

Sudbury Catholic District School Board

**Management Report,
Auditors' Report and
Financial Statements**

August 31, 2008

Management Report

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Sudbury Catholic District School Board 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, except for the effect of adjustments, if any, which the auditors may have determined to be necessary had they been able to obtain sufficient audit evidence to form an opinion with respect to the completeness of school generated funds. 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's 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.

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 Collins Barrow, Sudbury - Nipissing 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

Chief Financial Officer

October 27, 2008

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Auditors' Report

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

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

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

As is common with many school boards, individual schools derive revenue from school fund-raising activities held throughout the year, which, by their nature, are not susceptible to complete audit verification. 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 fund-raising 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 fund-raising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Sudbury Catholic District School Board as at August 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury - Nipissing LLP

Sudbury, Ontario
October 27, 2008

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Sudbury Catholic District School Board

Financial Statements

August 31, 2008

(See Auditors' Report)

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Sudbury Catholic District School Board
Statement of Financial Position
August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Financial Assets		
Cash	\$ 8,040,635	\$ 6,041,703
Accounts receivable (note 3)	2,741,857	3,387,259
Other	<u>1,920</u>	<u>5,441</u>
	<u>10,784,412</u>	<u>9,434,403</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 4)	6,739,747	6,607,169
Net long-term liabilities (note 5)	17,645,067	14,987,654
Deferred revenue - reserves (note 6)	1,237,829	1,004,890
Deferred revenue - other	964,594	1,089,093
Retirement and other employee future benefits (note 7)	<u>26,166,364</u>	<u>25,764,545</u>
	<u>52,753,601</u>	<u>49,453,351</u>
Net Financial Liabilities	(41,969,189)	(40,018,948)
Non-Financial Assets		
Prepaid expenses (note 8)	<u>813,562</u>	<u>862,663</u>
Net Liabilities	<u>\$ (41,155,627)</u>	<u>\$ (39,156,285)</u>
Financial Position		
Operating Fund	\$ 1	\$ 1
Capital Fund	(1,927,942)	(3,086,830)
Reserve Funds	4,553,990	4,491,252
School Activities Fund	<u>380,882</u>	<u>430,877</u>
	3,006,931	1,835,300
Amounts to be Recovered in Future Years (note 9)	<u>(44,162,558)</u>	<u>(40,991,585)</u>
Net Financial Position	<u>\$ (41,155,627)</u>	<u>\$ (39,156,285)</u>
Contingent Liabilities (note 13)		

Approved by the Board:

