
NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2004 & 2003

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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YEARS ENDED AUGUST 31, 2004 & 2003

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NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

OFFICERS

YEARS ENDED AUGUST 31

	2004	2003
CHAIRPERSON OF BOARD	Colleen Landers	Colleen Landers
BOARD MEMBERS	Charlie Angus¹ Peter DelGuidice Brenda Hevenor Paul Keating Elizabeth King Steve Malciw Jack Slattery	Charlie Angus Peter DelGuidice Mary Dudgeon Paul Keating Elizabeth King Mary O'Connor Jack Slattery
SENIOR ADMINISTRATIVE PERSONNEL		
Director of Education	Larry Yaguchi²	Larry Yaguchi
Superintendent of Education	Paul Toffanello²	Paul Toffanello
Manager of Financial Services	Luigina Malciw	Luigina Malciw
Manager of Human Resources	Michael Resetar	Michael Resetar
Manager of Plant	Robert Landry	Robert Landry

¹ Board member Charlie Angus resigned effective July 16, 2004. This seat on the Board was vacant as at August 31, 2004.

² Director of Education Larry Yaguchi resigned effective July 31, 2004. Paul Toffanello was appointed to this position effective August 1, 2004. The position of Superintendent of Education was vacant as at August 31, 2004.

AUDITORS' REPORT

To the Board of Trustees of the Northeastern Catholic District School Board

We have audited the statement of financial position of the Northeastern Catholic District School Board as at August 31, 2004 and the 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 financial statements based on our audit.

Except as explained in the following paragraph, 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 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.

Canadian generally accepted accounting principles require that school generated funds be included in the financial statements. As disclosed in Note 2, the Ministry of Education has indicated that they do not require school generated funds to be included in the financial statements until the 2004-2005 fiscal year and, accordingly, management has advised us that they have not quantified the balances and activities of the school generated funds for the current year. As a result, we have been unable to obtain sufficient audit evidence to form an opinion with respect to the possible amount of the balances and activities of school generated funds.

In our opinion, except that school generated funds balances and activities have not been included in the financial statements as referred to in the preceding paragraph, and except for the effect of adjustments, which we may have determined to be necessary had we been able to obtain sufficient information regarding this matter, these financial statements present fairly, in all material respects, the financial position of the Northeastern Catholic District School Board as at August 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Ross, Pope & Company.

Kirkland Lake, Ontario
November 10, 2004

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS

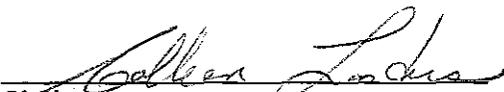
NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

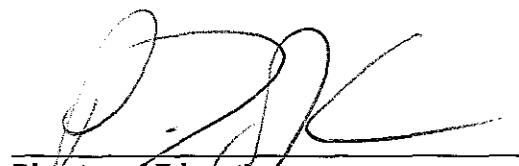
STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31

	2004	2003
FINANCIAL ASSETS		
Cash (Note 2)	\$ 8,495,462	\$ 8,081,361
Investments, at cost (Note 2)	-	48,928
Accounts receivable (Note 6)	2,810,493	2,004,000
TOTAL FINANCIAL ASSETS	11,305,955	10,134,289
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,817,610	1,624,013
Deferred revenue (Notes 2, 3 and 8)	6,111,210	5,289,817
Accrued interest on long-term debt (Notes 3 and 11)	-	56,100
Employee benefits (Notes 2, 3, 9 and 11)	2,733,472	2,632,236
Long-term debt (Notes 11 and 13)	-	4,400,000
TOTAL FINANCIAL LIABILITIES	10,662,292	14,002,166
NET FINANCIAL ASSETS (LIABILITIES)	643,663	(3,867,877)
NON-FINANCIAL ASSETS (Note 10)	60,654	56,141
NET ASSETS (LIABILITIES)	\$ 704,317	\$ (3,811,736)
CONTINGENCIES & COMMITMENTS (Note 16)		
FINANCIAL POSITION		
Operating fund	\$ (28,583)	\$ (180,510)
Reserve for working funds (Note 2) (Schedules 3 and 4)	3,046,457	3,046,457
Reserve funds (Notes 2 and 3) (Schedules 3 and 4)	419,915	410,653
FUND BALANCES	3,437,789	3,276,600
AMOUNTS TO BE RECOVERED (Note 11)	(2,733,472)	(7,088,336)
NET FINANCIAL POSITION	\$ 704,317	\$ (3,811,736)

