

---

**NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2006 & 2005**

---

# **NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

## **INDEX TO FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2006 & 2005**

---

### **OFFICERS**

### **AUDITORS' REPORT**

### **STATEMENTS**

- 1 Statement of Financial Position
- 2 Statement of Financial Activities
- 3 Statement of Changes in Financial Position

### **NOTES TO FINANCIAL STATEMENTS**

### **SCHEDULES**

- 1 Schedule of Operating Fund
- 2 Schedule of Capital Fund
- 3 Schedule of Reserves and Reserve Funds
- 4 Schedule of Reserves and Reserve Funds Continuity
- 5 Schedule of School Activities Fund
- 6 Schedule of Expenditures

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## OFFICERS

YEARS ENDED AUGUST 31

	2006	2005
<b>CHAIRPERSON OF BOARD</b>	<b>Colleen Landers</b>	Colleen Landers
<b>BOARD MEMBERS</b>	<b>Peter DelGuidice Martin Drainville Richard Brassard<sup>1</sup> Paul Keating Elizabeth King Steve Malciw Jack Slattery</b>	Peter DelGuidice Martin Drainville Brenda Hevenor Paul Keating Elizabeth King Steve Malciw Jack Slattery
<b>SENIOR ADMINISTRATIVE PERSONNEL</b>		
Director of Education	<b>Paul Toffanello</b>	Paul Toffanello
Manager of Financial Services	<b>Luigina Malciw</b>	Luigina Malciw
Manager of Human Resources	<b>Michael Resetar</b>	Michael Resetar
Manager of Plant	<b>Robert Landry</b>	Robert Landry
Assistant to Director of Education	<b>Karen Rowe</b>	

<sup>1</sup> Board member Brenda Hevenor resigned effective December 15, 2005. Richard Brassard filled the vacancy effective January 2006.

## 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, 2006 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, 2006 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.

Our previous report dated November 6, 2006 has been withdrawn and the financial statements have been revised as explained in note 17.

We issued our audit report dated November 10, 2005 on the financial statements as at and for the year ended August 31, 2005. Our audit report contained a qualification with respect to the non-recording of school-generated fund balances and activities.

*Ross, Pope & Company*

Kirkland Lake, Ontario  
November 6, 2006  
except as to note 17, which  
is as of April 21, 2007

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

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31

	2006	2005
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 11,155,047	\$ 10,055,654
Accounts receivable (Note 6)	1,276,270	2,540,792
<b>TOTAL FINANCIAL ASSETS</b>	<b>12,431,317</b>	<b>12,596,446</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	2,239,982	2,649,551
Deferred revenue (Notes 3 and 8)	6,173,607	6,427,304
Accrued interest on long-term liabilities	93,112	-
Employee benefits (Notes 3, 9 and 11)	3,894,764	3,871,115
Net long-term liabilities (Notes 11 and 13)	4,500,000	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>16,901,465</b>	<b>12,947,970</b>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>(4,470,148)</b>	<b>(351,524)</b>
<b>NON-FINANCIAL ASSETS (Note 10)</b>	<b>81,286</b>	<b>87,640</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>\$ (4,388,862)</b>	<b>\$ (263,884)</b>


### CONTINGENCIES & COMMITMENTS

#### FINANCIAL POSITION

Operating fund (Schedule 1)	\$ (9,629)	\$ (15,773)
Capital fund (Schedule 2)	83,020	-
Reserve for working funds (Note 3) (Schedules 3 and 4)	3,046,457	3,046,457
Reserve funds (Note 3) (Schedules 3 and 4)	784,195	430,318
School activities fund (Schedule 5)	194,971	146,229
<b>FUND BALANCES</b>	<b>4,099,014</b>	<b>3,607,231</b>
<b>AMOUNTS TO BE RECOVERED (Note 11)</b>	<b>(8,487,876)</b>	<b>(3,871,115)</b>
<b>NET FINANCIAL POSITION</b>	<b>\$ (4,388,862)</b>	<b>\$ (263,884)</b>

Approved by:

  
Chairperson

  
Director of Education

See accompanying notes.

