

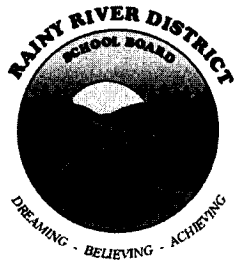
**The Rainy River District School  
Board  
Consolidated Financial  
Statements  
For the year ended August 31, 2006**

**The Rainy River District School  
Board  
Consolidated Financial Statements  
For the year ended August 31, 2006**

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# Rainy River

DISTRICT SCHOOL BOARD

## MANAGEMENT REPORT

### Management's Responsibility for the Financial Statements

The accompanying financial statements of the **Rainy River District School Board** are the responsibility of the Board of Management and have been prepared in compliance with legislation, and 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 summary of the significant accounting policies are described in Note 1 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 (and by the Board's internal auditors).

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Dunwoody LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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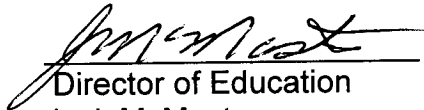
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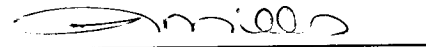
[www.rrdsb.com](http://www.rrdsb.com)

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DIRECTOR

Jack McMaster

  
Director of Education  
Jack McMaster

  
Superintendent of Business  
Laura Mills, C.A.

November 22, 2006

# The Rainy River District School Board

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## Auditors' Report

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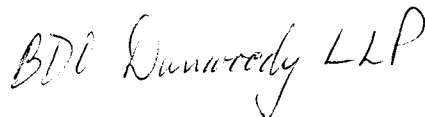
### To the Board of Trustees of the Rainy River District School Board

We have audited the consolidated statement of financial position of the Rainy River District School Board as at August 31, 2006, and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Rainy River District School Board as at August 31, 2006, and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Fort Frances, Ontario  
November 22, 2006

## The Rainy River District School Board Consolidated Statement of Financial Position

August 31	2006	2005
<b>Financial assets</b>		
Cash and cash equivalents	\$ 4,047,250	\$ 2,603,458
Accounts receivable	1,998,574	4,369,470
Investments (Note 3)	1,384,954	1,345,951
Other	1,521,836	-
<b>Total financial assets</b>	<b>8,952,614</b>	<b>8,318,879</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	831,906	2,660,633
Net long-term liabilities (Note 4)	3,824,854	3,915,877
Other	546,390	605,894
Deferred revenue - reserves (Note 5)	3,636,641	2,286,358
Employee benefits payable (Note 6)	5,632,976	5,621,863
<b>Total financial liabilities</b>	<b>14,472,767</b>	<b>15,090,625</b>
<b>Net financial liabilities</b>	<b>(5,520,153)</b>	<b>(6,771,746)</b>
<b>Non-financial assets</b>	-	-
<b>Total non-financial assets</b>	-	-
<b>Net assets</b>	<b>\$ (5,520,153)</b>	<b>\$ (6,771,746)</b>
<b>Financial position</b>		
Operating fund	\$ -	\$ -
Capital fund	(1,096,069)	(1,041,341)
Reserve fund	4,863,380	3,556,398
School activities fund	354,169	395,374
<b>Total fund balance</b>	<b>4,121,480</b>	<b>2,910,431</b>
<b>Amounts to be recovered (Note 7)</b>	<b>(9,641,633)</b>	<b>(9,682,177)</b>
<b>Net financial position</b>	<b>\$ (5,520,153)</b>	<b>\$ (6,771,746)</b>

