

RAINY RIVER DISTRICT SCHOOL BOARD  
Financial Statement and Auditors' Report  
For the year ended August 31, 1999

Auditors' Report

To the Members of the Rainy River District School Board

We have audited the Balance Sheet of the Rainy River District School Board as at August 31, 1999, and the Revenue Fund Statement of Operations, the Capital Fund Statement of Operations and the Reserve Fund Statement of Continuity for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 1999, and the results of its operations for the year then ended in accordance with the accounting principles described in Note 1 to the financial statements.

November 5, 1999

BDO Dunwoody LLP

Fort Frances, Ont.

Chartered Accountants

Municipal Licence Number  
1054

RAINY RIVER DISTRICT SCHOOL BOARD

Balance Sheet

As At August 31, 1999

ASSETS	<u>1999</u>
Current Assets	
Cash	\$ 0
Investments at cost	0
Accounts receivable	
Local government	599,761
Other	3,891,692
Prepaid expense	117,905
Other current assets	0
Total Current Assets	\$ 4,609,358
Capital outlay to be recovered in future years	\$ 12,593,370
Other Assets	0
TOTAL ASSETS	<hr/> \$ 17,202,728

## LIABILITIES

### Current Liabilities

Bank and other short-term borrowing	\$ 918,677
Accounts payable and accrued liabilities	
Local Government	0
Other	3,624,425
Debt Charges due and unpaid	0
Other current liabilities	84,250
Total Current Liabilities	4,627,352
Net long-term liabilities	11,587,634
Reserve for working funds	873,448
Equity in reserve funds	114,294
Unexpended capital funds	0
Accumulated Surplus (Deficit) at year end	0

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TOTAL LIABILITIES

\$ 17,202,728

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Signed On Behalf Of The Board:

Warren Hoshizaki

Dennis Brunn

Director of Education

Chair of the Board

## Rainy River District School Board

### Notes to Financial Statements

August 31, 1999

#### 1. Significant Accounting Policies

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and Training and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:

##### (a) Accrual Accounting

Revenue and expenditure are accounted for on the accrual method except for:

(i) No provision is made for interest on unmatured debenture debt from the date of payment to the year-end.

(ii) No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.

(iii) Supplementary taxes and tax write offs have not been accrued for 1999.

##### (b) Capital Assets

Capital assets are expensed unless financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Capital assets including capital leases described as capital outlay to be recovered in future years, are included

on the balance sheet only to the extent of the balances of the related net long-term liabilities outstanding and of the related temporary financing at the year-end.

#### (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.

#### (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

### 2. Retirement Gratuity Plans

Under the sick leave benefit plan unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment. These accumulated days, to the extent that they could be used to determine the cash payment to an employee on terminating, amount to \$216,918 (1998 - \$125,000). No provision has been made on account of the sick leave benefit plan. Expenditures on account of sick leave retirement gratuities made in the year were \$520,340 (1998 - \$994,412).

Notwithstanding the use of reserve funds, recognition for General Legislative Grants purposes continues to be made in respect of the actual amounts paid to employees.

### 3. Not Long-term Liabilities

There were no net long-term liabilities outstanding at August 31, 1999 for which repayments of principal and interest are scheduled over the next five years. (Refer to Note #8 with respect to temporary financing that is in place for recent construction projects).

### 4. Area of Jurisdiction Without Municipal Organization

The Board performs the duties of levying and collecting taxes in territory without municipal organization. The amounts required for 1999 did not include outlay by the Board in respect of performing duties of a municipal council.

## 5. Revenue Fund Statement of Operations

The revenue fund expenditure for debt charges and capital loan interest includes principal and interest payments as follows:

Principal payment on long-term liabilities	
including contribution to sinking fund	\$ -
Interest payment on long-term liabilities	-
Interest payment on temporary financing of capital projects	<u>496,887</u>
	\$ 496,887
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## 6. Pension Plan Costs

Substantially all non-teaching employees of the School Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer final average pay contributory plan. Employer contributions made to the plan during the year by the Board amounted to \$NIL (1998 - \$65,420). Those amounts have been included in employee benefits expense in the Schedule of Expenditure.

Not shown in the financial statements of the Board are the employer's contribution to the Teachers' Pension Plan. The funding for such is provided directly by the Provincial Government.

## 7. Ontario School Board Insurance Exchange

The 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.

## 8. Contractual Obligations and Contingent Liabilities

### (a) Contracts for the construction of new buildings

The Board was involved in the construction of the Westfort Multi-Use Project. The cost of the high school portion of the project is estimated at \$21,250,000. The project will attract \$10,287,633 in grant from the

Ministry of Education and Training leaving a balance of \$10,962,367 for a debenture issue.

