
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

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NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

BOARD OF TRUSTEES AND SENIOR ADMINISTRATIVE PERSONNEL

YEARS ENDED AUGUST 31

	2008	2007
CHAIRPERSON OF BOARD	Rick Brassard	Colleen Landers
BOARD OF TRUSTEES	Peter DelGuidice Martin Drainville Colleen Landers Fred Salvador Jr. Elizabeth King Steve Malciw Denis Lincez	Peter DelGuidice Martin Drainville Richard Brassard Fred Salvador Jr. Elizabeth King Steve Malciw Denis Lincez
SENIOR ADMINISTRATIVE PERSONNEL		
Director of Education	Paul Toffanello	Paul Toffanello
Manager of Financial Services	Mary-Lou Pollon	Luigina Malciw
Human Resources Generalist	Melanie Bidal-Mainville	Michael Resetar
Manager of Plant	Robert Landry	Robert Landry
Superintendent of Education	Karen Rowe	Karen Rowe

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, 2008 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.

In common with many school boards, individual schools derive revenue from School fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, net revenue, financial assets and net financial position.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Northeastern Catholic District School Board as at August 31, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Kirkland Lake, Ontario
November 7, 2008

Ross, Pope & Company

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31

	2008	2007
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,274,338	\$ 7,751,960
Accounts receivable (Note 6)	1,705,466	1,601,255
TOTAL FINANCIAL ASSETS	8,979,804	9,353,215
FINANCIAL LIABILITIES AND NET FINANCIAL POSITION		
Accounts payable and accrued liabilities (Note 9)	830,435	1,178,825
Deferred revenue (Note 10)	4,102,602	4,974,428
Accrued interest on long-term liabilities (Note 13)	107,797	91,207
Employee future benefits liability (Notes 11 and 13)	4,052,053	4,071,099
Net long-term liabilities (Notes 13 and 15)	5,904,108	4,857,694
TOTAL FINANCIAL LIABILITIES	14,996,995	15,173,253
NET FINANCIAL LIABILITIES	(6,017,191)	(5,820,038)
NON-FINANCIAL ASSETS (Note 12)	98,938	71,735
NET LIABILITIES	\$ (5,918,253)	\$ (5,748,303)
CONTINGENCIES & COMMITMENTS (Note 19)		
FINANCIAL POSITION		
Operating fund (Schedule 1)	\$ -	\$ (276,069)
Capital fund (Schedule 2)	-	(503,713)
Reserve for working funds (Schedules 3 and 4)	3,046,457	3,046,457
Reserve funds (Schedules 3 and 4)	787,688	757,710
School activities fund (Schedule 5)	311,560	247,312
FUND BALANCES	4,145,705	3,271,697
AMOUNTS TO BE RECOVERED IN FUTURE YEARS (Note 13)	(10,063,958)	(9,020,000)
NET FINANCIAL POSITION	\$ (5,918,253)	\$ (5,748,303)

Approved by:

Chairperson

Trustee

See accompanying notes.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED AUGUST 31

