Consolidated Financial Statements of

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Year ended August 31, 2013
MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Greater Essex County District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated 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 consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Erin Kelly  
Director of Education

Cathy Lynd  
Superintendent of Business & Treasurer
INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Greater Essex County District School Board

We have audited the accompanying consolidated financial statements of Greater Essex County District School Board, which comprise the consolidated statement of financial position as at August 31, 2013, the consolidated statements of operations and accumulated deficit, net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Greater Essex County District School Board as at and for the year ended August 31, 2013 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

November 19, 2013
Windsor, Canada

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KPMG Confidential
GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

Year ended August 31, 2013, with comparative figures for 2012

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments (note 3)</td>
<td>$45,079,186</td>
<td>$19,716,128</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>11,642,941</td>
<td>20,111,781</td>
</tr>
<tr>
<td>Accounts receivable - Government of Ontario (note 4)</td>
<td>163,097,422</td>
<td>162,157,718</td>
</tr>
<tr>
<td>Assets held for sale (note 5)</td>
<td>537,858</td>
<td>106,840</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>220,357,207</strong></td>
<td><strong>202,092,467</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary borrowing (note 6)</td>
<td>15,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>25,048,384</td>
<td>21,122,544</td>
</tr>
<tr>
<td>Amounts held in trust (note 7)</td>
<td>3,292,025</td>
<td>3,155,143</td>
</tr>
<tr>
<td>Net long-term debt (note 8)</td>
<td>169,657,833</td>
<td>161,920,881</td>
</tr>
<tr>
<td>Deferred revenue (note 9)</td>
<td>7,260,362</td>
<td>4,403,482</td>
</tr>
<tr>
<td>Employee future benefits (note 10)</td>
<td>51,058,639</td>
<td>79,710,845</td>
</tr>
<tr>
<td>Deferred capital contributions (note 11)</td>
<td>276,450,445</td>
<td>271,987,801</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>547,765,668</strong></td>
<td><strong>557,300,496</strong></td>
</tr>
</tbody>
</table>

| Net debt | (327,408,481) | (355,208,029) |

<table>
<thead>
<tr>
<th>Non-financial assets:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>598,881</td>
<td>580,953</td>
</tr>
<tr>
<td>Inventories of supplies</td>
<td>21,576</td>
<td>23,747</td>
</tr>
<tr>
<td>Tangible capital assets (note 12)</td>
<td>303,935,029</td>
<td>300,926,061</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td><strong>304,523,468</strong></td>
<td><strong>301,530,761</strong></td>
</tr>
</tbody>
</table>

| Accumulated deficit (note 13) | $ (22,884,995) | $ (53,677,268) |

Contingencies and commitments (notes 17 and 18)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director of Education

Chair of the School Board
# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

**Consolidated Statement of Operations and Accumulated Deficit**

For the year ended August 31, 2013, with comparative figures for 2012

<table>
<thead>
<tr>
<th>Item</th>
<th>2013 Budget</th>
<th>2013 Actual</th>
<th>2012 Budget</th>
<th>2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal grants</td>
<td>$70,953,779</td>
<td>$75,424,105</td>
<td>$77,679,447</td>
<td></td>
</tr>
<tr>
<td>Provincial grants - Grants for student needs</td>
<td>294,329,074</td>
<td>288,408,434</td>
<td>289,077,045</td>
<td></td>
</tr>
<tr>
<td>Provincial grants - Other</td>
<td>17,213,324</td>
<td>20,449,740</td>
<td>12,237,533</td>
<td></td>
</tr>
<tr>
<td>Ministry of Training, Colleges and Universities - Ontario Youth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprenticeship Program</td>
<td>-</td>
<td>117,155</td>
<td>117,155</td>
<td></td>
</tr>
<tr>
<td>Federal grants and fees</td>
<td>-</td>
<td>346,783</td>
<td>337,869</td>
<td></td>
</tr>
<tr>
<td>Other fees and revenues</td>
<td>855,049</td>
<td>2,522,007</td>
<td>1,912,484</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>370,411</td>
<td>139,260</td>
<td></td>
</tr>
<tr>
<td>School fundraising and other activities</td>
<td>9,400,000</td>
<td>8,279,358</td>
<td>9,826,408</td>
<td></td>
</tr>
<tr>
<td>Gain on benefit plan curtailment (note 10)</td>
<td>-</td>
<td>24,218,801</td>
<td>48,033,248</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>392,751,226</td>
<td>420,134,794</td>
<td>439,360,449</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>297,674,139</td>
<td>295,967,442</td>
<td>302,148,051</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>10,424,265</td>
<td>10,993,048</td>
<td>10,312,882</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>11,101,951</td>
<td>10,470,103</td>
<td>10,615,941</td>
<td></td>
</tr>
<tr>
<td>Pupil accommodation</td>
<td>61,239,125</td>
<td>58,614,708</td>
<td>63,019,252</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4,867,024</td>
<td>5,172,204</td>
<td>4,932,638</td>
<td></td>
</tr>
<tr>
<td>School funded activities</td>
<td>9,400,000</td>
<td>8,225,016</td>
<td>9,672,057</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>394,506,504</td>
<td>389,342,521</td>
<td>400,700,829</td>
<td></td>
</tr>
<tr>
<td><strong>Annual surplus (deficit)</strong></td>
<td>(1,755,278)</td>
<td>30,792,273</td>
<td>38,659,620</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated deficit, beginning of year</strong></td>
<td>(53,677,268)</td>
<td>(53,677,268)</td>
<td>(92,336,888)</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated deficit, end of year</strong></td>
<td>$ (55,432,546)</td>
<td>$ (22,884,995)</td>
<td>$ (53,677,268)</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD
Consolidated Statement of Net Debt

