

Financial Statements of

DISTRICT SCHOOL BOARD OF NIAGARA

Year ended August 31, 2005



District School Board of Niagara

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Warren Hoshizaki, Director of Education and Secretary

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 judgment, 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.

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 LLP, 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 black ink, appearing to read 'W. Hoshizaki', written over a horizontal line.

Warren Hoshizaki
Director of Education & Secretary

A handwritten signature in black ink, appearing to read 'John R. Lawrence', written over a horizontal line.

John Lawrence
Superintendent of Business & Treasurer

November 11, 2005



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, 2005 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, 2005 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
November 11, 2005

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Financial Position

August 31, 2005, with comparative figures for 2004

	2005	2004
		(Restated)
Financial Assets		
Cash and cash equivalents	\$ 38,904,689	\$ 35,819,341
Accounts receivable	14,781,320	14,016,219
Total financial assets	53,686,009	49,835,560
Financial Liabilities		
Accounts payable and accrued liabilities	19,851,859	16,160,420
Deferred revenue – reserves (note 3)	143,048	114,885
Deferred revenue – other	1,466,458	330,102
Net long-term liabilities (note 5)	141,000	438,470
Employee future benefits (note 4)	43,542,555	46,747,387
Total financial liabilities	65,144,920	63,791,264
Net financial assets (liabilities)	(11,458,911)	(13,955,704)
Non-Financial Assets		
Inventories, at cost	455,680	466,075
Prepaid expenses	-	191,583
Total non-financial assets	455,680	657,658
Net assets (liabilities)	\$ (11,003,231)	\$ (13,298,046)
Financial Position		
Operating fund	\$ 27,627	\$ 27,060
Reserve fund	33,750,200	31,241,112
Capital fund	(3,083,827)	-
School activities fund	3,308,589	3,617,300
Total fund balance	34,002,589	34,885,472
Amounts to be recovered (note 6)	(45,005,820)	(48,183,518)
Net financial position	\$ (11,003,231)	\$ (13,298,046)

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Financial Activities

Year ended August 31, 2005, with comparative figures for 2004

	Budget	2005	2004 (Restated)
Revenue:			
Local taxation	\$ 104,736,032	\$ 106,828,474	\$ 105,760,194
Provincial Legislative grant	202,447,611	204,616,210	196,797,094
Provincial grant - Other	528,200	4,780,528	1,029,773
Government of Canada	-	361,726	303,276
Investment income	300,000	1,168,010	856,038
Other	1,873,758	3,593,051	6,731,648
School fundraising and other revenue	-	16,954,403	12,596,448
Total revenue	309,885,601	338,302,402	324,074,471
Expenditures:			
Instruction	246,200,268	249,063,617	239,963,139
Administration	8,524,214	9,146,481	8,318,722
Transportation	13,471,317	13,691,801	12,826,171
School operation and maintenance	33,604,551	33,499,399	32,328,150
Pupil accommodation	7,806,079	11,513,945	11,804,602
Other	-	1,627,255	1,460,640
School funded activities	-	17,263,114	12,823,118
Total expenditures	309,606,429	335,805,609	319,524,542
Net revenue	279,172	2,496,793	4,549,929
Increase (decrease) in prepaid expenses	-	(191,583)	(160,439)
Increase (decrease) in inventories	-	(10,395)	(23,219)
Increase (decrease) in non-financial assets	-	(201,978)	(183,658)
Change in net assets (liabilities)	279,172	2,294,815	4,366,271
Financing transactions:			
Debt repayments and sinking fund contributions	(297,470)	(297,470)	(273,990)
Increase (decrease) in unfunded liabilities	-	(2,880,228)	(14,051)
Change in amounts to be recovered	(297,470)	(3,177,698)	(288,041)
Change in fund balances	(18,298)	(882,883)	4,078,230
Opening fund balances		34,885,472	30,807,242
Closing fund balances	\$	\$ 34,002,589	\$ 34,885,472

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Changes in Financial Position

Year ended August 31, 2005, with comparative figures for 2004

	2005	2004
		(Restated)
Operations:		
Net revenue	\$ 2,496,793	\$ 4,549,929
Sources and (uses):		
Accounts receivable	(765,101)	1,181,655
Accounts payable and accrued liabilities	3,691,439	1,708,400
Deferred revenues – reserves	28,163	114,885
Deferred revenue - other	1,136,356	(176,351)
Employee future benefits	(3,204,832)	(78,666)
Net increase in cash from operations	3,382,818	7,299,852
Financing:		
Long term liabilities	(297,470)	(273,990)
Change in cash and cash equivalents	3,085,348	7,025,862
Opening cash and cash equivalents	35,819,341	28,793,479
Closing cash and cash equivalents	\$ 38,904,689	\$ 35,819,341