	-----2008-----		2007
	Budget (unaudited)	Actual	Actual
REVENUES			
Provincial legislative grants	\$ 24,994,857	\$ 26,501,456	\$ 25,084,695
Local taxation	5,676,731	5,320,029	5,410,193
Provincial grants - other	686,709	1,281,789	806,612
Federal grants and fees	98,764	67,870	115,224
Other revenues - school boards	-	16,190	56,975
Investment Income	115,000	95,419	169,390
Other fees, grants and revenues (Note 14)	39,766	505,422	731,193
School fundraising (Schedule 5)	860,000	910,924	912,765
TOTAL REVENUES	32,471,827	34,699,099	33,287,047
EXPENDITURES (Note 16) (Schedule 6)			
Instruction	23,801,099	25,295,918	23,918,767
Administration	2,052,936	2,040,912	2,018,957
Transportation	2,720,698	2,665,726	2,696,784
School operations and maintenance	2,794,821	3,133,182	2,897,506
Pupil accommodation	953,417	911,768	2,244,158
Other	25,000	2,070	342
School funded activities (Schedule 5)	816,000	846,676	860,424
TOTAL EXPENDITURES	33,163,971	34,896,252	34,636,938
NET EXPENDITURES	(692,144)	(197,153)	(1,349,891)
INCREASE (DECREASE) IN NON-FINANCIAL ASSETS	4,360	27,203	(9,551)
CHANGE IN NET LIABILITIES	(687,784)	(169,950)	(1,359,442)
FINANCING TRANSACTIONS			
New long-term liabilities	(96,806)	1,286,288	554,300
Principal repayments	-	(239,874)	(196,606)
Increase (Decrease) in employee benefits	82,877	(19,046)	176,335
Increase (Decrease) in accrued interest on long-term liabilities	(13,929)	16,590	(1,905)
CHANGE IN AMOUNTS TO BE RECOVERED	(27,858)	1,043,958	532,124
CHANGE IN FUND BALANCES	(715,642)	874,008	(827,318)
FUND BALANCES, beginning of year	3,271,697	3,271,697	4,099,015
FUND BALANCES, end of year	\$ 2,556,055	\$ 4,145,705	\$ 3,271,697

See accompanying notes.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED AUGUST 31

	2008	2007
OPERATIONS		
NET REVENUES (EXPENDITURES)	\$ (197,153)	\$(1,349,891)
USES:		
Increase in accounts receivable	(104,211)	(324,985)
Decrease in accounts payable and accrued liabilities	(348,390)	(1,061,157)
Decrease in deferred revenue	(871,826)	(1,199,179)
Decrease in accrued interest on long-term liabilities	-	(1,905)
Decrease in employee future benefits liability	(19,046)	-
	(1,343,473)	(2,587,226)
SOURCES:		
Increase in employee future benefits liability	-	176,336
Increase in accrued interest on long-term liabilities	16,590	-
	16,590	176,336
NET DECREASE IN CASH FROM OPERATIONS	(1,524,036)	(3,760,781)
FINANCING		
Net long-term liabilities incurred	1,286,288	554,300
Principal repayments	(239,874)	(196,606)
NET INCREASE IN CASH FROM FINANCING	1,046,414	357,694
CHANGE IN CASH AND CASH EQUIVALENTS	(477,622)	(3,403,087)
CASH AND CASH EQUIVALENTS, beginning of year	7,751,960	11,155,047
CASH AND CASH EQUIVALENTS, end of year	\$ 7,274,338	\$ 7,751,960

See accompanying notes.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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 controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

3. 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 ("PSAB") of The Canadian Institute of Chartered Accountants.

The more significant of these accounting policies are as follows:

(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.

School generated funds, which include the assets, liabilities, revenue, expenditures and fund balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the financial statements.

(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 revenue as it is 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)

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 to insignificant risk of change in value and have a short maturity term of less than 90 days. Cash balances that are externally and internally restricted are also included in cash and cash equivalents.

(e) 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.

(f) TANGIBLE CAPITAL ASSETS

For fiscal years beginning on or after January 1, 2009 the Board will be required to report the historical cost and the accumulated depreciation of tangible capital assets in its financial statements in accordance with The Public Sector Accounting Handbook PS3150 - Tangible Capital Assets. As required by the Ministry of Education, the Board will fully implement this standard beginning with the August 31, 2009 fiscal year.

For 2008, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The board currently does not have detailed information related to furniture, equipment, computer hardware, computer software and vehicles to disclose. Information related to land and buildings summarized in Note 7 has been obtained from the Ministry of Education for purposes of Provincial Consolidation. As these amounts were used for purposes of the provincial consolidation, the amounts reported are as of March 31st which is the Province of Ontario's fiscal year-end.

Tangible capital assets will be recorded at historical cost. Historical cost includes the cost directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development. Estimated historical cost was used to record existing tangible capital assets, if the actual cost was unknown when the board first started to prepare and implement tangible capital asset accounting.

Amortization is reflected on a straight-line basis over the estimated useful life of the assets at the following amortization rates:

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years

(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.