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED AUGUST 31

	-----2006-----		2005
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Provincial legislative grants	\$ 24,846,484	\$ 23,968,710	\$ 23,761,349
Local taxation (Note 4)	5,676,729	5,541,873	5,042,209
Provincial grants - other	1,210,810	1,931,094	1,023,613
Federal grants and fees	164,700	200,801	213,598
Other revenues - school boards	-	22,309	-
Other fees and revenues (Note 12)	126,361	213,285	133,558
School fundraising (Schedule 5)	660,000	799,331	736,307
<b>TOTAL REVENUES</b>	<b>32,685,084</b>	<b>32,677,403</b>	<b>30,910,634</b>
<b>EXPENDITURES</b> (Note 14) (Schedules 5 and 6)			
Instruction	23,548,095	23,868,246	22,448,264
Administration	1,706,079	1,731,317	1,681,033
Transportation	2,746,692	2,832,223	2,699,093
School operations and maintenance	3,233,768	3,217,629	2,687,906
Pupil accommodation	1,866,367	4,389,317	659,758
Other	25,000	6,706	6,328
School funded activities	640,000	750,589	700,707
<b>TOTAL EXPENDITURES</b>	<b>33,766,001</b>	<b>36,796,027</b>	<b>30,883,089</b>
<b>NET REVENUES (EXPENDITURES)</b>	<b>(1,080,917)</b>	<b>(4,118,624)</b>	<b>27,545</b>
<b>INCREASE (DECREASE) IN NON-FINANCIAL ASSETS</b>	<b>18,952</b>	<b>(6,354)</b>	<b>26,986</b>
<b>CHANGE IN NET ASSETS (LIABILITIES)</b>	<b>(1,061,965)</b>	<b>(4,124,978)</b>	<b>54,531</b>
<b>FINANCING TRANSACTIONS</b>			
New Debt (principal repayments)	-	4,500,000	-
Increase (Decrease) in employee benefits	-	23,649	4,282
Increase (Decrease) in accrued interest on long-term debt	82,787	93,112	-
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>82,787</b>	<b>4,616,761</b>	<b>4,282</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(979,178)</b>	<b>491,783</b>	<b>58,813</b>
FUND BALANCES, beginning of year	3,607,231	3,607,231	3,548,418
<b>FUND BALANCES, end of year</b>	<b>\$ 2,628,053</b>	<b>\$ 4,099,014</b>	<b>\$ 3,607,231</b>

See accompanying notes.

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED AUGUST 31

	2006	2005
<b>OPERATIONS</b>		
NET REVENUES (EXPENDITURES)	\$(4,118,624)	\$ 27,545
USES:		
Decrease in accounts payable and accrued liabilities	(409,569)	-
Decrease in deferred revenue	(253,697)	-
	(663,266)	-
SOURCES:		
Decrease in accounts receivable	1,264,522	269,700
Increase in accounts payable and accrued liabilities	-	831,942
Increase in deferred revenue	-	316,094
Increase in employee benefits	23,649	4,282
Increase in accrued interest on long-term debt	93,112	-
	1,381,283	1,422,018
NET INCREASE (DECREASE) IN CASH FROM OPERATIONS	(3,400,607)	1,449,563
<b>FINANCING</b>		
Net long-term liabilities incurred	4,500,000	-
NET INCREASE (DECREASE) IN CASH FROM FINANCING	4,500,000	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,099,393</b>	<b>1,449,563</b>
CASH AND CASH EQUIVALENTS, beginning of year	10,055,654	8,606,091
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$11,155,047</b>	<b>\$10,055,654</b>

See accompanying notes.