On Behalf of the Board:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

## The Rainy River District School Board Consolidated Statement of Financial Activities

For the year ended August 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Local taxation	\$ 5,449,790	\$ 5,691,190	\$ 5,635,904
Provincial grants - student focused funding	27,853,215	26,366,064	25,739,565
Provincial grants - other	533,350	1,265,685	583,982
Federal grants and fees	3,226,159	3,882,227	3,360,167
Other revenues - school boards	-	494,257	481,000
Other fees and revenues	155,000	707,237	2,552,505
Investment income	-	217,916	33,381
School fundraising	-	1,241,136	1,253,239
<b>Total revenues</b>	<b>37,217,514</b>	<b>39,865,712</b>	<b>39,639,743</b>
<b>Expenditures</b>			
Instruction	26,368,843	26,533,184	25,824,864
Administration	1,919,024	1,728,907	1,683,264
Transportation	2,506,405	2,945,968	2,734,017
School operations and maintenance	3,768,999	3,717,497	3,964,490
Pupil accommodation	2,538,333	932,741	1,512,672
Other	190,910	1,473,481	2,541,050
School funded activities	-	1,282,341	1,239,547
<b>Total expenditures</b>	<b>37,292,514</b>	<b>38,614,119</b>	<b>39,499,904</b>
<b>Net revenues (expenditures)</b>	<b>(75,000)</b>	<b>1,251,593</b>	<b>139,839</b>
<b>Increase (decrease) in prepaid expenses</b>	<b>-</b>	<b>-</b>	<b>(33,111)</b>
<b>Increase (decrease) in non-financial assets</b>	<b>-</b>	<b>-</b>	<b>(33,111)</b>
<b>Change in net assets (liabilities)</b>	<b>(75,000)</b>	<b>1,251,593</b>	<b>106,728</b>
<b>Financing transactions</b>			
Increase in long-term financing	-	-	4,000,000
Debt repayments	-	(91,023)	(84,123)
Increase (decrease) in unfunded liabilities	256,059	50,479	(158,848)
<b>Change in amounts to be recovered</b>	<b>256,059</b>	<b>(40,544)</b>	<b>3,757,029</b>
<b>Change in fund balances</b>	<b>181,059</b>	<b>1,211,049</b>	<b>3,863,757</b>
<b>Opening fund balances (Note 1)</b>	<b>1,233,450</b>	<b>2,910,431</b>	<b>(953,326)</b>
<b>Closing fund balances</b>	<b>\$ 1,414,509</b>	<b>\$ 4,121,480</b>	<b>\$ 2,910,431</b>

## The Rainy River District School Board Consolidated Statement of Changes in Financial Position

<b>For the year ended August 31</b>	<b>2006</b>	<b>2005</b>
<b>Operations</b>		
Net revenues (expenditures)	\$ 1,251,593	\$ 139,839
<b>Sources and (uses)</b>		
Decrease (increase) in accounts receivable	2,370,896	501,582
Decrease (increase) in other financial assets	(1,521,836)	-
Increase (decrease) in accounts payable and accrued liabilities	(1,926,077)	921,958
Increase in other liabilities	37,846	137,290
Increase in deferred revenues - reserves	1,350,283	644,689
Increase in employee benefits payable	11,113	(132,583)
<b>Net increase (decrease) in cash from operations</b>	<b>1,573,818</b>	<b>2,212,775</b>
<b>Investing</b>		
Increase in investments	(39,003)	(1,006,783)
<b>Net decrease in cash from investing</b>	<b>(39,003)</b>	<b>(1,006,783)</b>
<b>Financing activities</b>		
Increase in long-term debt	-	4,000,000
Repayment of long-term debt	(91,023)	(84,123)
	(91,023)	3,915,877
<b>Change in cash and cash equivalents</b>	<b>1,443,792</b>	<b>5,121,869</b>
<b>Opening cash and cash equivalents</b>	<b>2,603,458</b>	<b>(2,518,411)</b>
<b>Closing cash and cash equivalents</b>	<b>\$ 4,047,250</b>	<b>\$ 2,603,458</b>
<b>Represented by</b>		
Cash	\$ 4,047,250	\$ 2,603,458

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# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2006**

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### 1. Significant Accounting Policies

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

The consolidated 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 consolidated 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 of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

#### (e) Investments

Investments consist of marketable securities 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 consolidated 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 consolidated Statement of Financial Activities in the year of acquisition.



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# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2006**

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### 1. Significant Accounting Policies (continued)

#### (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 vested or accumulated 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 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 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 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.

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# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2006**

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### 1. Significant Accounting Policies (continued)

#### (j) Government Transfers

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

Investment income earned on externally restricted funds 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 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 the basis of accounting as it is used to prepare the consolidated financial statements. The budget figures are unaudited.

#### (m) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2006**

### 2. Adoption of Public Sector Accounting Recommendations

Commencing in 2004, the Board has adopted Canadian generally accepted accounting principles applying the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, school generated funds have been included, as disclosed in Note 1 to these consolidated financial statements.

Key elements of the changes to the balances reported include:

- ◆ Establishing a liability on the Board's accounts for estimated employees future benefit obligations associated with Retirement Gratuities, Post Retirement Benefits, sick leave and vacation pay earned but untaken. The restated consolidated Statement of Financial Activities includes the cost of providing these benefits in the period earned.
- ◆ Establishing a liability for the accrued interest obligation in respect of debenture debt obligations that arises since the last payment date and restating the expenditure in the consolidated Statement of Financial Activities to show only interest expense on an accrual basis, excluding payments on account of repayment of principal.
- ◆ Report amounts received that are subject to restrictions arising from legislation, regulations or agreements with external parties as deferred revenues. Previously such amounts were reported as revenues when received and accumulated in reserve funds. Amounts reported in the restated consolidated Statement of Financial Activities include only revenues realized in the period expended in a manner consistent with the purpose specified.