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.

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, an equal portion of the total estimated projected benefit is attributed to each year of service. 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.

(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.

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 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 2008 as they are not susceptible to estimation by their nature.

(p) FINANCIAL INSTRUMENTS

The Statement of Financial Position value for 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 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 Statement of Financial Position date based on relevant information and information about the financial instruments.

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 2007, 62% of taxation revenue from municipalities for the calendar year 2008 and 100% of the education portion of municipal supplementary taxes and tax write-offs for the calendar year 2007. 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.

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 Ministry and the estimated taxation revenue. In the fiscal year 2007/2008, an amount of \$72,120 (2007 - \$129,514) 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 and related liability in the amount of \$54,306 have been included with cash, and accounts payable and accrued liabilities on the Statement of Financial Position.

6. ACCOUNTS RECEIVABLE

	2008	2007
Municipalities	\$1,003,841	\$ 971,904
Government of Ontario	433,466	328,287
Government of Canada	92,752	172,755
Other school boards	-	13,662
Other	175,407	114,647
	\$1,705,466	\$1,601,255

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

7. TANGIBLE CAPITAL ASSETS

This information will be subject to audit during the year that PS3150 is fully implemented for purposes of the school board's financial statements. These amounts are not reflected in the statement of financial position. They are to be used for information purposes only.

COST	UNAUDITED			March 31, 2008
	March 31, 2007	Additions & Transfers	Disposals	
Land	\$ 4,700	\$ -	\$ -	\$ 4,700
Buildings	31,940,080	1,874,170	-	33,814,250
Portable structures	882,500	-	-	882,500
	\$ 32,827,280	\$ 1,874,170	\$ -	\$ 34,701,450

	ACCUMULATED AMORTIZATION			March 31, 2008
	March 31, 2007	Amortization	Disposals, Write-offs and Adjustments	
Land	\$ -	\$ -	\$ -	\$ -
Buildings	5,622,607	920,359	-	6,542,966
Portable structures	476,856	43,378	-	520,234
	\$ 6,099,463	963,737	-	\$ 7,063,200

NET BOOK VALUE	March 31, 2008	March 31, 2007
	Land	\$ 4,700
Buildings	27,271,283	26,317,472
Portable structures	362,266	405,644
	\$ 27,638,249	\$ 26,727,816

8. BANK CREDIT FACILITY

The School Board has a Bank Credit Facility of \$3,000,000 bearing interest at bank prime less .5%. Amounts owing under the Credit Facility are payable on demand. The Board has not utilized any of this Bank Credit Facility during the year.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008	2007
Trade payables and accrued liabilities	\$ 796,978	\$1,145,371
Other school boards	33,457	33,454
	\$ 830,435	\$1,178,825

10. 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, 2008 is comprised of:

	Balance as at August 31, 2007	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Year	Balance as at August 31, 2008
Classroom	\$2,882,181	\$ 126,890	\$ (880,135)	\$2,128,936
Proceeds of disposition	1,115,560	40,123	-	1,155,683
Special education	32,000	1,220	-	33,220
Transition	305,969	14,651	(57,869)	262,751
Distance schools	91,298	4,065	-	95,363
Other	547,420	-	(120,771)	426,649
	\$4,974,428	\$ 186,949	\$(1,058,775)	\$4,102,602

11. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

(a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits 2008	2007
Accrued employee future benefit obligations	\$4,216,545	\$ 276,866	\$4,493,411	\$4,531,417
Unamortized actuarial losses	(441,358)	-	(441,358)	(460,318)
Employee future benefits liability	\$3,775,187	\$ 276,866	\$4,052,053	\$4,071,099

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)

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
Current year benefit cost (recovery)	\$ 363,698	\$ (44,932)	\$ 318,766	\$ 417,286
Interest on accrued benefit obligation	169,209	-	169,209	146,245
Recognized actuarial gains (losses)	18,960	-	18,960	401
Employee future benefits expenses ¹ (recovery)	\$ 551,867	\$ (44,932)	\$ 506,935	\$ 563,932