# **NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2006 & 2005**

---

### **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 of The Canadian Institute of Chartered Accountants.

#### **(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.

#### **(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.



# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

---

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

#### (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.

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

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

---

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

#### (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 revenue 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 2005 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, 2006 & 2005**

---

### **3. 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.

### **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 2004, 62% of taxation revenue from municipalities for the calendar year 2005 and 100% of the education portion of municipal supplementary taxes and tax write-offs for the calendar year 2004. 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 2004/2005, an amount of \$667,707 (2004 - \$477,031) 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 \$15,582 have been included with cash, investments, and accounts payable and accrued liabilities on the Statement of Financial Position.

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

### 6. ACCOUNTS RECEIVABLE

	2006	2005
Municipalities	\$ 771,962	\$ 832,703
Government of Ontario	19,421	927,256
Government of Canada	443,778	364,940
Other school boards	11,352	396,707
Other	29,757	19,186
	<b>\$1,276,270</b>	<b>\$2,540,792</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Trade payables and accrued liabilities	\$1,988,519	\$2,081,785
Other school boards	55,544	567,766
Government of Ontario	195,919	-
	<b>\$2,239,982</b>	<b>\$2,649,551</b>

### 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, 2006 is comprised of:

	Balance as at August 31, 2005	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Year	Balance as at August 31, 2006
Classroom	\$3,862,688	\$ 132,319	\$ -	\$3,995,007
Proceeds of disposition	1,033,793	35,196	-	1,068,989
Special education	473,303	9,779	(452,338)	30,744
Transition	432,630	15,708	-	448,338
Distance schools	219,103	3,820	-	222,923
Pupil accommodation	-	-	-	-
Other	405,787	274,231	(272,412)	407,606
	<b>\$6,427,304</b>	<b>\$ 471,053</b>	<b>\$ (724,750)</b>	<b>\$6,173,607</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

### 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 2006	2005
Accrued employee future benefit obligations	\$3,612,474	\$ 282,290	\$3,894,764	\$3,871,115
Unamortized actuarial gains (losses)	-	-	-	-
Employee future benefits liability	\$3,612,474	\$ 282,290	\$3,894,764	\$3,871,115

#### (b) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT EXPENSES

	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits 2006	2005
Current year benefit cost	\$ 405,387	\$ 97,629	\$ 503,016	\$ 406,366
Interest on accrued benefit obligation	145,381	-	145,381	157,692
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 <sup>1</sup>	\$ 550,768	\$ 97,629	\$ 648,397	\$ 564,058

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

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

---

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

#### (c) RETIREMENT BENEFITS (CONT'D)

##### (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, 2006, the Board contributed \$283,575 (2005 - \$246,353) 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.

##### (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, 2006 & 2005

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

#### (d) OTHER EMPLOYEE FUTURE BENEFITS (CONT'D)

The accrued benefit obligations for employee future benefit plans as at August 31, 2006 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:

	2006	2005
	%	%
Inflation	1.52	2
Wage and salary escalation	2.5	3
Insurance and health care cost escalation	12%-decrease 1% per year to 2%	15%-decrease 1% per year to 3%
Discount on accrued benefit obligations	4.5	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 \$372,267 as at August 31, 2006 (2005 - \$ 359,224 ).

### 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:

	2006	2005
<b>AMOUNTS TO BE FINANCED IN FUTURE YEARS</b>		
Net long-term liabilities	\$ 4,500,000	\$ -
Accrued interest on net long-term liabilities	93,112	-
Retirement and other employee future benefits liability (Note 9)	3,703,171	3,748,340
Vacation accrual	191,593	122,775
	<b>\$ 8,487,876</b>	<b>\$ 3,871,115</b>

### 12. OTHER FEES AND REVENUES

	2006	2005
Interest income	\$ 200,033	\$ 98,190
Insurance Proceeds	-	33,454
Other	13,252	1,914
	<b>\$ 213,285</b>	<b>\$ 133,558</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

### 13. DEBT CHARGES AND INTEREST

The net long-term liabilities represent an unsecured debenture bearing interest at 5.109% per annum and requires semi-annual blended payments in the amount of \$160,394. The first payment is due in October, 2006 and it matures in 2031.