### 3. Investments

Investments consisting of marketable securities are comprised as follows:

	Cost	2006 Market Value	Cost	2005 Market Value
Non-redeemable guaranteed investment certificate. Interest at 3.65% with a maturity date of March 20, 2006.	\$ 355,426	\$ 355,426	\$ 345,951	\$ 345,951
Non-redeemable guaranteed investment certificate. Interest at 4.05% with a maturity date of August 29, 2006.	1,029,528	1,029,528	1,000,000	1,000,000
	<b>\$ 1,384,954</b>	<b>\$ 1,384,954</b>	<b>\$ 1,345,951</b>	<b>\$ 1,345,951</b>

## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

### 4. Net Long-term Liabilities

There is net long-term debt outstanding at August 31, 2006, for which repayments of principal and interest are scheduled over the next five years.

	2006	2005
\$4,000,000 non-revolving term facility, by way of match funded term loans. Interest at 4.87% with blended monthly payments of principal and interest in the amount of \$23,032 each.	<b>\$ 3,824,854</b>	<b>\$ 3,915,877</b>

Principal payments relating to net long-term liabilities of \$ 3,824,854 outstanding as at August 31, 2006, are due as follows:

Year	Principal	Interest	Total
2007	\$ 94,036	\$ 182,348	\$ 276,384
2008	98,671	177,713	276,384
2009	103,535	172,849	276,384
2010	108,638	167,746	276,384
2011	113,993	162,391	276,384
Thereafter	840,876	1,602,058	2,442,934
	<b>\$ 1,359,749</b>	<b>\$ 2,465,105</b>	<b>\$ 3,824,854</b>

### 5. Deferred Revenue

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated 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 period	Balance as at August 31, 2006
Classroom	\$ 2,149,419	\$ 1,348,594	\$ -	\$ 3,498,013
Proceeds of disposition	119,322	1,471	-	120,793
Other				
MECR/BECR	17,617	218	-	17,835
Total deferred revenue	<b>\$ 2,286,358</b>	<b>\$ 1,350,283</b>	<b>\$ -</b>	<b>\$ 3,636,641</b>

## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

### 6. Retirement and Other Employee Future Benefits

Retirement and Other Employee Future Benefit Liabilities	2006		2005	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations	\$ 4,088,592	\$ 17,575	\$ 4,106,167	\$ 4,109,798
Unamortized Actuarial Gains (Losses)	-	-	-	-
<b>Employee Future Benefits Liability</b>	<b>\$ 4,088,592</b>	<b>\$ 17,575</b>	<b>\$ 4,106,167</b>	<b>\$ 4,109,798</b>

Retirement and Other Employee Future Benefit Expenses	2006		2005	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit costs	\$ 326,887	-	\$ 326,887	\$ 313,628
Interest on accrued benefit obligation	179,713	1,079	180,792	184,007
Employee contributions	(496,349)	(14,961)	(511,310)	(640,117)
<b>Employee future benefits expenses*</b>	<b>\$ 10,251</b>	<b>\$ (13,882)</b>	<b>\$ (3,631)</b>	<b>\$ (142,482)</b>

\*Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

### 6. Retirement and Other Employee Future Benefits (continued)

#### Sick Leave

Sick Leave Liabilities	2006		2005	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations	\$ 1,526,809	\$ -	\$ 1,526,809	\$ 1,512,065
Unamortized Actuarial Gains (Losses)	-	-	-	-
<b>Employee Future Benefits Liability</b>	<b>\$ 1,526,809</b>	<b>\$ -</b>	<b>\$ 1,526,809</b>	<b>\$ 1,512,065</b>

Sick Leave Expenses	2006		2005	
	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit costs	\$ 102,530	\$ -	\$ 102,530	\$ 100,612
Interest on accrued benefit obligation	66,870	-	66,870	66,328
Employee contributions	(154,656)	-	(154,656)	(157,041)
<b>Employee future benefits expenses*</b>	<b>\$ 14,744</b>	<b>\$ -</b>	<b>\$ 14,744</b>	<b>\$ 9,899</b>

\*Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

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## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

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### **6. Retirement and Other Employee Future Benefits (continued)**

#### **Retirement Benefits**

##### **(i) Ontario Teacher's Pension Plan**

Teachers and related employee groups are eligible to be members of 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**

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. From January 1, 2003, to December 31, 2003, eligible employees contributed at reduced rates of up to 2.6% of earnings. Effective January 1, 2004, employee contribution rates returned to levels of up to 8.8% of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2006, the Board contributed \$278,979 (2005 - \$241,831) 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. 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.