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. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2008, the Board contributed \$301,582 (2007 - \$285,697) 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)

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 based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

15. NET LONG-TERM LIABILITIES

	2008	2007
The Canada Life Assurance Company loan bearing interest at 5.109% per annum, repayable in semi-annual blended payments of \$160,394. The loan matures on April 5, 2031 and is an unsecured debenture.	\$ 4,311,150	\$4,407,956
Royal Bank of Canada loan bearing interest at 5.9% per annum, repayable in monthly blended payments of \$1,976. The loan matures on December 22, 2010 and is secured by equipment.	45,228	63,746
Royal Bank of Canada loan bearing interest at 5.28% per annum, repayable in monthly blended payments of \$12,616. The loan matures on September 11, 2010 and is secured by equipment.	261,442	385,992
The Ontario Financing Authority debenture bearing interest at 4.9% per annum, repayable in semi-annual blended payments of \$45,090. The loan matures on March 3, 2033 and is an unsecured debenture.	1,286,288	-
Net long-term liabilities	\$ 5,904,108	\$4,857,694

Principal repayment terms are approximately:

2009	\$ 269,839
2010	284,196
2011	160,769
2012	150,232
2013	157,938
thereafter	<u>4,881,134</u>
	\$ 5,904,108

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED AUGUST 31, 2008

16. EXPENDITURES BY OBJECT

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

	-----2008-----		2007
	Budget (unaudited)	Actual	Actual
OPERATING EXPENDITURES			
Salaries and wages	\$ 21,332,422	\$ 22,414,196	\$ 20,744,754
Employee benefits	2,309,716	2,941,961	2,833,728
Staff development	466,129	492,163	388,580
Supplies and services	2,448,332	2,446,182	2,592,556
Replacement furniture and equipment	1,000	750	964
Interest on long-term liabilities	225,320	253,177	226,840
Rental expenditures	228,920	215,661	249,677
Fees and contractual services	4,207,690	4,250,629	4,117,842
Other	93,345	51,907	125,706
School funded activities	816,000	846,676	860,424
TOTAL OPERATING EXPENDITURES	32,128,874	33,913,302	32,141,071
TOTAL CAPITAL EXPENDITURES	1,035,097	982,950	2,495,867
TOTAL EXPENDITURES	\$ 33,163,971	\$ 34,896,252	\$ 34,636,938

17. 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.

18. FINANCIAL INSTRUMENTS AND CREDIT RISK

(a) Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

(b) Credit risk

Credit risk is the risk that a counter-party will fail to discharge its obligation to the Board reducing the expected cash inflow from the Board's assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. Significant concentrations of credit risk are related to the accounts receivable from the Ministry of Education, certain municipal governments and First Nation entities. For these accounts, the Board determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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

(a) Lease Obligations

(i) The Northeastern Catholic District School Board has entered into agreements to lease certain office equipment. Minimum lease payments for the next four years are approximately as follows:

2008/2009	\$	119,726
2009/2010	\$	119,726
2010/2011	\$	116,837
2011/2012	\$	81,125

