

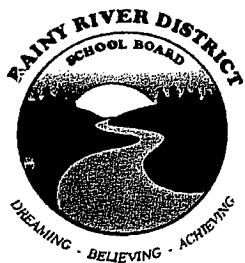
**The Rainy River District School  
Board  
Financial Statements  
For the year ended August 31, 2008**

**The Rainy River District School  
Board  
Financial Statements  
For the year ended August 31, 2008**

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# Rainy River

## DISTRICT SCHOOL BOARD

### MANAGEMENT REPORT

#### Management's Responsibility for the Financial Statements

**EDUCATION CENTRE**  
522 Second Street E.  
Fort Frances, ON  
P9A 1N4  
Phone: 807 274 9855  
Fax: 807 274 5078  
Toll Free: 1 800 214 1753

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.

#### WEB SITE:

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

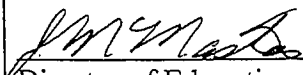
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis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

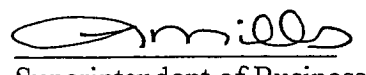
#### DIRECTOR

Jack McMaster

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.

  
Director of Education  
Jack McMaster

  
Superintendent of Business  
Laura Mills, C.A.

November 7, 2008



BDO Dunwoody LLP  
Chartered Accountants  
and Advisors

375 Scott Street  
Fort Frances, Ontario, Canada P9A 1H1  
Telephone: (807) 274-9848  
Telefax: (807) 274-5142

[www.bdo.ca](http://www.bdo.ca)

## 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 statement of financial position of the Rainy River District School Board as at August 31, 2008, and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Rainy River District School Board as at August 31, 2008, 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.

*BDO Dunwoody LLP*

Chartered Accountants, Licenced Public Accountants

Fort Frances, Ontario  
November 7, 2008

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

August 31	2008	2007
<b>Financial assets</b>		
Cash and cash equivalents	\$ 8,529,653	\$ 4,874,404
Accounts receivable	2,803,635	3,713,752
Investments (Note 2)	1,492,640	1,439,623
Other	1,891,489	831,070
<b>Total financial assets</b>	<b>14,717,417</b>	<b>10,858,849</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,384,222	1,462,442
Net long-term liabilities (Note 3)	6,167,661	4,793,666
Other	637,714	806,218
Deferred revenue - reserves (Note 4)	3,647,728	3,638,292
Employee benefits payable (Note 5)	5,879,495	5,761,867
<b>Total financial liabilities</b>	<b>17,716,820</b>	<b>16,462,485</b>
<b>Net liabilities</b>	<b>\$ (2,999,403)</b>	<b>\$ (5,603,636)</b>
<b>Financial position</b>		
Operating fund	\$ -	\$ -
Capital fund	(157,023)	(1,443,144)
Reserve fund	8,897,140	6,213,830
School activities fund	521,740	373,558
<b>Total fund balance</b>	<b>9,261,857</b>	<b>5,144,244</b>
<b>Amounts to be recovered (Note 6)</b>	<b>(12,261,260)</b>	<b>(10,747,880)</b>
<b>Net financial position</b>	<b>\$ (2,999,403)</b>	<b>\$ (5,603,636)</b>

On Behalf of the Board:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

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

For the year ended August 31	2008 Budget	2008 Actual	2007 Actual
<b>Revenues</b>			
Local taxation	\$ 5,635,163	\$ 5,110,579	\$ 5,567,679
Provincial grants - student focused funding	28,161,869	28,688,097	27,252,202
Provincial grants - other	129,633	2,377,439	930,543
Federal grants and fees	3,836,315	3,845,902	3,769,346
Other revenues - school boards	16,000	473,451	455,518
Other fees and revenues	140,000	2,392,114	788,704
Investment income	15,000	342,657	302,767
School fundraising	-	1,366,857	1,180,113
<b>Total revenues</b>	<b>37,933,980</b>	<b>44,597,096</b>	<b>40,246,872</b>
<b>Expenditures</b>			
Instruction	27,559,718	28,366,338	26,181,800
Administration	1,929,001	2,128,776	1,826,354
Transportation	2,452,081	2,825,274	2,811,216
School operations and maintenance	4,064,535	3,860,439	3,635,487
Pupil accommodation	922,120	1,689,866	3,521,198
Other	1,035,614	1,903,495	1,193,576
School funded activities	-	1,218,675	1,160,724
<b>Total expenditures</b>	<b>37,963,069</b>	<b>41,992,863</b>	<b>40,330,355</b>
<b>Change in net assets (liabilities)</b>	<b>(29,089)</b>	<b>2,604,233</b>	<b>(83,483)</b>
<b>Financing transactions</b>			
Increase in long-term financing	-	1,500,381	1,072,658
Debt repayments	(115,268)	(126,386)	(103,846)
Increase in unfunded liabilities	118,240	139,385	137,435
<b>Change in amounts to be recovered</b>	<b>2,972</b>	<b>1,513,380</b>	<b>1,106,247</b>
<b>Change in fund balances</b>	<b>(26,117)</b>	<b>4,117,613</b>	<b>1,022,764</b>
<b>Opening fund balances (Note 1)</b>	<b>3,793,653</b>	<b>5,144,244</b>	<b>4,121,480</b>
<b>Closing fund balances</b>	<b>\$ 3,767,536</b>	<b>\$ 9,261,857</b>	<b>\$ 5,144,244</b>

