
NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2008 & 2007

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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AUGUST 31, 2008

BOARD OF TRUSTEES AND SENIOR ADMINISTRATIVE PERSONNEL

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NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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NORTHEASTERN CATHOLIC DISTRICT

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2008

1. NATURE OF OPERATIONS

The Northeastern Catholic District School Board is an English Catholic school board formed in January 1998 from the English Language sections of four separate school boards. The School Board, which covers an area from Cobalt to Kapuskasing, Ontario, has one secondary and twelve elementary schools under its jurisdiction.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements are the responsibility of the Board's management and have been prepared in compliance with legislation and in accordance with Canadian 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 3 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 con

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject t

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits. 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 and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment income earned on externally restricted funds such as classroom, proceeds of disposition, transition 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 Board of 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 Canadian 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 Canadian generally accepted accounting

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

4. TAXATION REVENUE (CONT'D)

Due to the fact that actual taxation revenue may vary from the estimates, adjustments may be required in the future. Any adjustments will be reflected in the year in which the municipalities advise as to the final taxation amounts. These adjustments will affect the Legislative Grant in future years as the Grant is calculated as the difference between total allocations as per the Grant calculation provided by the

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

11. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (CONT'D)

The actuarial gains/losses are attributable to experience gains/losses relative to actuarial assumptions and to changes in actuarial assumptions. The difference between the Accrued Benefit Obligation (ABO) determined as at August 31, 2008, and reported accrued liability, represents the net actuarial gain/loss since the last valuation, which will be amortized using a straight-line method over the average remaining service life. The average remaining service lives of the active employees covered by the various benefit plans are 13, 17, and 20 years starting in the 2007-08 year.

(b) RETIREMENT BENEFIT EXPENSES

Retirement Benefits	Other Employee Future Benefits	Employee Future Benefits 2008	2007
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NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

11. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (CONT'D)

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates and also on some individual negotiated employee contracts. The amount of the gratuities paid to eligible employees at retirement is based on accumulated unused sick days, years of service and salary at the time of retirement as indicated in the employment agreements. 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. 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.

(d) 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) Gratuity

The Board offers a lump sum payment of 15% of their start salary after 5 years of service with the Board.

(iii) Sick Leave Accumulations

All regular full time employees are eligible to receive 2 days per month of paid absence per year due to illness or injury during the year.

The change in sick leave accumulations depends on usage of current year allocations of sick days. Accumulated sick bank balances are projected based on expected usage of sick days in each year. Employees who do not use their current allocation of sick days are assumed to accumulate 75% of their sick leave allocation for the year.

The accrued benefit obligations for employee future benefit plans as at August 31, 2008 are based on actuarial valuations for accounting purposes as at August 31, 2006. These actuarial valuations were

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

11. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (CONT'D)

	2008	2007
	%	%
Inflation	1.5	1.5
Wage and salary escalation	2.5	2.5
Insurance and health care cost escalation	12%-decrease 1% per year to 2%	12%-decrease 1% per year to 2%
Discount on accrued benefit obligations	4.5	4.5

As detailed on the Schedule of Reserves and Reserve Funds, the Board has designated reserve funds for certain of these employee future benefit obligations. The balance of these reserve funds totalled \$403,353 as at August 31, 2008 (2007 - \$388,538).

12. NON-FINANCIAL ASSETS

Non-financial assets reported on the Statement of Financial Position consist of prepaid expenses.

13. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

The amounts to be recovered in future years reported on the Statement of Financial Position are comprised of:

	2008	2007
AMOUNTS TO BE FINANCED IN FUTURE YEARS		
Net long-term liabilities	\$ 5,904,108	\$ 4,857,694
Accrued interest on net long-term liabilities	107,797	91,207
Retirement and other employee future benefits liability (Note 11)	3,866,443	3,840,557
Vacation accrual	185,610	230,542
	\$ 10,063,958	\$ 9,020,000

14. OTHER FEES AND REVENUES

	2008	2007
Transfer from transition deferred revenue	57,869	161,964
Other Agencies	412,763	522,429
Other Fees	34,790	46,800
	\$ 505,422	\$ 731,193

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

18. FINANCIAL INSTRUMENTS AND CREDIT RISK (CONT'D)

(c) Interest rate risk

The Board is exposed to interest rate risk for certain of its financial assets and liabilities. Under the demand operating facility, the Board may have short-term borrowings for working capital purposes, which would expose them to fluctuations in short-term interest rates.