_____ Director of Education

_____ Chair of the Board

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Statement of Financial Activities
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Revenues		
Local taxation	\$ 12,672,722	\$ 12,622,916
Provincial grants - Grants for Student Needs	51,234,615	48,793,318
Provincial grants - Other	2,157,896	1,553,326
Federal grants and fees	499,990	463,167
Other revenues - School Boards	-	136,485
Other fees and revenues	890,904	718,418
Investment income	312,157	330,093
School fund-raising and other revenues	<u>2,287,139</u>	<u>2,420,162</u>
	<u>70,055,423</u>	<u>67,037,885</u>
Expenditures		
Instruction	50,965,373	49,607,467
Administration	3,048,064	2,906,885
Transportation	4,681,237	4,337,699
School operations and maintenance	6,745,855	6,756,649
Pupil accommodation	4,214,624	5,285,782
School funded activities	2,337,134	2,433,745
Other	<u>13,378</u>	<u>18,768</u>
	<u>72,005,665</u>	<u>71,346,995</u>
Net Expenditure	(1,950,242)	(4,309,110)
Decrease in Prepaid Expenses	<u>(49,100)</u>	<u>(138,371)</u>
Change in Net Financial Position	<u>(1,999,342)</u>	<u>(4,447,481)</u>
Financing Transactions		
Long-term financing	3,845,990	6,310,289
Debt repayments and sinking fund contributions	(1,188,577)	(1,169,877)
Increase in unfunded liabilities	<u>513,560</u>	<u>288,858</u>
Change in Amounts to be Recovered	<u>3,170,973</u>	<u>5,429,270</u>
Change in Fund Balances	1,171,631	981,789
Opening Fund Balances	<u>1,835,300</u>	<u>853,511</u>
Closing Fund Balances	<u>\$ 3,006,931</u>	<u>\$ 1,835,300</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Statement of Changes in Financial Position
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Operations		
Net Expenditure	\$ (1,950,242)	\$ (4,309,110)
Sources and (Uses):		
Decrease (increase) in accounts receivable	645,402	(112,801)
Decrease (increase) in other financial assets	3,521	(1,374)
Increase in accounts payable and accrued charges	132,579	121,871
Increase in deferred revenues - reserves	232,939	40,336
Increase (decrease) in deferred revenues - other	(124,499)	38,503
Increase in employee benefits payable	<u>401,819</u>	<u>159,518</u>
Net Decrease in Cash from Operations	<u>(658,481)</u>	<u>(4,063,057)</u>
Financing		
Long-term financing issued	3,845,990	6,310,289
Debt repayments and sinking fund contributions	<u>(1,188,577)</u>	<u>(1,169,877)</u>
Net Increase in Cash from Financing	<u>2,657,413</u>	<u>5,140,412</u>
Change in Cash	1,998,932	1,077,355
Opening Cash	<u>6,041,703</u>	<u>4,964,348</u>
Closing Cash	<u>\$ 8,040,635</u>	<u>\$ 6,041,703</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Schedule of Operating Fund
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Revenues		
Local taxation	\$ 12,672,722	\$ 12,622,916
Provincial legislative grants	51,234,615	48,793,318
Provincial grants - Other	2,157,896	1,553,326
Federal grants and fees	499,990	463,167
Other revenues - School Boards	-	136,485
Other fees and revenues	890,904	718,418
Investment income	312,157	330,093
	<u>67,768,284</u>	<u>64,617,723</u>
Expenditures		
Instruction	49,608,844	46,964,125
Administration	2,993,543	2,891,220
Transportation	4,681,237	4,337,699
School operations and maintenance	6,726,549	6,719,626
Pupil accommodation	1,005,693	872,907
Other	13,378	18,768
	<u>65,029,244</u>	<u>61,804,345</u>
Net Revenue	<u>2,739,040</u>	<u>2,813,378</u>
Decrease in Prepaid Expenses	<u>(49,100)</u>	<u>(138,371)</u>
Debt Repayments	(1,188,577)	(1,169,877)
Increase in Unfunded Liabilities	<u>513,560</u>	<u>288,858</u>
Change in Amounts to be Recovered	<u>(675,017)</u>	<u>(881,019)</u>
Transfer To Capital Fund	(2,008,698)	(1,851,678)
Transfer To Reserve Fund	<u>(6,225)</u>	<u>(524,083)</u>
Net Transfers To Other Funds	<u>(2,014,923)</u>	<u>(2,375,761)</u>
Change in Operating Fund Balance	-	(581,773)
Opening Balance - Operating Fund	<u>1</u>	<u>581,774</u>
Closing Balance - Operating Fund	<u>\$ 1</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Schedule of Capital Fund
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>
Capital Expenditures		
Instruction	1,356,529	2,643,342
Administration	54,521	15,665
School operations and maintenance	19,306	37,023
Pupil accommodation	<u>3,208,931</u>	<u>4,412,875</u>
	<u>4,639,287</u>	<u>7,108,905</u>
Net Expenditure	<u>(4,639,287)</u>	<u>(7,108,905)</u>
Long-Term Financing	<u>3,845,990</u>	<u>6,310,289</u>
Transfer From Operating Fund	2,008,698	1,851,678
Transfer From (To) Reserve Fund	<u>(56,513)</u>	<u>16,034</u>
Net Transfers From Other Funds	<u>1,952,185</u>	<u>1,867,712</u>
Change in Capital Fund Balance	1,158,888	1,069,096
Opening Balance - Capital Fund	<u>(3,086,830)</u>	<u>(4,155,926)</u>
Closing Balance - Capital Fund	<u>\$ (1,927,942)</u>	<u>\$ (3,086,830)</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Schedule of Reserve Funds
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Net Revenue		
Investment income	\$ <u>-</u>	\$ <u>-</u>
Transfer From Operating Fund	6,225	524,083
Transfer From (To) Capital Fund	<u>56,513</u>	<u>(16,034)</u>
Net Transfers From Other Funds	<u>62,738</u>	<u>508,049</u>
Change in Reserve Fund Balance	62,738	508,049
Opening Balance - Reserve Fund	<u>4,491,252</u>	<u>3,983,203</u>
Closing Balance - Reserve Fund	<u>\$ 4,553,990</u>	<u>\$ 4,491,252</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board
Schedule of School Activities Fund
For The Year Ended August 31, 2008
(See Auditors' Report)