Approved by:


Chairperson


Director of Education

See accompanying notes



Ross, Pope & Company
Chartered Accountants

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED AUGUST 31

	-----2004-----		2003
	Budget (unaudited)	Actual	Actual
REVENUES			
Provincial legislative grants	\$ 24,697,010	\$ 26,011,490	\$ 19,899,744
Local taxation (Note 4)	6,753,678	5,820,131	6,519,668
Provincial grants - other	2,000	472,731	266,232
Federal grants and fees	231,432	228,942	243,458
Other revenues - school boards	-	-	4,398
Other fees and revenues (Note 12)	66,518	398,020	119,873
TOTAL REVENUES	31,750,638	32,931,314	27,053,373
EXPENDITURES (Note 14) (Schedule 5)			
Instruction	19,751,011	19,683,952	18,651,339
Administration	1,647,106	1,616,559	1,635,707
Transportation	2,573,240	2,671,996	2,521,964
School operations and maintenance	2,493,770	2,831,337	2,486,331
Pupil accommodation	779,411	1,609,750	1,154,901
Other	25,000	6,180	1,605
TOTAL EXPENDITURES	27,269,538	28,419,774	26,451,847
NET REVENUES (EXPENDITURES)	4,481,100	4,511,540	601,526
INCREASE (DECREASE) IN NON-FINANCIAL ASSETS	-	4,513	(22,659)
CHANGE IN NET ASSETS (LIABILITIES)	4,481,100	4,516,053	578,867
FINANCING TRANSACTIONS			
Debt principal repayments	(4,400,000)	(4,400,000)	(240,000)
Increase (Decrease) in employee benefits	-	101,236	(267,000)
Increase (Decrease) in accrued interest on long-term debt	(56,100)	(56,100)	(3,050)
CHANGE IN AMOUNTS TO BE RECOVERED	(4,456,100)	(4,354,864)	(510,050)
CHANGE IN FUND BALANCES	25,000	161,189	68,817
FUND BALANCES, beginning of year	3,276,600	3,276,600	3,207,783
FUND BALANCES, end of year	\$ 3,301,600	\$ 3,437,789	\$ 3,276,600

See accompanying notes.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED AUGUST 31

	2004	2003
OPERATIONS		
NET REVENUES (EXPENDITURES)	\$ 4,511,540	\$ 601,526
USES:		
Increase in accounts receivable	(750,393)	-
Decrease in accrued interest on long-term debt	(56,100)	(3,050)
Decrease in employee benefits	-	(267,000)
	(806,493)	(270,050)
SOURCES:		
Decrease in accounts receivable	-	90,390
Increase in accounts payable and accrued liabilities	193,597	287,767
Increase in deferred revenue	614,112	270,307
Increase in employee benefits	101,236	-
	908,945	648,464
NET INCREASE (DECREASE) IN CASH FROM OPERATIONS	4,613,992	979,940
INVESTING		
Decrease (Increase) in investments	48,928	7,870
NET INCREASE (DECREASE) IN CASH FROM INVESTING	48,928	7,870
FINANCING		
Long-term debt repaid	(4,400,000)	(240,000)
NET INCREASE (DECREASE) IN CASH FROM FINANCING	(4,400,000)	(240,000)
CHANGE IN CASH AND CASH EQUIVALENTS	262,920	747,810
CASH AND CASH EQUIVALENTS, beginning of year	8,081,361	7,333,551
CASH AND CASH EQUIVALENTS, end of year	\$ 8,344,281	\$ 8,081,361

See accompanying notes.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2004 & 2003

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. 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, except that school generated funds have not been included in these financial statements. The inclusion of school generated funds is not required by the Ministry of Education until the 2004-2005 fiscal year and, as a result, management has not quantified these balances and activities for the 2003-2004 fiscal year.

(a) REPORTING ENTITY

The 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.

(b) TRUST FUNDS

Trust funds and their related operations administered by the Board are not included in the financial statements as they 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 recognizes 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise 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) INVESTMENTS

Investments consist of guaranteed investment certificates which are liquid short-term investments with maturities of between three months and one year at the date of acquisition and are carried on the Statement of Financial Position at the lower of cost or market value.

(f) CAPITAL ASSETS

The historical cost and accumulated amortization of capital assets are not reported. Capital assets are reported as expenditures on the Statement of Financial Activities in the year of acquisition.

(g) DEFERRED REVENUE

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 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.

