$ -	\$ 12,596,448	\$ 12,909,046
Expenditures			
School funded activities	-	12,823,118	12,508,221
Net revenue (expenditure)	-	(226,670)	(400,825)
Opening balance – School Activities Fund	-	3,843,970	3,443,145
Closing balance – School Activities Fund	\$ -	\$ 3,617,300	\$ 3,843,970

See accompanying notes to financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2004

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## 1. Significant accounting policies:

The financial statements are 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.

### (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.

School generated funds, which include the assets, liabilities, revenues, expenditures and fund balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

Education Foundation of Niagara  
School Generated Funds

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

### (b) Trust Funds:

Trust funds and their related operations administered by the board are not included in the consolidated financial statements, as these funds 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 recognize 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.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 2

Year ended August 31, 2004

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## 1. Significant accounting policies (continued):

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise 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) Temporary investments:

Temporary investments consist of marketable securities that are liquid short-term investments with maturities less than three months at the date of acquisition, and are carried on the Statement of Financial Position at cost.

### (f) Capital assets:

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

### (g) Deferred revenue - Reserves:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used 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

### (h) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance & health care benefits, retirement gratuity, and worker's 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 & 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 over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, 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. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group. Employee future benefits that accumulate but do not vest, have not been accrued.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 3

Year ended August 31, 2004

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## 1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits (continued):

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employee 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.

(l) Reserve 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. Transfer to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(j) Government Transfers:

Government transfers, including 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.

(k) 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 and special education is added to the fund balance and forms part of the respective deferred revenue balances.

(l) 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.

(m) 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from these estimates.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 4

Year ended 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 as disclosed in Note 1 to these financial statements. The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year.

Key elements of the changes to the balances reported include:

- Establishing a liability on the Board's accounts for estimated employee future benefit obligations associated with life insurance and health care benefits, retirement gratuity, workers' compensation and long-term disability and vacation pay earned but untaken. The restated statement of financial activities includes the cost of providing these benefits in the period earned.
- 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.
- 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.
- Consolidation of the Education Foundation of Niagara and School Generated Funds.

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.

	Fiscal 2004 net expenditure	Fiscal 2003 net expenditure	Sept. 1, 2003 fund balances
Recording employee future benefit and vacation pay	\$ (139,243)	\$ 942,826	\$ (33,488,501)
Recording interest on unmatured debenture debt obligations	9,990	11,658	(40,677)
Deferral of revenues subject to restrictions arising from legislation, regulations or agreements with external parties	484,202	(153,016)	(1,309,959)
Education Foundation of Niagara	16,440	(31,675)	10,620
School activities	(226,670)	400,825	3,843,970
<b>Total</b>	<b>\$ 144,719</b>	<b>\$ 1,170,618</b>	<b>\$ (30,984,547)</b>

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 5

Year ended August 31, 2004

## 2. Adoption of public sector accounting recommendations (continued):

Further, in adopting Canadian generally accepted accounting principles, the Board's financial statements include financial assets, liabilities, revenues and expenditures arising from school generated funds that have been determined to be under the Board's control commencing with the 2003-04 fiscal year. In reporting school generated funds, the net expenditure for the 2003-04 fiscal period was increased by \$226,670 (2003 - \$(400,825)) over amounts that would have otherwise been reported and the September 1, 2003 net financial assets increased by \$3,843,970.

## 3. Deferred revenue - reserve:

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 of agreement as at August 31, 2004 is comprised of:

	2004	2003
Pupil accommodation	\$ 463,588	\$ 120,443
Proceeds of disposition	250,000	-
Special education	-	1,189,516
Other	114,885	-
	<u>\$ 828,473</u>	<u>\$ 1,309,959</u>

The deferred revenue – reserves, reported on the consolidated statement of financial position, are made up of the following:

	2004	2003
Balance, beginning of year	\$ 1,309,959	\$ 1,156,942
Proceeds of disposition	4,393,485	1,337,390
Grants	455,315	120,443
Interest earned	2,715	32,574
Total revenue	<u>4,851,515</u>	<u>1,490,407</u>
Operating expenditures	1,189,516	-
Capital expenditures	4,143,485	1,337,390
Balance, end of year	<u>\$ 828,473</u>	<u>\$ 1,309,959</u>

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 6

Year ended August 31, 2004

## 4. Employee future benefits:

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		Other employee future benefits	2004 Total employee future benefits	2003 Total employee future benefits
Retirement and other employee future benefit liabilities	Retirement benefits			
Employee future benefits liability at August 31, 2004	\$ 28,934,349	\$ 3,726,421	\$ 32,660,770	\$ 32,596,132

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		Other employee future benefits	2004 Total employee future benefits	2003 Total employee future benefits
Retirement and other employee future benefit expenses	Retirement benefits			
Current year benefit costs	\$ 1,410,066	\$ 1,491,359	\$ 2,901,425	\$ 2,389,910
Interest on accrued benefit obligation	1,564,056	24,842	1,588,898	1,641,165
Employee future benefits expenses	\$ 2,974,122	\$ 1,516,201	\$ 4,490,323	\$ 4,031,075

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### Retirement benefits:

#### (i) Ontario teacher's pension plan:

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 the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 7

Year ended August 31, 2004

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## 4. Employee future benefits (continued):

### (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 \$1,525,020 (2003 - \$404,258) 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:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements. Sick leave that accumulates but does not vest, has not been accrued.

