

The Board has no documented policies relating to capital assets, which at 30 June 2002 amounted to approximately \$42 million. Controls over capital assets were not adequate in that there was no capital asset ledger and assets were not tagged or periodically accounted for.

2.11 Monitoring School Boards

In 1996 the school system in the Province was reorganized with the dissolution of 27 church run school boards and the creation of 10 new English language school boards and one French language school board. As at 31 December 1996, there were approximately 445 schools in the Province with a total enrolment of 110,450 students. There were 317 schools in the Province for the 2002-03 school year with a total enrolment of 84,268 students.

As part of our audit work, we continue to monitor the financial position and annual operating results of the 11 school boards.

The combined financial position of the 11 school boards at 30 June 2003 shows a total accumulated deficit of \$134.899 million, a 7% increase from the \$126.467 million reported at 30 June 2002. All 11 boards reported increases in accumulated deficits for 2003. These accumulated deficits will eventually have to be funded by Government.

Provincial funding has increased from \$528.188 million in 2002 to \$554.381 million in 2003 and during this period, annual operating deficits have increased from \$2.048 million to \$7.247 million. Although 10 boards reported an annual operating deficit during the year, only District 7 had a deficit which was less than that reported in 2002.

At 30 June 2003, 6 of the 11 boards were in contravention of the *Schools Act, 1997* in that they incurred operating deficits, other than related to the accrual of severance and leave, without the approval of the Minister of Education.

2.12 Direct Equity Tax Credit Program

The Direct Equity Tax Credit Program was developed to encourage private investment in new or expanding small businesses as a means