For self insured retirement and other employee future benefits that vest or accumulate 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. 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, long-term disability and life insurance and health care benefits for those on disability leave, 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.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (CONT'D)

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(i) RESERVES AND RESERVE FUNDS

Certain amounts, as approved by the Board of Trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(j) GOVERNMENT TRANSFERS

Government transfers, which include legislative grants, are recognized in the 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 is reported as revenue in the period earned.

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 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 revenues and expenditures during the year. Actual results could differ from these estimates.

(n) 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.

(o) MUNICIPAL SUPPLEMENTARY TAXES AND TAX WRITE-OFFS

The education portion of municipal supplementary taxes and tax write-offs has not been accrued for the calendar year 2004 as they are not susceptible to estimation by their nature.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) FINANCIAL INSTRUMENTS

The Statement of Financial Position value for short-term investments, accounts receivable, and accounts payable and accrued liabilities approximates fair value because of their limited term. The Statement of Financial Position value of the long-term debt 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 Statement of Financial Position date based on relevant information and information about the financial instruments.

3. ADOPTION OF PUBLIC SECTOR ACCOUNTING RECOMMENDATIONS

Commencing in 2004, the Board has adopted Canadian generally accepted accounting principles applying the local government accounting standards issued by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants except that school generated funds have not been included, as disclosed in Note 2 to these financial statements. The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year.

Key elements of the changes to the balances reported include:

- (i) Establishing a liability on the Board's accounts for estimated employee future benefit obligations associated with [describe programs] and vacation pay earned but unused. The restated Statement of Financial Activities includes the cost of providing these benefits in the period earned.
- (ii) Establishing a liability for the accrued interest obligation in respect of debenture debt obligations that arises since the last payment date and restating the expenditure in the Statement of Financial Activities to show only interest expense on an accrual basis, excluding payments on account of repayment of principal.
- (iii) Reporting amounts received that are subject to restrictions arising from legislation, regulations or agreements with external parties as deferred revenue. Previously, such amounts were reported as revenues when received and accumulated in reserve funds. Amounts reported in the restated Statement of Financial Activities include only revenues realized in the period expended in a manner consistent with the purpose specified.

To facilitate comparability, retroactive restatement has been made of the corresponding comparative figures for the 2003 fiscal year. A summary of the impact of key aspects of the restatement and the impact on amounts reported is set out below. As well, the financial statements have been restated to reflect a pay equity settlement in the amount of \$216,613.

-----IMPACT ON-----

	FISCAL 2004 NET EXPENDITURE	FISCAL 2003 NET EXPENDITURE	SEPT. 1, 2003 FUND BALANCES
Recording employee future benefit and vacation pay obligations	\$ 101,236	\$ (267,000)	\$ 2,869,236
Recording interest on unmatured debenture debt obligations	\$ -	\$ 56,100	\$ 56,100
Recording pay equity settlement	\$ 36,103	\$ -	\$ 180,510

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

4. TAXATION REVENUE

In accordance with Ministry of Education requirements, taxation revenue is based on 38% of taxation revenue from municipalities for the calendar year 2003, 62% of taxation revenue from municipalities for the calendar year 2004 and 100% of the education portion of municipal supplementary taxes and tax write-offs for the calendar year 2003. In most cases, the calculations are based on information provided to the Board by the various municipalities. Not all municipalities, however, have provided the School Board with the tax information required. In those instances, the taxation revenue has been estimated.

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 Ministry and the estimated taxation revenue. In the fiscal year 2003/2004, an amount of \$477,031 (2003 - \$380,924) has reduced the amount reported as taxation revenue which relates to prior years. A corresponding amount has been reported in accounts receivable as due from the Government of Ontario.

5. SCHOOL LEAVE PROGRAM

Under the school leave program, teachers have the opportunity to be paid 80% of their salaries over four years. The remaining 20% is accumulated in a bank account to cover 80% of their salaries in the fifth year when they take a year leave of absence. The cash, investments and related liability have been included with cash, investments, and accounts payable and accrued liabilities on the Statement of Financial Position.