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Schedule of Operating Fund

Year ended August 31, 2005, with comparative figures for 2004

	2004-05 Budget	2004-05 Actual	2003-04 Actual (Restated)
Revenues:			
Local taxation	\$ 104,736,032	\$ 106,828,474	\$ 105,760,194
Provincial legislative grants	202,447,611	204,616,210	196,797,094
Provincial grants – other	528,200	4,780,528	1,029,778
Federal grants and fees	-	361,726	303,276
Investment income	300,000	461,586	266,405
Sundry	1,873,758	2,596,081	2,588,158
Total revenue	309,885,601	319,644,605	306,744,905
Expenditures:			
Instruction	246,075,268	249,063,617	239,759,767
Administration	8,524,214	9,146,481	8,318,722
Transportation	13,471,317	13,691,800	12,826,171
School operations and maintenance	33,604,551	33,499,399	32,328,150
Pupil accommodation	769,504	(307,245)	101,181
Other	-	1,627,255	1,460,640
Total expenditures	302,444,854	306,721,307	294,794,631
Net revenue	7,440,747	12,923,298	11,950,274
Increase (decrease) in prepaid expenses	-	(10,395)	(23,219)
Increase (decrease) in inventories	-	(191,583)	(160,439)
Increase (decrease) in non-financial assets	-	(201,978)	(183,658)
Debt principal repayments	(297,470)	(297,470)	(273,990)
Increase (decrease) in unfunded liabilities	-	(2,880,228)	(14,051)
Change in amounts to be recovered	(297,470)	(3,177,698)	(288,041)
Net transfers to (from) other funds:			
Transfer (to) from Capital Fund	(7,161,575)	(7,740,391)	(7,763,308)
Transfer (to) from Reserve Fund	18,298	(1,802,664)	(3,698,827)
	(7,143,277)	(9,543,055)	(11,462,135)
Change in operating fund balance	-	567	16,440
Opening balance – Operating Fund		27,060	10,620
Closing balance – Operating Fund	\$	\$ 27,627	\$ 27,060

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Schedule of Capital Fund

Year ended August 31, 2005, with comparative figures for 2004

	2004-05 Budget	2004-05 Actual	2003-04 Actual
Revenues:			
Other revenues	\$ -	\$ 996,970	\$ 4,143,485
Capital expenditures:			
Instruction	125,000	206,068	203,372
Pupil accommodation	7,036,575	11,615,120	11,703,421
	<u>7,161,575</u>	<u>11,821,188</u>	<u>11,906,793</u>
Net revenue (expenditure)	(7,161,575)	(10,824,218)	(7,763,308)
Net transfers from other funds:			
Transfers from Operating Fund	7,161,575	7,740,391	7,763,308
Change in capital fund balance	-	(3,083,827)	-
Opening balance – Capital Fund		-	-
Closing balance – Capital Fund	\$ -	\$ (3,083,827)	\$ -

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Schedule of Reserve Funds

Year ended August 31, 2005, with comparative figures for 2004

	2004-05 Budget	2004-05 Actual	2003-04 Actual (Restated)
Revenues:			
Investment income	\$ -	\$ 706,424	\$ 589,633
Net transfers from (to other funds):			
Transfer from (to) operations	(18,298)	1,802,664	3,698,827
Change in reserved fund balance	(18,298)	2,509,088	4,288,460
Opening balance – Reserve Fund		31,241,112	26,952,652
Closing balance – Reserve Fund	\$	\$ 33,750,200	\$ 31,241,112

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Schedule of School Activities Funds

Year ended August 31, 2005, with comparative figures for 2004

	2004-05 Budget	2004-05 Actual	2003-04 Actual
Revenues:			
School fundraising and other revenues	\$ -	\$ 16,954,403	\$ 12,596,448
Expenditures			
School funded activities	-	17,263,114	12,823,118
Net revenue (expenditure)	-	(308,711)	(226,670)
Opening balance – School Activities Fund		3,617,300	3,843,970
Closing balance – School Activities Fund	\$	\$ 3,308,589	\$ 3,617,300

See accompanying notes to financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2005

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, 2005

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. Employee future benefits for sick leave that accumulate but do not vest have also been actuarially determined using the projected benefits method. 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.

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, 2005

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, 2005

2. Change in accounting policy:

In finalizing the transition to the accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Board has performed several restatements.

Key elements of the changes to the balances reported include:

- Establishing a liability on the Board's accounts for estimated accumulated sick leave obligations earned but untaken. The restated statement of financial activities includes the cost of providing these benefits in the period earned.
- According to PS 3410, reserves may only be externally restricted if the conditions have not been met to recognize the revenue. The Board has restated to transfer amounts from deferred revenue to internally restricted reserves as the Board had already met the required conditions to recognize these amounts..

To facilitate comparability, retroactive restatement has been made of the corresponding comparative figures for the 2004 year. A summary of the impact of key aspects of the restatement and the impact on amounts reported is set out below.