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

Principal payments on net long-term liabilities	\$ -
Interest payments on net long-term liabilities	93,112
	\$ 93,112

### 14. EXPENDITURES BY OBJECT

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

	-----2006-----		
	Budget (unaudited)	Actual	2005 Actual
<b>OPERATING EXPENDITURES</b>			
Salaries and wages	\$ 20,651,749	\$ 20,031,028	\$ 18,975,301
Employee benefits	2,499,126	2,709,017	2,675,733
Staff development	263,900	391,913	453,203
Supplies and services	2,832,151	2,697,570	2,629,512
Replacement furniture and equipment	3,500	-	1,212
Interest on long-term debt	-	93,112	-
Rental expenditures	189,580	225,124	168,904
Fees and contractual services	4,232,847	4,431,211	3,714,392
Other	97,900	55,722	58,617
School funded activities	640,000	750,589	700,707
<b>TOTAL OPERATING EXPENDITURES</b>	<b>31,410,753</b>	<b>31,385,286</b>	<b>29,377,581</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>2,355,248</b>	<b>5,410,741</b>	<b>1,505,508</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 33,766,001</b>	<b>\$ 36,796,027</b>	<b>\$ 30,883,089</b>



# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED AUGUST 31, 2006 & 2005

---

### 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 four years are approximately as follows:

2006/2007	\$	52,628
2007/2008	\$	29,939
2008/2009	\$	9,255
2009/2010	\$	2,392

(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. RESTATEMENT OF FINANCIAL STATEMENTS

The Administration, at the request of the Ministry of Education, have determined that certain expenditures in 2006 relative to Special Education should be funded out of Deferred Revenue. As well, an amount is being transferred to the School Renewal Reserve Fund.

These two adjustments led to the Audit Committee's decision on April 21, 2007 to effect a restatement of the Financial Statements for the year ended August 31, 2006.

As a result, Revenues and the Change in Fund Balance have increased by an amount of \$452,338. An amount of \$338,253 has been transferred from the Operating Fund to the School Renewal Reserve Fund.

On the Balance Sheet, Deferred Revenue has decreased by \$452,338, the financial position of the Operating Fund has increased by \$114,085, and the Reserve Funds have increased by \$338,253.

Cash flow was not affected by these adjustments.

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF OPERATING FUND

YEARS ENDED AUGUST 31

	-----2006-----		
	Budget (unaudited)	Actual	2005 Actual
<b>REVENUES</b>			
Provincial legislative grants	\$ 24,846,484	\$ 23,968,710	\$ 23,761,349
Local taxation (Note 4)	5,676,729	5,541,873	5,042,209
Provincial grants - other	1,210,810	1,931,094	1,023,613
Federal grants and fees	164,700	200,801	213,598
Other revenues - school boards	-	22,309	-
Other fees and revenues	115,811	197,661	123,154
<b>TOTAL REVENUES</b>	<b>32,014,534</b>	<b>31,862,448</b>	<b>30,163,923</b>
<b>EXPENDITURES (Note 15)</b>			
Instruction	23,098,214	22,822,802	21,664,459
Administration	1,693,579	1,700,813	1,652,815
Transportation	2,746,692	2,832,223	2,694,665
School operations and maintenance	3,207,268	3,179,041	2,658,607
Pupil accommodation	-	93,112	-
Other	25,000	6,706	6,328
<b>TOTAL EXPENDITURES</b>	<b>30,770,753</b>	<b>30,634,697</b>	<b>28,676,874</b>
<b>NET REVENUES (EXPENDITURES)</b>	<b>1,243,781</b>	<b>1,227,751</b>	<b>1,487,049</b>
<b>INCREASE (DECREASE)</b>			
<b>IN NON-FINANCIAL ASSETS</b>	<b>18,952</b>	<b>(6,354)</b>	<b>26,986</b>
Increase (Decrease) in employee benefits	-	23,649	4,282
Increase (Decrease) in accrued interest on long-term debt	82,787	93,112	-
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>	<b>82,787</b>	<b>116,761</b>	<b>4,282</b>
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>			
Transfers from (to) capital fund	-	(993,761)	(1,505,508)
Transfers from (to) reserves and reserve funds	-	(338,253)	-
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>	<b>-</b>	<b>(1,332,014)</b>	<b>(1,505,508)</b>
<b>CHANGE IN OPERATING FUND BALANCE</b>	<b>1,345,520</b>	<b>6,144</b>	<b>12,809</b>
OPERATING FUND BALANCE, beginning of year	(15,773)	(15,773)	(28,582)
<b>OPERATING FUND BALANCE, end of year</b>	<b>\$ 1,329,747</b>	<b>\$ (9,629)</b>	<b>\$ (15,773)</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF CAPITAL FUND