6. ACCOUNTS RECEIVABLE

	2004	2003
Municipalities	\$1,375,573	\$1,383,379
Government of Ontario	1,041,279	318,259
Government of Canada	297,738	191,697
Other school boards	5,815	7,465
Other	90,088	103,200
	\$2,810,493	\$2,004,000

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2004	2003
Trade payables and accrued liabilities	\$1,248,948	\$1,124,421
Other school boards	568,662	499,592
	\$1,817,610	\$1,624,013

8. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2004 is comprised of:

	Balance as at August 31, 2003	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Year	Balance as at August 31, 2004
Classroom	\$2,889,914	\$ 739,309	\$ -	\$3,629,223
Proceeds of disposition	1,280,421	33,190	(307,402)	1,006,209
Special education	586,381	9,896	-	596,277
Transition	412,196	9,940	-	422,136
Distance schools	-	215,555	-	215,555
Other	120,905	120,905	-	241,810
	\$5,289,817	\$1,128,795	\$ (307,402)	\$6,111,210

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

(a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits 2004	2003
Accrued employee future benefit obligations	\$2,291,604	\$ 441,868	\$2,733,472	\$2,632,236
Unamortized actuarial gains (losses)	-	-	-	-
Employee future benefits liability	\$2,291,604	\$ 441,868	\$2,733,472	\$2,632,236

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

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

(b) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT EXPENSES

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits 2004	2003
Current year benefit cost	\$ 160,833	\$ 58,446	\$ 219,279	\$ 253,192
Interest on accrued benefit obligation	122,240	8,248	130,488	129,817
Recognized actuarial gains (losses)	-	-	-	-
Employee contributions	-	-	-	-
Cost of (gain on) plan amendments	-	-	-	-
Recognition of unamortized actuarial losses (gains) on plan amendments	-	-	-	-
Employee future benefits expenses ¹	\$ 283,073	\$ 66,694	\$ 349,767	\$ 383,009

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan, described below.

(c) RETIREMENT BENEFITS

(i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of the 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 a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

(ii) Ontario Municipal Employees Retirement System (OMERS)

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. From January 1, 2003 to December 31, 2003, eligible employees contributed at reduced rates of up to 2.6% of earnings. 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, 2004, the Board contributed \$179,243 (2003 - \$46,329) 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

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

(c) RETIREMENT 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 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. 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

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

The accrued benefit obligations for employee future benefit plans as at August 31, 2004 are based on actuarial valuations for accounting purposes as at August 31, 2004. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2004	2003
	%	%
Inflation	2	2
Wage and salary escalation	3	3
Insurance and health care cost escalation	15%-decrease	15%-decrease
	1% per year to 3%	1% per year to 3%
Discount on accrued benefit obligations	5.5	5.5

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 \$350,524 as at August 31, 2004 (2003 - \$ 342,896).

10. NON-FINANCIAL ASSETS

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

11. 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:

	2004	2003
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS		
Long-term debt	\$ -	\$ 4,400,000
AMOUNTS TO BE FINANCED IN FUTURE YEARS		
Retirement and other employee future benefits liability (Note 9)	2,611,486	2,532,613
Vacation accrual	121,986	99,623
Interest accrual	-	56,100
	\$ 2,733,472	\$ 7,088,336

12. OTHER FEES AND REVENUES

	2004	2003
Interest income	\$ 78,453	\$ 88,625
Transfer from proceeds of disposition deferred revenue	307,401	-
Rentals	5,000	6,000
Other	7,166	25,248
	\$ 398,020	\$ 119,873

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

13. DEBT CHARGES AND INTEREST

The expenditure for debt charges and interest includes principal and interest payments as follows:

Principal payments on long-term debt	\$ 4,400,000
Interest payments on long-term debt	112,200
	\$ 4,512,200

14. EXPENDITURES BY OBJECT

The following is a summary of the operating and capital expenditures reported on the Statement of Financial Activities by object:

	-----2004-----		
	Budget (unaudited)	Actual	2003 Actual
OPERATING EXPENDITURES			
Salaries and wages	\$ 17,915,965	\$ 17,498,084	\$ 16,190,206
Employee benefits	2,258,645	2,476,826	2,374,152
Staff development	196,128	319,326	157,013
Supplies and services	2,283,864	2,315,239	2,522,753
Replacement furniture and equipment	3,500	115	11,402
Interest on long-term debt	112,200	112,200	342,700
Rental expenditures	102,000	132,739	131,529
Fees and contractual services	3,235,325	3,547,237	3,231,663
Other	92,200	55,976	43,291
TOTAL OPERATING EXPENDITURES	26,199,827	26,457,742	25,004,709
TOTAL CAPITAL EXPENDITURES	1,069,711	1,962,032	1,447,138
TOTAL EXPENDITURES	\$ 27,269,538	\$ 28,419,774	\$ 26,451,847

15. 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.