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

For the year ended August 31	2008	2007
<b>Operations</b>		
Net revenues (expenditures)	\$ 2,604,233	\$ (83,483)
<b>Sources and (uses)</b>		
Decrease (increase) in accounts receivable	(148,302)	(1,715,178)
Decrease (increase) in other financial assets	(2,000)	690,766
Increase (decrease) in accounts payable and accrued liabilities	(78,220)	630,536
Increase (decrease) in other liabilities	(168,504)	259,828
Increase in deferred revenues - reserves	9,436	1,651
Increase in employee benefits payable	117,628	128,891
<b>Net increase (decrease) in cash from operations</b>	<b>2,334,271</b>	<b>(86,989)</b>
<b>Investing</b>		
Increase in investments	(53,017)	(54,669)
<b>Financing activities</b>		
Long-term liabilities issued	1,500,381	1,072,658
Repayment of long-term debt	(126,386)	(103,846)
	<b>1,373,995</b>	<b>968,812</b>
<b>Change in cash and cash equivalents</b>	<b>3,655,249</b>	<b>827,154</b>
<b>Opening cash and cash equivalents</b>	<b>4,874,404</b>	<b>4,047,250</b>
<b>Closing cash and cash equivalents</b>	<b>\$ 8,529,653</b>	<b>\$ 4,874,404</b>
<b>Represented by</b>		
Cash	\$ 8,529,653	\$ 4,874,404

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# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2008**

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### 1. Significant Accounting Policies

The 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 financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

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

#### (b) Trust Funds

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

#### (c) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes 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 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.



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# The Rainy River District School Board Notes to Financial Statements

August 31, 2008

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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.

# The Rainy River District School Board

## Notes to Financial Statements

**August 31, 2008**

### 1. Significant Accounting Policies (continued)

#### (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 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 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.

### 2. Investments

Investments consisting of marketable securities are comprised as follows:

	2008 Market Value	2007 Market Value
Cost	Cost	Cost
Non-redeemable guaranteed investment certificate. Interest at 3.25% with a maturity date of March 20, 2009.	\$ 383,872	\$ 368,399
Non-redeemable guaranteed investment certificate. Interest at 2.75% with a maturity date of August 29, 2009.	1,108,768	1,071,224
	<b>\$ 1,492,640</b>	<b>\$ 1,439,623</b>

# The Rainy River District School Board

## Notes to Financial Statements

August 31, 2008

### 3. Net Long-term Liabilities

There is net long-term debt outstanding at August 31, 2008, for which repayments of principal and interest are scheduled over the next five years.

	2008	2007
\$1,072,658 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 4.56% with blended semi-annual payments of principal and interest in the amount of \$36,175.17 each.	\$ 1,036,694	\$ 1,060,939
\$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.	3,636,502	3,732,727
\$1,443,144 financing for permanent improvements from the Ontario Financing Authority, by way of loan. Interest at 4.90% with blended semi-annual payments of principal and interest in the amount of \$50,588.64 each	1,443,144	-
\$57,237 financing for replacement of board vans, by way of loan. Interest at 5.19% with blended monthly payments of principal and interest in the amount of \$1,084.00 each.	51,321	-
	<b>\$ 6,167,661</b>	<b>\$ 4,793,666</b>

The long-term debt of the Board is subject to debt covenants. At August 31, 2008, the Board is in compliance with all debt covenants.

