

NOTES TO FINANCIAL STATEMENTS

August 31, 2002

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 are considered appropriate for Ontario School Boards. These principles are in accordance with Canadian generally accepted accounting principles except as noted in paragraphs (a) to (f):

a) Accrual Accounting

Revenue and expenditures 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 as described in the CICA Handbook – section 3461 (See note 3).
- ii. No provision has been made for interest on unmatured debenture debt from the date of payment to the year end (See note 4)
- 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 in the period acquired 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 following year to either increase or reduce the net revenue requirement.

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Legislative Grants

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

f) Trust Funds

Trust Funds and their related operations administered by the Board are not consolidated, but are reported separately on Schedule 6, Trust Funds Administered by the Board.

g) 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.

h) 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. The balance sheet value of the net long-term liabilities approximates fair value because the board's current rate of borrowing for similar debt instruments of comparable maturity is not materially different. Fair value estimates are made as at the balance sheet date based on relevant information and information about the financial instruments.

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2. ACCOUNTS RECEIVABLE – OTHER

The Accounts Receivable – Other balance includes tuition fees receivable from the First Nations as follows:

	Balance	2002	2002	Balance
	Aug. 31/01	Invoices	Payments	Aug. 31/02
Aroland First Nation	\$133,971	\$217,289	\$(346,538)	\$4,722
Biinjitiwaabik Zaaging Anishinaabek First Nation	134,950	157,923	(151,075)	137,798
Long Lake & Ginoogaming Ed Authority	94,673	0	(94,673)	0
Marten Falls First Nation	0	14,909	(14,171)	738
Northern Nishnawbe Education Authority	104	4,970	(4,828)	246
Pays Plat First Nation	44,063	0	(44,063)	0
Pic Mobert First Nation	93,769	238,543	(173,599)	158,713
Pic River First Nation	279,192	313,188	(576,879)	15,501
Red Rock First Nation	179,824	324,444	(261,487)	242,781
White Sands First Nation	0	14,909	(14,171)	738
	\$960,546	\$1,286,175	\$(1,685,484)	\$561,237

3. EMPLOYEE FUTURE BENEFITS

Under the Retirement Gratuity Plan, unused sick leave can accumulate and employees may become entitled to cash payment if certain criteria are met when they retire from the Board.

The amount paid in the current year in respect of retirements amounted to \$618,375 (2000/01; \$421,790); while the amount expensed in the current year in respect of retirements amounted to \$678,335 (2000/01; \$472,096).

The reserve for retirements at August 31, 2001 is \$2,500,225. This amount is included on the Balance Sheet in Equity in Reserve Funds.

The Board has a liability related to employee future benefits for the plan described above. The amount has not been disclosed as it had not been actuarially determined.

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4. DEBENTURE INTEREST ACCRUAL

The amount of unaccrued interest on net long-term debt from the date of payment to the year-end is \$6,046 (2000/01; \$7,950).

5. NET LONG-TERM LIABILITY REPAYMENTS

Net long-term liability payments due in each of the next two years, which will retire the Board's existing long-term liabilities, are as follows:

	Principal	Interest	Total
Debenture Debt:			
2002/2003	\$84,000	\$25,593	\$109,593
2003/2004	219,000	12,775	231,775
	303,000	38,368	341,368
Less Current Portion	(84,000)	(25,593)	(109,593)
	<u>\$219,000</u>	<u>\$12,775</u>	<u>\$231,775</u>

6. AREAS OF JURISDICTION WITHOUT MUNICIPAL ORGANIZATION

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. Certain costs are recoverable through a levy on all rateable property in the area and other costs (approved) are recoverable through an offset to the local taxation revenue.

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7. REVENUE FUND STATEMENT OF OPERATION

a) 2001/02 Estimates

The 2001/02 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.

b) Debt Charges, Capital Loans & Capital Leases Interest

The Revenue Fund expenditure for debt charges, capital loans and capital leases interest includes principal and interest payments as follows:

Principal payments on long-term liabilities	\$78,000
Interest payments on long-term liabilities	32,746
	<u>\$110,746</u>

8. OUTSTANDING CAPITAL COMMITMENTS

Included in Capital Outlay to be Recovered in Future Years is \$932,370. The Board is receiving an additional 80 pupil places to fund this account over the next twenty-two years.

9. PENSION PLAN COSTS

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 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 December 31, 2002.

Not shown in the financial statements of the Board are the employer's contributions to the Ontario Teacher's Pension Plan. The funding for such is provided directly by the Province of Ontario.

10. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

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. The Board is also insured with OSBIE for automotive coverage.

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11. SERVICE CONTRACT/CFSA APPROVAL WITH THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES

The Board has a Service Contract/CFSA Approval with the Ministry of Community and Social Services. One requirement of the Service Contract/CFSA Approval is the production by Management of a report, APER, which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of this report shows the Teacher Diagnostician services to be in a deficit position as at August 31, 2002.

12. SALARY DISCLOSURE

As required under the Public Salary Disclosure Act 1996, the following employees of the Board were paid salaries and benefits in excess of \$100,000 during the 2001 calendar year:

Name	Position	Salary	Benefits
Bruce Rousseau	Superintendent of Business	\$100,998.73	\$456.24
Heather Wilson-Boast	Director of Education	115,999.90	5,456.15

13. CONTINGENT LIABILITY

The Board has been named as the defendant in a certain legal actions, in which damages have been sought. The outcome of these actions is not determinable as at August 31, 2002 and accordingly, no provision has been made in these financial statements for any liability, which may result. Any losses arising from these actions will be recorded in the year that the related litigations are settled.