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**NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2002 & 2001**

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# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## OFFICERS

YEARS ENDED AUGUST 31

	2002	2001
<b>CHAIRPERSON OF BOARD</b>	<b>Jack Slattery</b>	Jack Slattery
<b>BOARD MEMBERS</b>	<b>Charlie Angus Peter Del Guidice Mary Dudgeon Paul Keating Elizabeth King Colleen Landers Mary O'Connor</b>	Charlie Angus Peter Del Guidice Mary Dudgeon Paul Keating Elizabeth King Colleen Landers Mary O'Connor
<b>SENIOR ADMINISTRATIVE PERSONNEL</b>		
Director of Education	<b>Larry Yaguchi</b>	Larry Yaguchi
Assistant to the Director of Education	<b>Paul Toffanello</b>	Paul Toffanello
Manager of Financial Services	<b>Luigina Malciw</b>	Luigina Malciw
Manager of Human Resources	<b>Yves Meloche</b>	Yves Meloche
Manager of Plant	<b>Robert Landry</b>	Robert Landry

# **NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

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**YEARS ENDED AUGUST 31, 2002 & 2001**

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## **AUDITORS' REPORT**

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

We have audited the Balance Sheet of the Northeastern Catholic District School Board as at August 31, 2002 and the Statement of Revenue Fund Revenue and Expenses, the Capital Fund Statement of Operations and the Continuity of Reserves and Reserve Funds 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.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with accounting policies prescribed by the Ministry of Education and described in Note 2 to the financial statements.

Kirkland Lake, Ontario  
November 7, 2002

*Ross, Pope & Company.*

**ROSS, POPE & COMPANY**  
**CHARTERED ACCOUNTANTS**

**STATEMENT 1**

**NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

**BALANCE SHEET**

**AS AT AUGUST 31**

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 2,139,843	\$ 3,382,457
Investments, at cost	56,798	40,514
Accounts receivable (Note 5)	2,094,390	1,219,964
Prepaid expenses	78,800	95,165
	<b>4,369,831</b>	4,738,100
CASH HELD FOR RESERVE FUNDS	<b>5,193,708</b>	4,512,523
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (Notes 2 and 8)	<b>4,640,000</b>	4,870,000
	<b>\$14,203,539</b>	\$14,120,623
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 1,155,736	\$ 722,387
Other current liabilities	167,638	134,618
	<b>1,323,374</b>	857,005
NET LONG-TERM LIABILITIES (Notes 2, 8 and 11)	<b>4,640,000</b>	4,870,000
CONTINGENCIES & COMMITMENTS (Notes 7, 11, and 14)		
EQUITY IN RESERVE FUNDS (Note 2)	<b>5,193,708</b>	4,512,523
RESERVE FOR WORKING FUNDS (Note 2)	<b>3,046,457</b>	3,881,095
	<b>\$14,203,539</b>	\$14,120,623

**Signed on Behalf of the Board:**

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Director of Education

See accompanying notes.

STATEMENT 2

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

STATEMENT OF REVENUE FUND REVENUE AND EXPENSES

YEARS ENDED AUGUST 31

	-----2002-----		2001
	BUDGET (unaudited)	ACTUAL	ACTUAL
<b>REVENUE</b>			
Local taxation (Note 3)	\$ 6,826,308	<b>\$ 6,588,391</b>	\$ 6,648,769
Legislative grants	17,716,254	<b>17,793,267</b>	17,356,121
Other provincial grants	-	<b>456,334</b>	386,336
Government of Canada	153,265	<b>228,374</b>	162,102
Other revenue (Note 9)	102,116	<b>123,841</b>	382,317
Transfer from reserves/reserve funds	516,541	<b>868,124</b>	-
<b>TOTAL REVENUE</b>	<b>\$25,314,484</b>	<b>\$26,058,331</b>	<b>\$24,935,645</b>
<b>EXPENSES (Schedule A)</b>			
Classroom	\$14,289,966	<b>\$13,515,236</b>	\$12,999,835
Non-classroom	3,769,938	<b>3,580,364</b>	3,246,771
Administration	1,526,658	<b>1,570,873</b>	1,409,495
Transportation (Note 15)	2,268,506	<b>3,478,192</b>	2,073,790
Pupil accommodation	3,419,416	<b>3,301,912</b>	3,667,309
Other	25,000	-	-
Transfers to reserves/reserve funds	15,000	<b>611,754</b>	1,538,445
<b>TOTAL EXPENSES</b>	<b>\$25,314,484</b>	<b>\$26,058,331</b>	<b>\$24,935,645</b>

See accompanying notes.

## NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## CAPITAL FUND STATEMENT OF OPERATIONS

YEARS ENDED AUGUST 31

	2002	2001
<b>CAPITAL EXPENSES</b>		
Capital Assets and Work in Progress		
New pupil places	\$ 2,854	\$ -
School renewal	372,569	618,506
Instructional computers	96,626	394,876
ISA equipment	27,877	47,371
Other capital expenses	242,100	146,509
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$ 742,026</b>	<b>\$ 1,207,262</b>
<b>CAPITAL FINANCING</b>		
Capital expenses financed from revenue fund	\$ 742,026	\$ 1,207,262
<b>TOTAL CAPITAL FINANCING</b>	<b>\$ 742,026</b>	<b>\$ 1,207,262</b>

See accompanying notes.

## NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## CONTINUITY OF RESERVES AND RESERVE FUNDS

## YEARS ENDED AUGUST 31

	Reserve For Working Funds	Classroom Reserve Fund	Proceeds of Disposition Reserve Fund	Transition Reserve Fund	Sick Leave Reserve Fund	Special Education Reserve Fund	Capital Reserve Fund	WSIB Reserve Fund	Bursaries Reserve Fund	-----Total-----	
										2002	2001
Balance, beginning of year	\$ 3,881,095	\$ 2,169,360	\$ 1,412,561	\$ 422,692	\$ 239,914	\$ 189,100	\$ 61,679	\$ 14,740	\$ 2,477	\$ 8,393,618	\$ 6,663,289
Transfer from revenue fund	-	596,754	-	-	-	-	-	15,000	-	611,754	1,538,445
Interest earned	-	44,825	36,178	10,827	6,145	3,061	1,580	238	63	102,917	191,884
Transfer to revenue fund	(834,638)	-	-	(33,486)	-	-	-	-	-	(868,124)	-
Balance, end of year	\$ 3,046,457	\$ 2,810,939	\$ 1,448,739	\$ 400,033	\$ 246,059	\$ 192,161	\$ 63,259	\$ 29,978	\$ 2,540	\$ 8,240,165	\$ 8,393,618

See accompanying notes.

# **NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2002 & 2001**

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### **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 have been prepared by the School Board using accounting principles prescribed by the Ministry of Education and considered appropriate for Ontario school boards. These principles are in accordance with Canadian generally accepted accounting principles except as follows:

#### **(a) ACCRUAL ACCOUNTING**

Revenue and expenses are accounted for on the accrual basis of accounting, with the following exceptions:

- (i) No provision has been made to record the liability for employee future benefits as described in the CICA Handbook - section 3461 except the amount referred to in Note 7 to the financial statements;
- (ii) No provision has been made for interest on unmatured debenture debt from the date of payment to the year-end (see Note 11); and
- (iii) The education portion of municipal supplementary taxes and tax write-offs has not been accrued for the calendar year 2002.

#### **(b) CAPITAL ASSETS**

The acquisition of capital assets is expensed unless they are or will be financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenses in the period due. Capital expenditures permanently financed are included on the balance sheet only to the extent of the balance of the related net long-term liabilities outstanding. Capital expenditures not permanently financed are recorded separately on the balance sheet until permanent financing has been arranged.

#### **(c) RESERVES AND RESERVE FUNDS**

Reserves and Reserve Funds represent funds appropriated for general and specific purposes and are charged or credited to revenue fund operations in the year appropriated or drawn down. The amounts in reserves and reserve funds are approved by the Board and are within the limits defined in the Education Act and its regulations.