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## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

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### 6. Retirement and Other Employee Future Benefits (continued)

#### Other Employee Future Benefits

##### (i) Workplace Safety and Insurance Board Obligations

This Board is a Schedule I employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2006, were \$148,100 (2005 - \$135,032) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's financial statements.

##### (ii) Long-term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

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:

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	<b>2006</b>	2005
	%	%
Inflation	<b>1.5</b>	1.5
Wage and salary escalation	<b>2.5</b>	2.5
Insurance and health care cost escalation	<b>12.0</b>	13.0
Discount on accrued benefit obligations	<b>4.5</b>	4.5

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The Board has not designated reserves for certain of these employee future benefit obligations.

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## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

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**6. Retirement and Other Employee Future Benefits (continued)**

(iii) Sick Leave Benefits

Regular full-time employees are allocated a certain number of days each year for use as paid absences due to illness or injury. Part-time employees are entitled to prorated days based on the proportion of part-time to full-time work.

Employees are allowed to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated credits may be used in future years to the extent that the duration of the employee's illness or injury exceeds the current year as allocation of credits. Sick days credits are paid out at the salary in effect at the time of usage. The use of accumulated sick days for sick leave compensation ceases on termination of employment.

The accrued benefit obligations for employee sick leave benefits as at August 31, 2006 are based on actuarial valuations for accounting purposes as at August 31, 2005. The economic assumptions used in these valuations are the Board's best estimates outlined in Section (ii).

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**7. Amounts to be Recovered in Future Years**

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

	<u>2006</u>	<u>2005</u>
Amounts to be financed in future years		
Retirement and other employee future benefits liability (Note 6)	<b>\$ 4,106,167</b>	\$ 4,109,798
Sick leave	<b>1,526,809</b>	1,512,065
Capital financing	<b>3,824,854</b>	3,915,877
Vacation accrual	<b>183,804</b>	144,437
	<b><u>\$ 9,641,634</u></b>	<b><u>\$ 9,682,177</u></b>

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## The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

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### 8. Debt Charges and Capital Loans and Leases Interest

The expenditure for debt charges, capital loans and capital leases interest includes principal, sinking fund contributions and interest payments as follows:

	2006	2005
Principal payments on long-term liabilities including contributions to sinking funds	\$ 91,023	\$ 84,123
Interest payments on long-term liabilities	179,497	116,877
Interest payments on temporary financing of capital projects	-	27,096
	\$ 270,520	\$ 228,096

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### 9. Expenditures by Object

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

	2005/06 Budget	2005/06 Actual	2004/05 Actual
<b>Current expenditures</b>			
Salary and wages	\$ 22,579,917	\$ 22,882,266	\$ 22,039,330
Employee benefits	3,945,469	3,594,991	3,468,837
Staff development	396,100	526,075	433,341
Supplies and services	3,660,429	3,400,868	3,547,734
Interest	-	179,497	143,973
Rental expenditures	161,000	100,109	140,432
Fees and contract services	2,941,021	3,356,023	3,156,956
Other	1,298,524	1,130,399	2,805,005
School funded activities	-	1,282,341	1,239,547
<b>Capital expenditures</b>	2,310,054	2,161,550	2,524,749
	\$ 37,292,514	\$ 38,614,119	\$ 39,499,904

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# The Rainy River District School Board Notes to Financial Statements

**August 31, 2006**

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## **10. Board Performs Duties of a Municipal Council**

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2005-06 in respect of performing duties of municipal council is reported by area in a separate statement.

Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

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## **11. 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.

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## **12. Comparative Figures**

The comparative amounts presented in the financial statements have been restated to conform to current year financial statement presentation.

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## **13. Contractual Obligations and Contingent Liabilities**

### **(a) Leasing of automotive equipment**

During 2003, the Board entered into a leasing agreement with a bank to acquire an operations vehicle at a cost of \$42,539. The term of the lease is five years. Annual payments total \$8,508.

### **(b) Leasing of other equipment**

The board routinely acquires or replaces photo-copying equipment, telephone equipment and other equipment by ways of leasing through a bank or a supplier.

### **(c) 55 School Board Trust**

In 2003, the 55 School Board Trust was set up to finance non-permanently financed capital expenditures of various Ontario District School Boards. The financing was secured by an assignment of future legislated grants. Each participating Board has agreed to indemnify the Trustee on a several basis for any losses sustained by the Trustee.