16. COMMITMENTS

(a) The School Board has entered into agreements to lease certain office equipment. Minimum lease payments for the next five years are approximately as follows:

2004/2005	\$109,923
2005/2006	\$90,311
2006/2007	\$47,246
2007/2008	\$24,074
2008/2009	\$1,455

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2004 & 2003

16. COMMITMENTS (CONT'D)

(b) The School Board has entered into an agreement to lease office space in Kirkland Lake, Ontario for annual rent payments (excluding G.S.T.) of approximately \$15,187. This lease expires in July 2007.

17. PUBLIC SECTOR SALARY DISCLOSURE

On January 29, 1996 the Ontario Legislature passed the Public Sector Salary Disclosure Act which requires Ontario's broader public sector organizations to disclose annually the names, positions, salaries and taxable benefits of employees paid \$100,000 or more a year. In the calendar year 2003, the following employees of the Northeastern Catholic District School Board were paid \$100,000 or more:

EMPLOYEE	POSITION	SALARY	TAXABLE BENEFITS
Larry Yaguchi	Director of Education	\$ 133,431	\$ 3,336
Paul Toffanello	Superintendent of Education	\$ 110,405	\$ 5,173
Luigina Malciw	Manager of Financial Services	\$ 100,720	\$ 4,287

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF OPERATING FUND

YEARS ENDED AUGUST 31

	-----2004-----		
	Budget (unaudited)	Actual	2003 Actual
REVENUES			
Provincial legislative grants	\$ 24,697,010	\$ 26,011,490	\$ 19,899,744
Local taxation (Note 4)	6,753,678	5,820,131	6,519,668
Provincial grants - other	2,000	472,731	266,232
Federal grants and fees	231,432	228,942	243,458
Other revenues - school boards	-	-	4,398
Other fees and revenues	66,518	388,758	109,818
TOTAL REVENUES	31,750,638	32,922,052	27,043,318
EXPENDITURES (Note 14)			
Instruction	19,370,011	19,269,644	18,055,559
Administration	1,629,106	1,597,617	1,613,129
Transportation	2,573,240	2,671,996	2,521,964
School operations and maintenance	2,490,270	2,800,105	2,469,752
Pupil accommodation	112,200	112,200	342,700
Other	25,000	6,180	1,605
TOTAL EXPENDITURES	26,199,827	26,457,742	25,004,709
NET REVENUES (EXPENDITURES)	5,550,811	6,464,310	2,038,609
INCREASE (DECREASE) IN NON-FINANCIAL ASSETS			
	-	4,513	(22,659)
Debt principal repayments	(4,400,000)	(4,400,000)	(240,000)
Increase (Decrease) in employee benefits	-	101,236	(267,000)
Increase (Decrease) in accrued interest on long-term debt	(56,100)	(56,100)	(3,050)
CHANGE IN AMOUNTS TO BE RECOVERED	(4,456,100)	(4,354,864)	(510,050)
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) capital fund	(1,069,711)	(1,962,032)	(1,447,138)
Transfers from (to) reserves and reserve funds	(25,000)	-	(58,762)
NET TRANSFERS FROM (TO) OTHER FUNDS	(1,094,711)	(1,962,032)	(1,505,900)
CHANGE IN OPERATING FUND BALANCE	-	151,927	-
OPERATING FUND BALANCE, beginning of year	(180,510)	(180,510)	(180,510)
OPERATING FUND BALANCE, end of year	\$ (180,510)	\$ (28,583)	\$ (180,510)

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF CAPITAL FUND

YEARS ENDED AUGUST 31

	-----2004-----		2003 Actual
	Budget (unaudited)	Actual	
EXPENDITURES			
Instruction	\$ 381,000	\$ 414,308	\$ 595,780
Administration	18,000	18,942	22,578
School operations and maintenance	3,500	31,232	16,579
Pupil accommodation	667,211	1,497,550	812,201
TOTAL EXPENDITURES	1,069,711	1,962,032	1,447,138
NET REVENUES (EXPENDITURES)	(1,069,711)	(1,962,032)	(1,447,138)
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) operating fund	1,069,711	1,962,032	1,447,138
NET TRANSFERS FROM (TO) OTHER FUNDS	1,069,711	1,962,032	1,447,138
CHANGE IN CAPITAL FUND BALANCE	-	-	-
CAPITAL FUND BALANCE, beginning of year	-	-	-
CAPITAL FUND BALANCE, end of year	\$ -	\$ -	\$ -

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF RESERVES AND RESERVE FUNDS