#### **(d) ACCUMULATED DEFICIT (SURPLUS) AT YEAR-END**

The difference between the net expenses of any year and the amounts received to finance these expenses is carried forward to the following year to either increase or reduce the net revenue requirement.

#### **(e) LEGISLATIVE GRANTS**

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

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2002 & 2001

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

#### (g) FINANCIAL INSTRUMENTS

The balance sheet value for short-term investments, accounts receivable, accounts payable and accrued liabilities approximates fair value because of their limited term. The balance sheet value of the net long-term liabilities approximates fair value because the Board's current rate of borrowing for similar debt instruments of comparable maturity is not materially different. Fair value estimates are made as at the balance sheet date based on relevant information and information about the financial instruments.

### 3. TAXATION REVENUE

In accordance with Ministry of Education requirements, taxation revenue is based on 38% of taxation revenue from municipalities for the calendar year 2001, 62% of taxation revenue from municipalities for the calendar year 2002 and 100% of the education portion of municipal supplementary taxes and tax write-offs for the calendar year 2001. 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 2001/2002, an amount of \$224,056 (2001 - (\$241,669)) 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.

### 4. 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 balance sheet. Cash and investments amount to \$56,847 as at August 31, 2002 (2001 - \$41,675).

### 5. ACCOUNTS RECEIVABLE

	2002	2001
Municipalities	\$ 1,457,497	\$ 1,039,338
Government of Ontario	316,897	-
Government of Canada	174,710	54,545
Other school boards	55,198	50,755
Employees' computer purchase plan	24,244	59,065
Other	65,844	16,261
	<b>\$ 2,094,390</b>	<b>\$ 1,219,964</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2002 & 2001

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2002	2001
Trade payables and accrued liabilities	\$ 777,304	\$ 533,966
Other school boards	378,432	109,592
Government of Ontario	-	78,829
	<b>\$ 1,155,736</b>	<b>\$ 722,387</b>

### 7. RETIREMENT GRATUITIES PLANS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment. However, such payments are contingent upon the employees completing the prescribed number of years of service with the School Board in accordance with the terms and conditions set forth by the agreement between the Board and the employees. During the year, \$314,575 (2001 - \$287,265) was paid in retirement gratuities. A reserve fund of \$246,059 (2001 - \$239,914) has been established to partially offset this liability. The School Board liability related to retirement gratuities plans described above has not been disclosed as it has not been actuarially determined.

### 8. NET LONG-TERM LIABILITIES

Of the net long-term liabilities outstanding of \$4,640,000, principal amounting to \$4,640,000 plus interest amounting to \$514,050 is payable over the next two years as follows:

	PRINCIPAL	INTEREST	TOTAL
2002/2003	\$ 240,000	\$ 345,750	\$ 585,750
2003/2004	4,400,000	168,300	4,568,300
TOTAL	\$ 4,640,000	\$ 514,050	\$ 5,154,050

### 9. OTHER REVENUE

	2002	2001
Interest	\$ 109,838	\$ 187,263
Insurance claim proceeds	-	138,120
Rentals	6,000	9,133
Other	8,003	47,801
	<b>\$ 123,841</b>	<b>\$ 382,317</b>

### 10. DEBT CHARGES AND INTEREST

The Revenue Fund expense for debt charges and interest includes principal and interest payments as follows:

Principal payments on long-term liabilities	\$ 230,000
Interest payments on long-term liabilities	363,525
	<b>\$ 593,525</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2002 & 2001

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### 11. DEBENTURE INTEREST ACCRUAL

The amount of unaccrued interest on net long-term debt from the date of payment to the year-end is \$59,150 (2001 - \$62,025).

### 12. PENSION PLAN COSTS

All non-teaching employees of the School Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer defined benefit contributory plan. No employer contributions were made to the plan during the year due to a contribution holiday that continues until December 31, 2002.

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

### 13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE

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.

### 14. 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:

2002/2003	\$91,853
2003/2004	\$77,697
2004/2005	\$71,415
2005/2006	\$52,287
2006/2007	\$9,222

(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.