	<u>2008</u>	<u>2007</u>
Revenues		
School fund-raising and other revenues	\$ 2,287,139	\$ 2,420,162
Expenditures		
School funded activities	<u>2,337,134</u>	<u>2,433,745</u>
Change in School Activities Fund Balance	(49,995)	(13,583)
Opening Balance - School Activities Fund	<u>430,877</u>	<u>444,460</u>
Closing Balance - School Activities Fund	<u>\$ 380,882</u>	<u>\$ 430,877</u>

The accompanying notes are an integral part of these financial statements.

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

1. Significant Accounting Policies

The financial statements are prepared by management 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. The financial statements are the representation of management.

(a) 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.

(b) 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.

(c) Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported. Capital assets are reported as expenditures on the Statement of Financial Activities in the year of acquisition.

(d) 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.

(e) 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, workers' compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

1. Significant Accounting Policies (Continued)

(e) Retirement and Other Employee Future Benefits (Continued)

- (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 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.

(f) 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.

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

1. Significant Accounting Policies (Continued)

(g) 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.

(h) Legislative Grants

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

(i) 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. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(j) Budget Figures

Budget figures have not been provided for comparison purposes. 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 have not been presented as they have not been adjusted to conform with this basis of accounting.

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

2. Future Change in Accounting Policies

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:

Buildings	40 years
Portable structures	20 years

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

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

2. Future Change in Accounting Policies (Continued)

Unaudited

	Cost			Accumulated Amortization			Net Book Value March 31, 2008	Net Book Value March 31, 2007		
	Balance at March 31, 2007	Additions and (Transfers)	Disposals	Balance at March 31, 2008	Balance at March 31, 2007	Amortization			Disposals, Write offs and Adjustments	Balance at March 31, 2008
Land	\$ 1,697,600	\$ -	\$ -	\$ 1,697,600	\$ -	\$ -	\$ -	\$ -	\$ 1,697,600	\$ 1,697,600
Buildings	44,937,181	3,604,956	689,242	47,852,895	16,562,081	1,399,316	331,884	17,629,513	30,223,382	28,375,100
Portable structures	278,000	-	-	278,000	249,200	13,000	-	262,200	15,800	28,800
Total	<u>\$ 46,912,781</u>	<u>\$ 3,604,956</u>	<u>\$ 689,242</u>	<u>\$ 49,828,495</u>	<u>\$ 16,811,281</u>	<u>\$ 1,412,316</u>	<u>\$ 331,884</u>	<u>\$ 17,891,713</u>	<u>\$ 31,936,782</u>	<u>\$ 30,101,500</u>