Principal payments relating to net long-term liabilities of \$6,167,661 outstanding as at August 31, 2008, are due as follows:

Year	Principal	Interest	Total
2009	\$ 168,326	\$ 294,594	\$ 462,920
2010	176,645	286,275	462,920
2011	185,375	277,545	462,920
2012	194,538	268,382	462,920
2013	196,566	258,873	455,439
Thereafter	5,246,211	2,535,088	7,781,299
	<b>\$ 6,167,661</b>	<b>\$ 3,920,757</b>	<b>\$ 10,088,418</b>

### 4. 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 Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2008, is comprised of:

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

**August 31, 2008**

**4. Deferred Revenue (continued)**

	Balance as at August 31, 2007	Externally Restricted Revenue and Investment Income	Revenue recognized in the period	Balance as at August 31, 2008
Classroom	\$ 3,487,657	\$ 35,489	\$ 27,600	\$ 3,495,546
Proceeds of disposition	132,553	1,360	-	133,914
Other MECR/BECR	18,082	186	-	18,268
<b>Total deferred revenue</b>	<b>\$ 3,638,292</b>	<b>\$ 37,035</b>	<b>\$ 27,600</b>	<b>\$ 3,647,728</b>

**5. Retirement and Other Employee Future Benefits**

Retirement and Other Employee Future Benefit Liabilities	2008		2007	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations	\$ 3,918,687	\$ 3,792	\$ 3,922,479	\$ 3,910,493
Unamortized Actuarial Gains	224,735	-	224,735	239,422
<b>Employee Future Benefits Liability</b>	<b>\$ 4,143,422</b>	<b>\$ 3,792</b>	<b>\$ 4,147,214</b>	<b>\$ 4,149,915</b>

Retirement and Other Employee Future Benefit Expenses	2008		2007	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit costs	\$ 329,119	\$ -	\$ 329,119	\$ 311,140
Interest on accrued benefit obligation	172,071	292	172,363	170,844
Amortized actuarial gains (losses)	(14,687)	-	(14,687)	(13,307)
Employee contributions	(483,512)	(5,984)	(489,496)	(424,929)
<b>Employee future benefits expenses*</b>	<b>\$ 2,991</b>	<b>\$ (5,692)</b>	<b>\$ (2,701)</b>	<b>\$ 43,748</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, 2008

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

#### Sick Leave

Sick Leave Liabilities	2008		2007	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations	\$ 2,217,412	\$ -	\$ 2,217,412	\$ 2,132,115
Unamortized Actuarial Gains (losses)	(485,131)	-	(485,131)	(520,163)
<b>Employee Future Benefits Liability</b>	<b>\$ 1,732,281</b>	<b>\$ -</b>	<b>\$ 1,732,281</b>	<b>\$ 1,611,952</b>

Sick Leave Expenses	2008		2007	
	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit costs	\$ 135,585	\$ -	\$ 135,585	\$ 132,218
Interest on accrued benefit obligation	95,711	-	95,711	92,731
Amortized actuarial gains	35,032	-	35,032	35,032
Employee contributions	(145,999)	-	(145,999)	(174,838)
<b>Employee future benefits expenses*</b>	<b>\$ 120,329</b>	<b>\$ -</b>	<b>\$ 120,329</b>	<b>\$ 85,143</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, 2008

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### 5. 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, 2008, the Board contributed \$306,391 (2007 - \$283,147) 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.

#### 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, 2008, were \$174,064 (2007 - \$158,538) 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.

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

**August 31, 2008**

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

#### (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, 2008, 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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	2008	2007
	%	%
Inflation	2.0	1.5
Wage and salary escalation	3.0	2.5
Insurance and health care cost escalation	11.5	12.0
Discount on accrued benefit obligations	4.5	4.5

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

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#### (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, 2008 are based on actuarial valuations for accounting purposes as at August 31, 2006. The economic assumptions used in these valuations are the Board's best estimates outlined in Section (ii).

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

**August 31, 2008**

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### 6. Amounts to be Recovered in Future Years

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

	2008	2007
Amounts to be financed in future years		
Retirement and other employee future benefits liability (Note 6)	\$ 4,147,214	\$ 4,149,915
Sick leave	1,732,281	1,611,952
Capital financing	6,167,661	4,793,666
Vacation accrual	214,104	192,347
	\$ 12,261,260	\$ 10,747,880

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### 7. 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:

	2008	2007
Principal payments on long-term liabilities including contributions to sinking funds	126,386	103,846
Interest payments on long-term liabilities	244,079	208,929
Interest payments on temporary financing	-	-
	\$ 370,465	\$ 312,775

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### 8. Revolving Credit Facility

The Board has an unused revolving demand credit facility available with a limit of \$3,000,000.