### (iv) Retirement life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age, at a cost to the retired member. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

### Other employee future benefits:

#### (i) Workplace Safety and Insurance Board obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

#### (ii) Long-term disability life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.



# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 8

Year ended August 31, 2004

## 4. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2004 are based on an actuarial valuation for accounting purposes as at August 31, 2004. These actuarial valuations were based on assumption about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	%
Inflation	2
Wage and salary escalation	3
Insurance and health care cost escalation	15 decreasing to 3 over 12 years
Dental cost escalation	6 decreasing to 3 over 4 years
Discount on accrued benefit obligations	5.5

As detailed on the Schedule of the Reserve Fund, the Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$7,153,397 at August 31, 2004 (2003 - \$6,995,722).

## 5. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position comprises the following:

	2004	2003
Debenture, bearing interest at 10% due March 9, 2005	\$ 167,470	\$ 320,460
Debenture, bearing interest at rates ranging from 8% to 8.125% due November 2, 2005	271,000	392,000
Sinking fund debenture, due May, 2010	485,000	485,000
Less sinking fund assets	(485,000)	(485,000)
<b>Balance as at August 31</b>	<b>\$ 438,470</b>	<b>\$ 712,460</b>

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 9

Year ended August 31, 2004

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

Principal payments relating to net long-term liabilities of \$438,470 outstanding as at August 31, 2004 are due as follows:

	Principal and sinking fund contributions	Interest including sinking fund payments	Total
2005	\$ 297,470	\$ 85,832	\$ 383,302
2006	141,000	58,156	199,156
2007	-	52,429	52,429
2008	-	52,429	52,429
2009	-	52,429	52,429
Thereafter	-	52,429	52,429
	\$ 438,470	\$ 353,704	\$ 792,174

Included in net long-term debt are outstanding debentures of \$485,000 (2003 - \$485,000) secured by sinking fund assets with a carrying value of \$485,000 (market value - \$485,000). Sinking fund assets are comprised of short-term deposits.

## 6. 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:

	2004	2003
Capital outlay to be recovered in future years:		
Net long-term debt (note 5)	\$ 438,470	\$ 712,460
Amounts to be financed in future years:		
Retirement and other employee future benefits liability (note 4)	32,660,770	32,596,132
Vacation accrual	966,974	892,369
Interest accrual	30,687	40,677
	\$ 34,096,901	\$ 34,241,638

# DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 10

Year ended August 31, 2004

## 7. 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:

	2004	2003
Principal payments on long-term liabilities	\$ 273,990	\$ 472,774
Interest payments on long-term liabilities	101,181	122,822
	<u>\$ 375,171</u>	<u>\$ 595,596</u>

## 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 Budget	2004 Actual	2003 Actual
Current expenditures:			
Salary and wages	\$ 218,035,180	\$ 216,374,132	\$ 209,312,959
Employee benefits	30,539,000	32,565,660	30,000,460
Staff development	1,141,164	1,042,292	535,043
Supplies and services	28,400,457	29,342,595	28,708,429
Interest	111,171	101,181	187,933
Rental expenditures	6,200	31,429	3,485
Fees and contract services	15,021,615	14,717,424	14,580,021
Other	-	763,222	-
Capital expenditures	11,220,000	11,906,793	10,925,994
School funded activities	-	12,823,118	12,508,221
	<u>\$ 304,474,787</u>	<u>\$ 319,667,846</u>	<u>\$ 306,762,545</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 other risks.

# DISTRICT SCHOOL BOARD OF NIAGARA

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Year ended August 31, 2004

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## **10. 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 \$1,600,000 (2003 - \$1,000,000) has been provided for this liability.



## MANAGEMENT REPORT

### Management's Responsibility for the Financial Statements

The accompanying financial statements of the District School Board of Niagara are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management (and by the Board's internal auditors).

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

A handwritten signature in cursive script that reads 'W.R. McLean'.

W.R. McLean,  
Director of Education & Secretary

A handwritten signature in cursive script that reads 'John R. Lawrence'.

John R. Lawrence,  
Superintendent of Business & Treasurer