For the year ended August 31, 2013, with comparative figures for 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$30,792,273</td>
<td>$38,659,620</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(19,520,610)</td>
<td>(20,752,954)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>15,678,907</td>
<td>14,658,816</td>
</tr>
<tr>
<td>Loss on write down of tangible capital assets</td>
<td>401,917</td>
<td>1,462,432</td>
</tr>
<tr>
<td>Transfer to asset held for sale</td>
<td>430,818</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>27,783,305</td>
<td>34,017,914</td>
</tr>
<tr>
<td>Acquisition of inventories of supplies</td>
<td>(194)</td>
<td>(23,747)</td>
</tr>
<tr>
<td>Acquisition of prepaid expenses</td>
<td>(45,081)</td>
<td>(460,602)</td>
</tr>
<tr>
<td>Consumption of inventories of supplies</td>
<td>2,365</td>
<td>26,080</td>
</tr>
<tr>
<td>Use of prepaid expenses</td>
<td>59,153</td>
<td>417,371</td>
</tr>
<tr>
<td>Change in net debt</td>
<td>27,799,548</td>
<td>33,977,016</td>
</tr>
<tr>
<td>Net debt, beginning of year</td>
<td>(355,208,029)</td>
<td>(389,185,045)</td>
</tr>
<tr>
<td>Net debt, end of year</td>
<td>$ (327,408,481)</td>
<td>$ (355,208,029)</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD
Consolidated Statement of Cash Flows

For the year ended August 31, 2013, with comparative figures for 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus</td>
<td>$ 30,792,273</td>
<td>$ 38,659,620</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>15,678,907</td>
<td>14,658,816</td>
</tr>
<tr>
<td>Deferred gain on disposal of restricted assets</td>
<td>(141,315)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on write down of tangible capital assets</td>
<td>401,917</td>
<td>1,452,432</td>
</tr>
<tr>
<td>Decrease in employee future benefits</td>
<td>(28,654,206)</td>
<td>(41,055,239)</td>
</tr>
<tr>
<td><strong>Change in non-cash assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>7,529,136</td>
<td>(9,152,215)</td>
</tr>
<tr>
<td>Decrease in inventories of supplies</td>
<td>2,171</td>
<td>2,333</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>14,072</td>
<td>(43,231)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued liabilities</td>
<td>3,925,840</td>
<td>(2,848,313)</td>
</tr>
<tr>
<td>Increase in amounts held in trust</td>
<td>136,882</td>
<td>169,576</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td>2,856,880</td>
<td>(841,472)</td>
</tr>
<tr>
<td>Increase in deferred capital contributions</td>
<td>4,462,844</td>
<td>5,398,173</td>
</tr>
<tr>
<td><strong>Net change in cash from operating activities</strong></td>
<td>37,005,401</td>
<td>6,400,480</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term liabilities issued</td>
<td>12,629,352</td>
<td>26,390,270</td>
</tr>
<tr>
<td>Decrease in temporary borrowing</td>
<td>-</td>
<td>(10,000,000)</td>
</tr>
<tr>
<td>Debt repayments</td>
<td>(4,892,400)</td>
<td>(4,010,870)</td>
</tr>
<tr>
<td><strong>Net change in cash from financing activities</strong></td>
<td>7,736,952</td>
<td>12,379,400</td>
</tr>
<tr>
<td><strong>Capital activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible capital assets</td>
<td>(19,520,610)</td>
<td>(20,752,954)</td>
</tr>
<tr>
<td>Proceeds on sale of tangible capital assets</td>
<td>141,315</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in cash from capital activities</strong></td>
<td>(19,379,295)</td>
<td>(20,752,954)</td>
</tr>
<tr>
<td><strong>Net change in cash and short-term investments</strong></td>
<td>25,363,058</td>
<td>(1,973,074)</td>
</tr>
<tr>
<td><strong>Cash and short-term investments, beginning of year</strong></td>
<td>19,716,128</td>
<td>21,689,202</td>
</tr>
<tr>
<td><strong>Cash and short-term investments, end of year</strong></td>
<td>$ 45,079,186</td>
<td>$ 19,716,128</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
1. **Significant accounting policies:**