## The Rainy River District School Board Schedule of Operating Fund

For the year ended August 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Local taxation	\$ 5,449,790	\$ 5,691,190	\$ 5,635,904
Provincial legislative grants	27,853,215	26,366,064	25,739,565
Provincial grants - other	533,350	1,265,685	583,982
Federal grants and fees	3,226,159	3,882,227	3,360,167
Other revenues - school boards	-	494,257	481,000
Other fees and revenues	155,000	707,237	2,552,505
Investment income	-	169,145	22,914
<b>Total revenues</b>	<b>37,217,514</b>	<b>38,575,805</b>	<b>38,376,037</b>
<b>Expenditures</b>			
Instruction	25,665,508	25,513,125	24,940,019
Administration	1,890,024	1,716,893	1,634,957
Transportation	2,500,405	2,941,346	2,729,462
School operations and maintenance	3,747,999	3,640,010	3,746,147
Pupil accommodation	987,614	179,497	143,973
Other	190,910	1,179,357	2,541,050
<b>Total expenditures</b>	<b>34,982,460</b>	<b>35,170,228</b>	<b>35,735,608</b>
<b>Net revenues</b>	<b>2,235,054</b>	<b>3,405,577</b>	<b>2,640,429</b>
<b>Increase (decrease) in prepaid expenses</b>	-	-	(33,111)
<b>Increase (decrease) in non-financial assets</b>	-	-	(33,111)
Debt principal repayments	-	(91,023)	(84,123)
Increase (decrease) in unfunded liabilities	256,059	50,479	(158,848)
<b>Change in amounts to be recovered</b>	<b>256,059</b>	<b>(40,544)</b>	<b>(242,971)</b>
<b>Net transfers to other funds</b>			
Transfers to capital fund	(2,310,054)	(2,106,822)	(1,483,408)
Transfer to reserve fund	75,000	(1,258,211)	(880,939)
<b>Net transfers to other funds</b>	<b>(2,235,054)</b>	<b>(3,365,033)</b>	<b>(2,364,347)</b>
<b>Change in operating fund balance</b>	<b>256,059</b>	<b>-</b>	<b>-</b>
<b>Opening balance - operating fund</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance - operating fund</b>	<b>\$ 256,059</b>	<b>\$ -</b>	<b>\$ -</b>

## The Rainy River District School Board Schedule of Capital Fund

For the year ended August 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenues</b>			
Federal grants	\$ -	\$ -	\$ -
Education development charges	-	-	-
Other revenues	-	-	-
Investment income	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditures</b>			
Instruction	703,335	1,020,059	884,845
Administration	29,000	12,014	48,307
Transportation	6,000	4,622	4,555
School operations and maintenance	21,000	77,487	218,343
Pupil accommodation	1,550,719	753,244	1,368,699
Other	-	294,124	-
<b>Total capital expenditures</b>	<b>2,310,054</b>	<b>2,161,550</b>	<b>2,524,749</b>
<b>Net revenues (expenditures)</b>	<b>(2,310,054)</b>	<b>(2,161,550)</b>	<b>(2,524,749)</b>
<b>Long-term financing</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>
<b>Net transfers from other funds</b>			
Transfer from operating fund	2,310,054	2,106,822	1,483,408
<b>Net transfers from other funds</b>	<b>2,310,054</b>	<b>2,106,822</b>	<b>5,483,408</b>
<b>Change in capital fund balance</b>	<b>-</b>	<b>(54,728)</b>	<b>2,958,659</b>
<b>Opening balance, capital fund</b>	<b>-</b>	<b>(1,041,341)</b>	<b>(4,000,000)</b>
<b>Closing balance, capital fund</b>	<b>\$ -</b>	<b>\$ (1,096,069)</b>	<b>\$ (1,041,341)</b>

**The Rainy River District School Board  
Schedule of Reserve Funds**

**For the year ended August 31**

										2006	2005	
										Budget	Actual	
										Actual	Actual	
									Total	Total	Total	
<b>Balance, beginning of year</b>	\$	1,529,770	\$	145,602	\$	17,944	\$	350,940	\$	1,512,142	\$	2,664,992
Transfer to the reserve fund		1,239,556		-		19,000		-		114,272		1,639,742
Earnings on reserve fund investments		18,921		615		217		10,315		18,703		48,771
Transfer from the reserve fund		-		(95,602)		(19,015)		-		(75,000)		(758,803)
<b>Balance, end of year</b>	\$	2,788,247	\$	50,615	\$	18,146	\$	361,255	\$	1,645,117	\$	3,556,398
										<b>\$ 1,158,450</b>		<b>\$ 4,863,380</b>
												<b>\$ 3,556,398</b>