YEARS ENDED AUGUST 31

	-----2006-----		2005 Actual
	Budget (unaudited)	Actual	
<b>EXPENDITURES</b>			
Instruction	\$ 449,881	\$ 1,045,444	\$ 783,805
Administration	12,500	30,504	28,218
Transportation	-	-	4,428
School operations and maintenance	26,500	38,588	29,299
Pupil accommodation	1,866,367	4,296,205	659,758
<b>TOTAL EXPENDITURES</b>	<b>2,355,248</b>	<b>5,410,741</b>	<b>1,505,508</b>
<b>FINANCING AND TRANSFERS</b>			
Proceeds of net long-term liabilities	-	4,500,000	-
Transfers from (to) operating fund	-	993,761	1,505,508
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>	<b>-</b>	<b>5,493,761</b>	<b>1,505,508</b>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	<b>(2,355,248)</b>	<b>83,020</b>	<b>-</b>
CAPITAL FUND BALANCE, beginning of year	-	-	-
<b>CAPITAL FUND BALANCE, end of year</b>	<b>\$(2,355,248)</b>	<b>\$ 83,020</b>	<b>\$ -</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF RESERVES AND RESERVE FUNDS

YEARS ENDED AUGUST 31

	-----2006-----		
	Budget (unaudited)	Actual	2005 Actual
<b>REVENUES</b>			
Interest income	\$ 10,550	\$ 15,624	\$ 10,404
<b>NET REVENUES (EXPENDITURES)</b>	<b>10,550</b>	<b>15,624</b>	<b>10,404</b>
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>			
Transfers from (to) operating fund	-	<b>338,253</b>	-
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>	<b>-</b>	<b>338,253</b>	<b>-</b>
<b>CHANGE IN RESERVES AND RESERVE FUNDS BALANCES</b>			
	10,550	<b>353,877</b>	10,404
RESERVES AND RESERVE FUNDS BALANCES, beginning of year	3,476,776	<b>3,476,776</b>	3,466,372
<b>RESERVES AND RESERVE FUNDS BALANCES, end of year</b>	<b>\$ 3,487,326</b>	<b>\$ 3,830,653</b>	<b>\$ 3,476,776</b>
<b>ANALYZED AS FOLLOWS:</b>			
<b>RESERVE FOR WORKING FUNDS</b>		<b>\$ 3,046,457</b>	<b>\$ 3,046,457</b>
<b>RESERVE FUNDS</b>			
Bursaries		2,833	2,734
Capital		70,842	68,360
Sick leave		275,592	265,936
WSIB		96,676	93,289
School Renewal		338,253	-
<b>TOTAL RESERVE FUNDS</b>		<b>784,196</b>	<b>430,319</b>
<b>TOTAL RESERVES AND RESERVE FUNDS</b>		<b>\$ 3,830,653</b>	<b>\$ 3,476,776</b>