YEARS ENDED AUGUST 31

	-----2004-----		
	Budget (unaudited)	Actual	2003 Actual
REVENUES			
Interest income	\$ -	\$ 9,262	\$ 10,055
TOTAL REVENUES	-	9,262	10,055
NET REVENUES (EXPENDITURES)	-	9,262	10,055
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) operating fund	25,000	-	58,762
NET TRANSFERS FROM (TO) OTHER FUNDS	25,000	-	58,762
CHANGE IN RESERVES AND RESERVE FUNDS BALANCES			
	25,000	9,262	68,817
RESERVES AND RESERVE FUNDS BALANCES, beginning of year	3,457,110	3,457,110	3,388,293
RESERVES AND RESERVE FUNDS BALANCES, end of year	\$ 3,482,110	\$ 3,466,372	\$ 3,457,110

ANALYZED AS FOLLOWS:

RESERVE FOR WORKING FUNDS	\$ 3,046,457	\$ 3,046,457
RESERVE FUNDS		
Bursaries	2,679	2,616
Capital	66,712	65,141
Sick leave	259,490	253,379
WSIB	91,034	89,517
TOTAL RESERVE FUNDS	419,915	410,653
TOTAL RESERVES AND RESERVE FUNDS	\$ 3,466,372	\$ 3,457,110

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF RESERVES AND RESERVE FUNDS CONTINUITY

YEARS ENDED AUGUST 31

	Reserve For Working Funds	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	-----Total-----	
						2004	2003
BALANCE, beginning of year	\$ 3,046,457	\$ 253,379	\$ 89,517	\$ 65,141	\$ 2,616	\$ 3,457,110	\$ 3,388,293
Transfers from operating fund	-	-	-	-	-	-	58,762
Interest earned	-	6,111	1,517	1,571	63	9,262	10,055
Transfers to operating fund	-	-	-	-	-	-	-
BALANCE, end of year	\$ 3,046,457	\$ 259,490	\$ 91,034	\$ 66,712	\$ 2,679	\$ 3,466,372	\$ 3,457,110

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF EXPENDITURES

YEARS ENDED AUGUST 31

	2004	2003
INSTRUCTION		
CLASSROOM		
Salaries and wages	\$ 13,164,328	\$ 11,054,192
Employee benefits	1,795,773	1,616,046
Staff development	234,466	101,645
Supplies and services	1,111,355	1,365,684
Replacement furniture and equipment	115	11,402
Capital expenditures	392,166	574,161
Rental expenditures	98,393	95,248
Fees and contractual services	179,410	242,905
Other	5,973	9,802
	16,981,979	15,071,085
NON-CLASSROOM		
Salaries and wages	2,231,948	2,998,374
Employee benefits	240,733	367,189
Staff development	13,163	19,077
Supplies and services	193,836	173,995
Capital expenditures	22,143	21,619
Other	150	-
	2,701,973	3,580,254
	\$ 19,683,952	\$ 18,651,339
ADMINISTRATION		
Salaries and wages	\$ 868,845	\$ 931,002
Employee benefits	210,300	190,071
Staff development	66,980	35,217
Supplies and services	224,783	217,534
Capital expenditures	18,942	22,578
Rental expenditures	34,346	36,281
Fees and contractual services	157,018	174,636
Other	35,345	28,388
	\$ 1,616,559	\$ 1,635,707

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF EXPENDITURES (CONT'D)

YEARS ENDED AUGUST 31

	2004	2003
TRANSPORTATION		
Salaries and wages	\$ 99,906	\$ 78,634
Employee benefits	12,245	9,728
Staff development	2,254	816
Supplies and services	13,464	11,830
Fees and contractual services	2,535,963	2,030,683
Other	8,164	3,496
Transfers to other Boards	-	386,777
	\$ 2,671,996	\$ 2,521,964
SCHOOL OPERATIONS AND MAINTENANCE		
Salaries and wages	\$ 1,133,056	\$ 1,128,004
Employee benefits	217,775	191,118
Staff development	2,463	258
Supplies and services	771,801	753,710
Capital expenditures	31,232	16,579
Fees and contractual services	674,846	396,662
Other	164	-
	\$ 2,831,337	\$ 2,486,331
PUPIL ACCOMMODATION		
Capital expenditures	\$ 1,497,550	\$ 812,201
Interest on long-term debt	112,200	342,700
	\$ 1,609,750	\$ 1,154,901
OTHER	\$ 6,180	\$ 1,605