3. Accounts Receivable

	2008	2007
Province of Ontario	\$ 90,904	\$ 136,144
School Boards	829,950	591,468
Government of Canada	205,188	254,371
Municipalities	1,478,500	1,537,058
Other	137,315	868,218
	<u>\$ 2,741,857</u>	<u>\$ 3,387,259</u>

4. Accounts Payable and Accrued Liabilities

	2008	2007
Province of Ontario	\$ -	\$ 100,285
Trade	3,829,134	4,027,712
Payroll related	1,996,861	1,543,040
School Boards	913,752	936,132
	<u>\$ 6,739,747</u>	<u>\$ 6,607,169</u>

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

5. Net Long-Term Liabilities

Net long-term liabilities reported on the Statement of Financial Position comprise of the following:

	<u>2008</u>	<u>2007</u>
Debentures - Amortizing, payable in semi-annual instalments of \$234,740, \$140,158 and \$108,207 including interest at the rate of 5.8%, 4.56% and 4.9%, final instalment due November 2028, November 2031 and March 2033	\$ 12,690,880	\$ 9,837,303
Debenture - Sinking fund, bearing interest at the rate of 5.3%, due November 7, 2013	4,770,570	4,770,570
Capital leases, payable in annual instalments of \$777,617, including interest at the rate of 3.97% to 7.55%, final instalment due August 1, 2011	<u>1,629,187</u>	<u>1,582,945</u>
	19,090,637	16,190,818
Less: Sinking Fund Assets	<u>1,445,570</u>	<u>1,203,164</u>
	<u>\$ 17,645,067</u>	<u>\$ 14,987,654</u>

Principal, lease, sinking fund contributions and interest payments relating to net long-term liabilities of \$17,645,067 outstanding as at August 31, 2008 are due as follows:

	<u>Principal, Lease and Sinking Fund Contributions</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,205,224	\$ 981,965	\$ 2,187,189
2010	1,253,269	933,955	2,187,224
2011	732,424	883,418	1,615,842
2012	555,943	853,735	1,409,678
2013	575,218	834,499	1,409,717
Thereafter	<u>13,322,989</u>	<u>5,898,796</u>	<u>19,221,785</u>
Net Long-Term Liabilities	<u>\$ 17,645,067</u>	<u>\$ 10,386,368</u>	<u>\$ 28,031,435</u>

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

6. Deferred Revenue - Reserves

The use of certain reserve funds are restricted by provincial government regulations. It is a requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants that these reserve funds be reported as deferred revenue.

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

	<u>2008</u>	<u>2007</u>
Proceeds of Disposition	<u>\$ 1,237,829</u>	<u>\$ 1,004,890</u>

7. Retirement and Other Employee Future Benefits

	<u>2008</u>		<u>2007</u>	
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued Employee Future Benefit Obligations	\$ 16,484,924	\$ 4,048,096	\$ 20,533,020	\$ 19,695,929
Unamortized Actuarial Gains (Losses)	<u>6,466,850</u>	<u>(833,506)</u>	<u>5,633,344</u>	<u>6,068,616</u>
Employee Future Benefit Liabilities	<u>\$ 22,951,774</u>	<u>\$ 3,214,590</u>	<u>\$ 26,166,364</u>	<u>\$ 25,764,545</u>

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

7. Retirement and Other Employee Future Benefits (Continued)

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 Cost	\$ 986,410	\$ 483,233	\$ 1,469,643	\$ 1,379,115
Interest on Accrued Benefit Obligation	711,269	153,150	864,419	836,117
Recognized Actuarial (Gains) Losses	<u>(495,937)</u>	<u>60,665</u>	<u>(435,272)</u>	<u>(435,272)</u>
Employee Future Benefit Expenses ¹	<u>\$ 1,201,742</u>	<u>\$ 697,048</u>	<u>\$ 1,898,790</u>	<u>\$ 1,779,960</u>

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Retirement Benefits

(a) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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.