# 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-----
							2006      2005
BALANCE, beginning of year	\$ 3,046,457	\$ -	\$ 265,936	\$ 93,289	\$ 68,360	\$ 2,734	\$ 3,476,776      \$ 3,466,372
Transfers from	-	338,253	-	-	-	-	338,253      -
Interest earned	-	-	9,656	3,387	2,482	99	15,624      10,404
<b>BALANCE, end of year</b>	<b>\$ 3,046,457</b>	<b>\$ 338,253</b>	<b>\$ 275,592</b>	<b>\$ 96,676</b>	<b>\$ 70,842</b>	<b>\$ 2,833</b>	<b>\$ 3,830,653      \$ 3,476,776</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF SCHOOL ACTIVITIES FUND

YEARS ENDED AUGUST 31

	2006	2005
<b>REVENUES</b>		
School fundraising	\$ 799,331	\$ 736,307
<b>EXPENDITURES</b>		
School funded activities	750,589	700,707
<b>NET REVENUES (EXPENDITURES)</b>	<b>48,742</b>	<b>35,600</b>
<b>CHANGE IN SCHOOL ACTIVITIES FUND BALANCE</b>	<b>48,742</b>	<b>35,600</b>
SCHOOL ACTIVITIES FUND BALANCE, beginning of year	146,229	110,629
<b>SCHOOL ACTIVITIES FUND BALANCE, end of year</b>	<b>\$ 194,971</b>	<b>\$ 146,229</b>

# NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

## SCHEDULE OF EXPENDITURES

YEARS ENDED AUGUST 31

	2006	2005
<b>INSTRUCTION</b>		
CLASSROOM		
Salaries and wages	\$ 15,520,856	\$ 14,598,070
Employee benefits	1,857,616	1,901,808
Staff development	304,741	343,036
Supplies and services	1,335,013	1,365,978
Replacement furniture and equipment	-	1,212
Capital expenditures	1,034,130	768,613
Rental expenditures	180,613	132,151
Fees and contractual services	606,561	512,511
Other	7,248	7,597
	<b>20,846,778</b>	<b>19,630,976</b>
<b>NON-CLASSROOM</b>		
Salaries and wages	2,346,977	2,241,294
Employee benefits	452,452	343,307
Staff development	29,925	48,383
Supplies and services	174,715	169,112
Capital expenditures	11,314	15,192
Fees and contractual services	4,778	-
	<b>3,020,161</b>	<b>2,817,288</b>
	<b>\$ 23,866,939</b>	<b>\$ 22,448,264</b>
<b>ADMINISTRATION</b>		
Salaries and wages	\$ 923,751	\$ 904,315
Employee benefits	154,680	170,214
Staff development	55,109	57,459
Supplies and services	286,688	247,605
Capital expenditures	30,504	28,218
Rental expenditures	44,511	36,753
Fees and contractual services	194,475	200,919
Other	41,599	35,550
	<b>\$ 1,731,317</b>	<b>\$ 1,681,033</b>

**NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD****SCHEDULE OF EXPENDITURES (CONT'D)**

YEARS ENDED AUGUST 31

	2006	2005
<b>TRANSPORTATION</b>		
Salaries and wages	\$ -	\$ 87,361
Employee benefits	189	14,012
Staff development	-	3,416
Supplies and services	31	1,746
Capital expenses	-	4,428
Fees and contractual services	2,832,003	2,579,157
Other	-	8,973
	<b>\$ 2,832,223</b>	<b>\$ 2,699,093</b>
<b>SCHOOL OPERATIONS AND MAINTENANCE</b>		
Salaries and wages	\$ 1,238,137	\$ 1,144,261
Employee benefits	244,080	246,392
Staff development	2,138	909
Supplies and services	901,123	845,071
Capital expenditures	38,588	29,299
Fees and contractual services	793,394	421,805
Other	169	169
	<b>\$ 3,217,629</b>	<b>\$ 2,687,906</b>
<b>PUPIL ACCOMMODATION</b>		
Capital expenditures	\$ 4,296,205	\$ 659,758
Interest on long-term debt	93,112	-
	<b>\$ 4,389,317</b>	<b>\$ 659,758</b>
<b>OTHER</b>	<b>\$ 6,706</b>	<b>\$ 6,328</b>