### 15. TRANSFERS TO OTHER BOARDS

During the year, \$1,378,743 was transferred to District School Board Ontario North East for transportation costs related to open access pupils. Of this amount, \$989,000 was paid in consideration of prior years' costs based on an agreement between the two school boards which was signed on June 24, 2002. An amount of \$834,638 was transferred from the reserve for working funds to partially fund the prior years' costs.

### 16. 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 2001, 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	\$ 147,734	\$ 2,388
Yves Meloche	Manager of Human Resources	\$ 103,066	\$ 3,990

# **NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED AUGUST 31, 2002 & 2001**

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### **17. 2001/2002 BUDGET**

The 2001/2002 budget data shown on the statement of revenue fund revenue and expenses are the amounts approved by the Board on June 16, 2001 and submitted to the Ministry of Education. These amounts have not been audited by the School Board's external auditor.

### **18. COMPARATIVE FIGURES**

The comparative figures have been reclassified to conform to the current year's financial statement presentation.

### **19. STATEMENT OF CASH FLOWS**

A statement of cash flows has not been prepared because the information contained therein is evident from the other financial statements.

**SCHEDULE A****NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD****SCHEDULE OF REVENUE FUND EXPENSES****YEARS ENDED AUGUST 31**

	<b>2002</b>	<b>2001</b>
<b>CLASSROOM</b>		
Salaries and wages	<b>\$10,484,567</b>	\$10,067,789
Employee benefits	<b>1,373,879</b>	1,341,248
Staff development	<b>72,935</b>	46,218
Supplies and services	<b>1,081,034</b>	853,088
Replacement furniture and equipment	<b>562</b>	763
Capital expenses	<b>259,418</b>	526,994
Rental expenses	<b>90,623</b>	66,251
Fees and contractual services	<b>146,498</b>	87,006
Other	<b>5,720</b>	10,478
	<b>13,515,236</b>	12,999,835
<b>NON-CLASSROOM</b>		
Salaries and wages	<b>2,922,829</b>	2,724,354
Employee benefits	<b>443,871</b>	347,766
Staff development	<b>17,977</b>	5,024
Supplies and services	<b>192,350</b>	167,627
Capital expenses	<b>3,087</b>	2,000
Other	<b>250</b>	-
	<b>3,580,364</b>	3,246,771
<b>ADMINISTRATION</b>		
Salaries and wages	<b>882,573</b>	848,425
Employee benefits	<b>101,976</b>	77,663
Staff development	<b>44,899</b>	52,377
Supplies and services	<b>206,525</b>	225,805
Capital expenses	<b>97,934</b>	18,041
Rental expenses	<b>36,724</b>	32,625
Fees and contractual services	<b>158,714</b>	118,314
Other	<b>41,528</b>	36,245
	<b>1,570,873</b>	1,409,495

## NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF REVENUE FUND EXPENSES (CONT'D)

YEARS ENDED AUGUST 31

	2002	2001
<b>TRANSPORTATION</b>		
Salaries and wages	31,599	54,912
Employee benefits	4,190	6,386
Staff development	407	-
Supplies and services	3,066	6,310
Capital expenses	369	2,744
Fees and contractual services	2,058,458	2,001,363
Other	1,360	2,075
Transfers to other Boards (Note 15)	1,378,743	-
	<b>3,478,192</b>	<b>2,073,790</b>
<b>PUPIL ACCOMMODATION</b>		
Salaries and wages	1,096,381	1,078,145
Employee benefits	173,617	160,726
Staff development	1,056	2,686
Supplies and services	701,645	650,599
Capital expenses	381,219	657,485
Debt charges and interest	593,525	589,763
Fees and contractual services	354,469	527,905
	<b>3,301,912</b>	<b>3,667,309</b>
<b>TRANSFERS TO RESERVES/RESERVE FUNDS</b>	<b>611,754</b>	<b>1,538,445</b>
<b>TOTAL EXPENSES</b>	<b>\$26,058,331</b>	<b>\$24,935,645</b>