(b) 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. Eligible employees contributed at a rate of up to 9.6% of earnings in 2008 (2007 - 9.6%). The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2008, the Board contributed \$624,368 (2007 - \$603,736) 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.

Sudbury Catholic District School Board

Notes to the Financial Statements

August 31, 2008

(See Auditors' Report)

7. Retirement and Other Employee Future Benefits (Continued)

Retirement Benefits (Continued)

(c) 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.

(d) Retirement Dental and Health Care Benefits

The Board continues to provide 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

(a) 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.

(b) Sick Leave Accumulations

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's financial statements.

Sudbury Catholic District School Board

Notes to the Financial Statements

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7. Retirement and Other Employee Future Benefits (Continued)

Other Employee Future Benefits (Continued)

The accrued benefit obligations for employee future benefit plans as at August 31, 2008 are based on actuarial valuations for accounting purposes as at August 31, 2006. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2008</u>	<u>2007</u>
	%	%
Inflation	2.0	2.0
Wage and salary escalation	2.5	2.5
Dental and health care cost escalation	6 - 11.5	6-11
Discount on accrued benefit obligations	4.5	4.5

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totalled \$315,936 at August 31, 2008 (2007 - \$315,936).

8. Prepaid Expenses

	<u>2008</u>	<u>2007</u>
Payroll related	\$ 611,715	\$ 766,874
Other	<u>201,847</u>	<u>95,789</u>
	<u>\$ 813,562</u>	<u>\$ 862,663</u>

9. 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:

	<u>2008</u>	<u>2007</u>
Capital outlay to be recovered in future years		
Net long-term liabilities (note 5)	\$ 17,645,067	\$ 14,987,654
Amounts to be financed in future years		
Retirement and other employee future benefits liability	26,166,364	25,764,545
Interest accrual	<u>351,127</u>	<u>239,386</u>
	<u>\$ 44,162,558</u>	<u>\$ 40,991,585</u>

Sudbury Catholic District School Board

Notes to the Financial Statements

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(See Auditors' Report)

10. Debt Charges

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

	<u>2008</u>	<u>2007</u>
Principal and lease payments on long-term liabilities including contributions to sinking funds	\$ 1,188,577	\$ 1,169,877
Interest payments on long-term liabilities	<u>989,864</u>	<u>836,527</u>
	<u>\$ 2,178,441</u>	<u>\$ 2,006,404</u>

11. Expenditures by Object

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

	<u>2008</u>	<u>2007</u>
Current Expenditures		
Salary and wages	\$ 44,536,736	\$ 42,544,283
Employee benefits	8,375,084	7,730,850
Staff development	311,410	273,745
Supplies and services	4,941,678	4,851,773
Interest	989,864	836,527
Rentals	52,069	48,528
Fees and contract services	5,419,879	5,138,986
Replacement furniture and equipment	89,592	96,893
Other	312,932	282,760
School Funded Activities	2,337,134	2,433,745
Capital Expenditures	<u>4,639,287</u>	<u>7,108,905</u>
	<u>\$ 72,005,665</u>	<u>\$ 71,346,995</u>

Sudbury Catholic District School Board

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12. Ontario School Board Insurance Exchange (OSBIE)

The 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.

13. Contingent Liabilities

a) Statements of Claim

The Board along with other parties have been served with statements of claim. The Board is of the opinion that the claims are unfounded or covered by insurance. Should any losses result from these claims, the amount would be charged to operations in the period in which the losses are determinable.

b) Group Health Insurance

The Board's group health insurance provider produces an annual financial report which compares the premiums paid and claims made by the Board. If a surplus occurs in excess of the claims fluctuation reserve requirement of \$307,000, the funds will be refunded to the Board. However, if a deficit occurs, the Board is responsible for the payment of such deficit, which exceeds the amount of the claims fluctuation reserve, upon demand by the insurer. The amount of the claims fluctuation reserve at August 31, 2008 is approximately \$332,000.