	Fiscal 2005 net expenditure	Fiscal 2004 net expenditure	Sept. 1, 2004 fund balances
Sick leave	\$ (549,566)	\$ (140,078)	\$ (14,086,617)
Deferred revenue - reserves	-	593,145	713,588
Total	\$ (549,566)	\$ 453,067	\$ (13,373,029)

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 5

Year ended August 31, 2005

3. Deferred revenue - reserves:

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, 2005 is comprised of:

	2005	2004
Other	\$ 143,048	\$ 114,885

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

	2005	2004
Balance, beginning of year	\$ 114,885	\$ -
Proceeds of disposition	-	250,000
Grants	7,913,189	458,030
Interest earned	2,678	-
Total revenue	7,915,867	708,030
Operating expenditures	7,887,704	-
Capital expenditures	-	593,145
Balance, end of year	\$ 143,048	\$ 114,885

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 6

Year ended August 31, 2005

4. Employee future benefits:

Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	2005 Total employee future benefits	2004 Total employee future benefits
Employee future benefits liability at August 31, 2005	\$ 26,467,208	\$17,075,347	\$ 43,542,555	\$ 46,747,387

Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	2005 Total employee future benefits	2004 Total employee future benefits
Current year benefit costs	\$ 1,296,507	\$ 1,041,291	\$ 2,337,798	\$ 2,901,425
Interest on accrued benefit obligation	1,217,211	636,581	1,853,792	1,588,898
Employee future benefits expenses	\$ 2,513,718	\$ 1,677,872	\$ 4,191,590	\$ 4,490,323

Total payments made during the year			\$ 7,310,342	\$ 5,628,775
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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, 2005

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. 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, 2005, the Board contributed \$2,116,000 (2004 - \$1,525,000) 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.

(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, 2005

4. Employee future benefits (continued):

Other employee future benefits (continued):

(iii) Sick leave:

The Board has accrued for sick leave that accumulates but does not vest.

The accrued benefit obligations for employee future benefit plans as at August 31, 2005 are based on an actuarial valuation for accounting purposes as at August 31, 2005. 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	2.5
Insurance and health care cost escalation	13 decreasing to 2 over 12 years
Dental cost escalation	5 decreasing to 2 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 \$8,313,709 at August 31, 2005 (2004 - \$7,153,397).

5. Net long-term liabilities:

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

	2005	2004
Debenture, bearing interest at 10% due March 9, 2005	\$ -	\$ 167,470
Debenture, bearing interest at rates ranging from 8% to 8.125% due November 2, 2005	141,000	271,000
Sinking fund debenture, due May, 2010	485,000	485,000
Less sinking fund assets	(485,000)	(485,000)
Balance as at August 31	\$ 141,000	\$ 438,470

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 9

Year ended August 31, 2005

5. Net long-term liabilities (continued):

Principal payments relating to net long-term liabilities of \$141,000 outstanding as at August 31, 2005 are due as follows:

	Principal and sinking fund contributions	Interest including sinking fund payments	Total
2006	\$ 141,000	\$ 58,156	\$ 199,156
2007	-	52,429	52,429
2008	-	52,429	52,429
2009	-	52,429	52,429
2010	-	52,429	52,429
	\$ 141,000	\$ 267,872	\$ 408,872

Included in net long-term debt are outstanding debentures of \$485,000 (2004 - \$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:

	2005	2004
Capital outlay to be recovered in future years:		
Net long-term debt (note 5)	\$ 141,000	\$ 438,470
Amounts to be financed in future years:		
Retirement and other employee future benefits liability (note 4)	43,542,555	46,747,387
Vacation accrual	1,301,354	966,974
Interest accrual	20,911	30,687
	\$ 45,005,820	\$ 48,183,518

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements, page 10

Year ended August 31, 2005

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:

	2005	2004
Principal payments on long-term liabilities	\$ 297,470	\$ 273,990
Interest payments on long-term liabilities	85,832	101,181
	\$ 383,302	\$ 375,171

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:

	2005 Budget	2005 Actual	2004 Actual
Current expenditures:			
Salary and wages	\$ 225,703,178	\$ 225,164,375	\$ 216,374,132
Employee benefits	31,660,660	29,567,674	32,422,356
Staff development	971,730	3,173,701	1,042,292
Supplies and services	25,470,367	28,133,552	29,342,595
Interest	1,069,504	76,056	101,181
Rental expenditures	34,380	33,195	31,429
Fees and contract services	8,054,345	15,890,996	14,717,424
Other	(820,304)	1,317,454	763,222
Capital expenditures	-	15,185,492	11,906,793
School funded activities	17,462,569	17,263,114	12,823,118
	\$ 309,606,429	\$ 335,805,609	\$ 319,524,542

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

Notes to Consolidated Financial Statements, page 11

Year ended August 31, 2005

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 \$1,426,000 (2004 - \$1,600,000) has been provided for this liability.

11. Expired contracts:

At August 31, 2005, the Board has outstanding agreements with the Occasional Elementary and Occasional Secondary Teachers Unions. The Board has accrued wage increases for these unions relating to the 2005 fiscal year.