19. COMMITMENTS

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF CAPITAL FUND

YEARS ENDED AUGUST 31

	-----2008-----		2007
	Budget (unaudited)	Actual	Actual
EXPENDITURES			
Instruction	\$ 297,000	\$ 315,182	\$ 436,234
Administration	10,000	5,884	32,455

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF RESERVES AND RESERVE FUNDS

YEARS ENDED AUGUST 31

	-----2008-----		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
Interest income	\$ 30,000	\$ 29,978	\$ 32,517
NET REVENUES (EXPENDITURES)	30,000	29,978	32,517
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) operating fund	(128,097)	-	-
Transfers from (to) capital fund	-	-	(59,003)
NET TRANSFERS FROM (TO) OTHER FUNDS	(128,097)	-	(59,003)
CHANGE IN RESERVES AND RESERVE FUNDS BALANCES			
	(98,097)	29,978	(26,486)
RESERVES AND RESERVE FUNDS BALANCES, beginning of year	3,804,167	3,804,167	3,830,653
RESERVES AND RESERVE FUNDS BALANCES, end of year	\$ 3,706,070	\$ 3,834,145	\$ 3,804,167

ANALYZED AS FOLLOWS:

RESERVE FOR WORKING FUNDS	\$ 3,046,457	\$ 3,046,457
RESERVE FUNDS		
Bursaries	3,070	2,957
Capital	76,757	73,938
Sick leave	298,604	287,637
WSIB	104,748	100,901
School Renewal	304,509	292,277
TOTAL RESERVE FUNDS	787,688	757,710

TOTAL RESERVES AND RESERVE FUNDS

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SCHEDULE OF RESERVES AND RESERVE FUNDS CONTINUITY

YEARS ENDED AUGUST 31

	Reserve For Working Funds	School Renewal Reserve Fund	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	-----Total-----	
							2008	2007
BALANCE, beginning of year	\$ 3,046,457	\$ 292,277	\$ 287,637	\$ 100,901	\$ 73,938	\$ 2,957	\$ 3,804,167	\$ 3,830,653
Transfers to other funds	-	-	-	-	-	-	-	(59,003)
Interest earned	-	12,232	10,967	3,847	2,819	113	29,978	32,517
BALANCE, end of year	\$ 3,046,457	\$ 304,509	\$ 298,604	\$ 104,748	\$ 76,757	\$ 3,070	\$ 3,834,145	\$ 3,804,167

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**SCHEDULE OF SCHOOL ACTIVITIES FUND****YEARS ENDED AUGUST 31**

	2008	2007
REVENUES		
School fundraising	\$ 910,924	\$ 912,765
EXPENDITURES		
School funded activities	846,676	860,424
NET REVENUES (EXPENDITURES)	64,248	52,341
SCHOOL ACTIVITIES FUND BALANCE, beginning of year	247,312	194,971
SCHOOL ACTIVITIES FUND BALANCE, end of year	\$ 311,560	\$ 247,312

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SCHEDULE OF EXPENDITURES

YEARS ENDED AUGUST 31

	2008	2007
INSTRUCTION		
CLASSROOM		
Salaries and wages	\$ 17,312,289	\$ 16,146,142
Employee benefits	2,110,805	2,072,181
Staff development	349,618	284,963
Supplies and services	1,038,340	1,113,846
Replacement furniture and equipment	750	964
Capital expenditures	303,772	383,282
Rental expenditures	169,363	203,235
Fees and contractual services	668,715	661,414

SCHEDULE 6