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

**August 31, 2008**

### 9. Expenditures by Object

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

	2007/08 Budget	2007/08 Actual	2006/07 Actual
<b>Current expenditures</b>			
Salary and wages	\$ 24,106,727	\$ 24,146,173	\$ 22,697,735
Employee benefits	4,080,389	3,985,772	3,710,438
Staff development	463,112	533,087	506,472
Supplies and services	3,674,375	3,549,012	3,102,488
Interest	269,408	244,079	208,928
Rental expenditures	118,500	60,064	124,495
Fees and contract services	2,943,100	3,401,021	3,325,247
Other	1,146,902	1,372,600	1,275,677
Transfers to other boards	-	1,263,788	1,160,724
School funded activities	-	1,218,675	-
<b>Capital expenditures</b>	<b>1,160,556</b>	<b>2,218,592</b>	<b>4,218,151</b>
	<b>\$ 37,963,069</b>	<b>\$ 41,992,863</b>	<b>\$ 40,330,355</b>

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

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territories without municipal organization. The outlay by the Board in 2007-08 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.

### 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.

### 12. Contractual Obligations

#### (a) 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.

#### (b) 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.

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

August 31, 2008

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### 13. School Generated Funds Irregularities

During the year, a case of fraud was detected relating to the safeguarding of the school generated funds. An insurance claim related to this case is ongoing; however, the total value of the claim is not determinable at this time. Any material losses are expected to be covered by insurance.

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### 14. Contingent Liability

On August 5, 2008, the Board was charged by the Ministry of the Environment of Ontario. The charges were the result of certain instances where the Board has been accused of operating the system contrary to the regulations as provided in the Ontario Safe Drinking Water Act. The Board has estimated the net cost of the related fines and other associated costs and has recorded a charge to current operations in these financial statements.

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### 15. Subsequent Event

Effective September 1, 2008 the Rainy River District School Board boundaries were amended by Ontario Regulation 177/08 and the Mine Centre District School Area Board was amalgamated with the Rainy River District School Board. Ontario Regulation 178/08 provides the transition provisions relating to the school board boundary changes made in Ontario Regulation 177/08 (includes provisions for employee transfer to the Rainy River District School Board, collection of unorganized taxes, etc.). This amalgamation does not have any impact of the financial statements for the year ended August 31, 2008 for the Rainy River District School Board.

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### 16. Segmented Information

The Rainy River District School Board is a government institution that provides primarily education services. For management reporting purposes the Board's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. No additional disclosure on a segmented basis was considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

# The Rainy River District School Board Notes to Financial Statements

**August 31, 2008**

## 17. Tangible Capital Assets

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

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

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

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

Land improvements with finite lives	15 years
Buildings	40 years
Portable Structures	20 years
Other Buildings	20 years

The information will be subject to audit during the year that PS3150 is fully implemented for purposes of the School Board's financial statements

	UNAUDITED				UNAUDITED				Net Book Value March 31, 2008	Net Book Value March 31, 2007
	COST (IN 000'S)		COST (IN 000'S)		ACCUMULATED AMORTIZATION (in 000's)		ACCUMULATED AMORTIZATION (in 000's)			
	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007	Balance March 31, 2007
Land	\$ 102	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ 102
Land Improvements	56	63	-	119	2	6	-	8	111	54
Buildings	36,441	2,294	48	38,687	6,863	995	931	8,789	29,898	29,579
Portable Structures	61	497	-	558	61	12	-	73	485	-
Construction in Progress	117	22	-	139	-	-	-	-	139	117
Preacquisition and Construction Costs	36	14	50	-	-	-	-	-	-	36
<b>Total</b>	<b>\$ 36,813</b>	<b>\$ 2,890</b>	<b>\$ 98</b>	<b>\$ 39,605</b>	<b>\$ 6,926</b>	<b>\$ 1,013</b>	<b>\$ 931</b>	<b>\$ 8,870</b>	<b>\$ 30,735</b>	<b>\$ 29,888</b>

Included in the Disposals, Write-offs and adjustments column are write-offs of \$945 for the period on building assets (40 years)