(b) Leasing of computers

During 1998, the Board entered into a leasing agreement with a bank to acquire educational computers at a cost of \$621,618. A payment of \$268,986 (1998 - 162,667) was made in 1999. After year-end, the following payments of principal and interest are required:

September 1, 1999 \$ 179,912

(c) Leasing of automotive equipment

During 1996, the Board entered into leasing agreements with a bank to acquire two school buses at a cost of \$122,808. The term of each lease is five years. Annual repayments total \$32,903.

During 1998, the Board entered into a leasing agreement with a bank to acquire two school buses at a cost of \$128,331. The term of the lease is eight years. Annual repayments total \$22,995.

During 1996, the Board guaranteed leasing agreements with a bank on four school buses owned by contracted bus operators. The cost of the four buses was \$250,260. The term of each lease is seven years and the annual repayments made by the contractors total \$51,940. In the event of default by the contractors, the Board will take possession of the buses.

During 1998, the Board guaranteed leasing agreements with a bank on three school buses owned by contracted bus operators. The cost of the three buses was \$191,000. The term of each lease is eight years and the annual repayments made by the contractors total \$34,224. In the event of default by the contractors, the Board will take possession of the buses.

During 1997, the Board entered into a leasing agreement with a bank to acquire two maintenance vehicles at a cost of \$42,683. The term of the lease is four years. Annual payments total \$12,207.

During 1998, the Board entered into a leasing agreement with a bank to acquire a delivery van at a cost of \$30,600. The term of the lease is four years. Annual payments total \$9,598.

(d) Leasing of other equipment

The board routinely acquires or replaces photo-copying equipment, telephone equipment and other equipment by ways of leasing through a bank or a supplier. Annual payments total some \$52,500.

## 9. Tax Levy

The Board was unable to issue the 1999 tax levy on unorganized areas. An estimate based on 1998's tax levy was used in the preparation of these financial statements.

## 10. Union Agreements

No accrual has been set up for estimated liabilities stemming from union agreements not settled by August 31, 1999.

## 11. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

If the year 2000 Issue is not addressed by the Board and its' major customers, suppliers and other third party business associates, the impact on the Board's operations and financial reporting may range from minor errors to significant systems failure which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those related to the efforts of the customers, suppliers, or other third parties, will be fully resolved.

# Rainy River District School Board

## Revenue Fund, Statement of Operations

For the year ended August 31, 1999

### Expenditure

Classroom	\$ 16,664,743
Non-classroom	4,499,254
Administration	1,514,774



Pupil transportation	2,058,037
Pupil accommodation	6,087,302
Other non-operating expenditure (excluding transfers to reserves)	387,903

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Total expenditure	<u>\$ 31,212,013</u>
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Recovery of Expenditure

School boards - other	\$ 150,948
Government of Ontario - other	341,377
Government of Canada	1,786,811
Individuals - tuition fees	11,250
Other Revenue (excluding transfers from reserves)	148,811

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Total recovery of expenditure	<u>\$ 2,439,197</u>
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NET EXPENDITURE	\$ 28,772,816
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Financing of Net Expenditures

Legislative grants \$ 21,679,958

Local taxes 6,742,272

Decrease (increase) in reserves 350,586

Previous year-end accumulated 0

surplus (deficit)

To be applied to the following year

Accumulated deficit (surplus) at year-end 0

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TOTAL FINANCING \$ 28,772,816

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Rainy River District School Board  
Capital Fund Statement of Operations  
For the year ended August 31, 1999

Capital Expenditure: 1998 / 1999

Capital Assets and Work In Progress

New Pupil places \$ 0

School Renewal	338,952
Non-instructional capital	27,442
Approved direct capital	9,778,307
Site purchases	0
Instructional computers	246,170
Personalized special education equipment	0
Other capital expenditures	<u>175,527</u>
Total Capital Expenditure	\$ 10,566,398

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Capital Financing:

Unexpended Funds at Beginning of Year, or (Balance at Beginning of Year not Permanently Financed)	\$ (5,360,742)
Long-Term Liabilities Issued and Sold	
Contributions from Government of Canada	
Capital Expenditure financed from the Revenue Fund	3,333,770
Transfer of Surplus Capital Funds to the Revenue Fund	
Balance at end of Year not Permanently Financed or	<u>12,593,370</u>

(Unexpended Funds at End of Year)

Total Capital Financing

\$ 10,566,398