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF OPERATING FUND

YEARS ENDED AUGUST 31

	-----2008-----		
	Budget (unaudited)	Actual	2007 Actual
REVENUES			
Provincial legislative grants	\$ 24,994,857	\$ 26,501,456	\$ 25,084,695
Local taxation	5,676,731	5,320,029	5,410,193
Provincial grants - other	686,709	1,281,789	806,612
Federal grants and fees	98,764	67,870	115,224
Other revenues - school boards	-	16,190	56,975
Investment Income	85,000	65,441	136,873
Other fees and revenues	39,766	505,422	731,193
TOTAL REVENUES	31,581,827	33,758,197	32,341,765
EXPENDITURES (Note 16)			
Instruction	23,504,099	24,980,736	23,482,533
Administration	2,042,936	2,035,028	1,986,502
Transportation	2,720,698	2,665,726	2,696,784
School operations and maintenance	2,794,821	3,129,889	2,887,646
Pupil accommodation	225,320	253,177	226,840
Other	25,000	2,070	342
TOTAL EXPENDITURES	31,312,874	33,066,626	31,280,647
NET REVENUES	268,953	691,571	1,061,118
INCREASE (DECREASE)			
IN NON-FINANCIAL ASSETS	4,360	27,203	(9,551)
Long-term liabilities repayments	(96,806)	(239,874)	(196,606)
Increase (Decrease) in employee benefits	82,877	(19,046)	176,335
Increase (Decrease) in accrued interest on long-term liabilities	(13,929)	16,590	(1,905)
CHANGE IN AMOUNTS TO BE RECOVERED	(27,858)	(242,330)	(22,176)
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfers from (to) capital fund	(859,544)	(200,375)	(1,295,831)
Transfers from (to) reserves and reserve funds	128,097	-	-
NET TRANSFERS TO OTHER FUNDS	(731,447)	(200,375)	(1,295,831)
CHANGE IN OPERATING FUND BALANCE	(485,992)	276,069	(266,440)
OPERATING FUND BALANCE, beginning of year	(276,069)	(276,069)	(9,629)
OPERATING FUND BALANCE, end of year	\$ (762,061)	\$ -	\$ (276,069)

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
School operations and maintenance	-	3,293	9,860
Pupil accommodation	728,097	658,591	2,017,318
TOTAL EXPENDITURES	1,035,097	982,950	2,495,867
FINANCING AND TRANSFERS			
Proceeds of net long-term liabilities	-	1,286,288	554,300
Transfers from (to) operating fund	859,544	200,375	1,295,831
Transfers from (to) reserve fund	-	-	59,003
NET TRANSFERS FROM (TO) OTHER FUNDS	859,544	1,486,663	1,909,134
CHANGE IN CAPITAL FUND BALANCE	(175,553)	503,713	(586,733)
CAPITAL FUND BALANCE, beginning of year	(503,713)	(503,713)	83,020
CAPITAL FUND BALANCE, end of year	\$ (679,266)	\$ -	\$ (503,713)

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF RESERVES AND RESERVE FUNDS

YEARS ENDED AUGUST 31

	-----2008-----		
	Budget (unaudited)	Actual	2007 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		\$ 3,834,145	\$ 3,804,167

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

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
Other	8,265	7,515
	21,961,917	20,873,542
NON-CLASSROOM		
Salaries and wages	2,744,336	2,345,772
Employee benefits	306,010	345,671
Staff development	53,739	33,948
Supplies and services	214,674	252,037
Capital expenditures	11,410	52,952
Rental expenditures	2,924	1,919
Fees and contractual services	168	-
Other	740	12,926
	3,334,001	3,045,225
	\$ 25,295,918	\$ 23,918,767
ADMINISTRATION		
Salaries and wages	\$ 1,070,893	\$ 987,239
Employee benefits	242,314	159,166
Staff development	88,806	69,669
Supplies and services	284,396	311,901
Capital expenditures	5,884	32,455
Rental expenditures	43,374	44,523
Fees and contractual services	264,581	309,249
Other	40,664	104,755
	\$ 2,040,912	\$ 2,018,957

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**SCHEDULE OF EXPENDITURES (CONT'D)****YEARS ENDED AUGUST 31**

	2008	2007
TRANSPORTATION		
Fees and contractual services	\$ 2,665,726	\$ 2,696,784
SCHOOL OPERATIONS AND MAINTENANCE		
Salaries and wages	\$ 1,286,678	\$ 1,265,601
Employee benefits	282,832	256,710
Staff development	-	-
Supplies and services	908,772	914,772
Capital expenditures	3,293	9,860
Fees and contractual services	651,439	450,395
Other	168	168
	\$ 3,133,182	\$ 2,897,506
PUPIL ACCOMMODATION		
Capital expenditures	\$ 658,591	\$ 2,017,318
Interest on long-term liabilities	253,177	226,840
	\$ 911,768	\$ 2,244,158
OTHER	\$ 2,070	\$ 342