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

For the year ended August 31	2008 Budget	2008 Actual	2007 Actual
<b>Revenues</b>			
Local taxation	\$ 5,635,163	\$ 5,110,579	\$ 5,567,679
Provincial legislative grants	28,161,869	28,688,097	27,252,202
Provincial grants - other	129,633	2,377,439	930,543
Federal grants and fees	3,836,315	3,845,902	3,769,346
Other revenues - school boards	16,000	473,451	455,518
Other fees and revenues	140,000	2,392,114	788,704
Investment income	15,000	242,155	208,914
<b>Total revenues</b>	<b>37,933,980</b>	<b>43,129,737</b>	<b>38,972,906</b>
<b>Expenditures</b>			
Instruction	27,099,874	27,704,091	25,360,697
Administration	1,908,001	2,053,490	1,794,077
Transportation	2,446,081	2,820,361	2,806,432
School operations and maintenance	4,043,535	3,848,392	3,618,704
Pupil accommodation	269,408	244,079	208,928
Other	1,035,614	1,885,183	1,162,642
<b>Total expenditures</b>	<b>36,802,513</b>	<b>38,555,596</b>	<b>34,951,480</b>
<b>Net revenues</b>	<b>1,131,467</b>	<b>4,574,141</b>	<b>4,021,426</b>
<b>Debt principal repayments</b>	<b>(115,268)</b>	<b>(126,386)</b>	<b>(103,846)</b>
<b>Increase in unfunded liabilities</b>	<b>118,240</b>	<b>139,385</b>	<b>137,435</b>
<b>Change in amounts to be recovered</b>	<b>2,972</b>	<b>12,999</b>	<b>33,589</b>
<b>Net transfers to other funds</b>			
Transfers to capital fund	(1,160,556)	(2,004,332)	(2,798,418)
Transfer to reserve fund	26,117	(2,582,808)	(1,256,597)
<b>Net transfers to other funds</b>	<b>(1,134,439)</b>	<b>(4,587,140)</b>	<b>(4,055,015)</b>
<b>Change in operating fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening balance - operating fund</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance - operating fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

<b>For the year ended August 31</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>2007 Actual</b>
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Capital expenditures</b>			
Instruction	459,844	662,247	821,103
Administration	21,000	75,286	32,277
Transportation	6,000	4,913	4,784
School operations and maintenance	21,000	12,047	16,783
Pupil accommodation	652,712	1,445,787	3,312,270
Other	-	18,312	30,934
<b>Total capital expenditures</b>	<b>1,160,556</b>	<b>2,218,592</b>	<b>4,218,151</b>
<b>Net revenues (expenditures)</b>	<b>(1,160,556)</b>	<b>(2,218,592)</b>	<b>(4,218,151)</b>
<b>Long-term financing</b>	-	1,500,381	1,072,658
<b>Net transfers from other funds</b>			
Transfer from operating fund	1,160,556	2,004,332	2,798,418
<b>Change in capital fund balance</b>	-	1,286,121	(347,075)
<b>Opening balance, capital fund</b>	-	(1,443,144)	(1,096,069)
<b>Closing balance, capital fund</b>	<b>\$ -</b>	<b>\$ (157,023)</b>	<b>\$ (1,443,144)</b>

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

For the year ended August 31

	2008 Budget	2008 Actual	2007 Actual	
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	Total	Total	Total	Total
Reserve for Working Funds Reserve for Transportation Reserve for Professional Development Liberty Health Reserve Capital Reserve Capital Reserve SmartBoard Reserve Capital Reserve	\$ 4,121,141 2,321,722 23,467 375,351 1,667,901	\$ 25,970 - 23,931 - 245,625	\$ 3,398,279 - 37,000 - 19,627	\$ 6,213,830 2,628,278 100,502 (45,470)
Balance, beginning of year Transfer to the reserve fund Earnings on reserve fund investments Transfer from the reserve fund	\$ 4,121,141 2,321,722 66,083 -	\$ 25,970 - - (25,970)	\$ 3,398,279 - - (26,117)	\$ 4,863,380 1,300,597 93,853 (44,000)
<b>Balance, end of year</b>	<b>\$ 6,508,946</b>	<b>\$ -</b>	<b>\$ 3,372,162</b>	<b>\$ 8,897,140</b>
			<b>\$ 3,372,162</b>	<b>\$ 6,213,830</b>

**The Rainy River District School Board  
Schedule of School Activities Fund**

<b>For the year ended December 31</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>2007 Actual</b>
<b>Revenues</b>			
School fundraising	\$ -	\$ 1,366,857	\$ 1,180,113
<b>Expenditures</b>			
School funded activities	-	1,218,675	1,160,724
<b>Net Revenue</b>	-	148,182	19,389
<b>Opening balance - school activities fund</b>	-	373,558	354,169
<b>Closing balance - school activities fund</b>	\$ -	\$ 521,740	\$ 373,558