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

a) **Basis of accounting:**

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
1. **Significant accounting policies:**

   a) **Basis of accounting (continued):**

   - externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

   - property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

   As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

   b) **Reporting entity:**

   These consolidated financial statements reflect the assets, liabilities, revenues and expenses 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, revenues and expenses of various entities which exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

   Interdepartmental and inter-organizational transactions and balances between these entities are eliminated.
1. Significant accounting policies (continued):

   (c) Cash and short-term investments:

   Cash and cash equivalents are comprised 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.

   (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
   expenses are incurred or services provided.

   (e) Deferred capital contributions:

   Contributions received or receivable for the purpose of acquiring or developing a
   depreciable tangible capital asset for use in providing services, or any contributions in the
   form of depreciable tangible assets received or receivable for use in providing services,
   shall be recognized as deferred capital contribution as defined in Ontario Regulation
   395/11 of the Financial Administration Act. These amounts are recognized as revenue at
   the same rate as the related tangible capital asset is amortized. The following items fall
   under this category:

   - Government transfers received or receivable for capital purpose
   - Other restricted contributions received or receivable for capital purpose
   - Property taxation revenues which were historically used to fund capital assets
1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to employees of certain employee groups. These benefits include life insurance and health care benefits, dental benefits, retirement/sick plan gratuities, workers’ compensation benefits and long-term disability benefits. In 2012, changes were made to the retirement gratuity plan, sick leave plan and retiree health, life and dental plan. 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, health care cost trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement and the discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee’s salary, banked sick days and years of service as at August 31, 2012 and management’s best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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. The changes to the retiree health, life and dental plans resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2012.
1. Significant accounting policies (continued):

   (f) Retirement and other employee future benefits (continued):

   For those self-insured benefit obligations that arise from specific events, such as obligations for workers' 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 plans, such as the Ontario Municipal Employees Retirement System pension, 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.

   (g) Tangible capital assets:

   Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

   Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.
1. Significant accounting policies (continued):

   (g) Tangible capital assets (continued):

   Tangible capital assets, except land and construction in progress, are amortized on a straight line basis over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Estimated Useful Life in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements with finite lives</td>
<td>15</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>40</td>
</tr>
<tr>
<td>Portable structures</td>
<td>20</td>
</tr>
<tr>
<td>Other buildings</td>
<td>20</td>
</tr>
<tr>
<td>First-time equipping of schools</td>
<td>10</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>5 - 15</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>5</td>
</tr>
<tr>
<td>Computer software</td>
<td>1 - 5</td>
</tr>
<tr>
<td>Playground equipment</td>
<td>15</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5 - 10</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Over the lease term</td>
</tr>
</tbody>
</table>

   Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

   Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

   Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.
1. Significant accounting policies (continued):

(h) 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.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

(i) Investment income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

(j) 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 the differences between the funding model and generally accepted accounting principles 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.

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 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 expenses during the year. Accounts subject to significant estimates include the carrying value of tangible capital assets and employee future benefits. Actual results could differ from these estimates.
2. Adoption of new accounting standard:

On September 1, 2012, the Board adopted Public Sector Accounting Standard PS 3510 - Tax Revenue. The standard was adopted retrospectively. The new standard provides guidance on the entities who are able to record tax revenue on their financial statements.

Under PS 3510, only the entity that levies the tax will record tax revenue in their financial statements. All other entities who receive revenue from taxes as transfers from the original taxing authority (the Province of Ontario) will record these amounts as grants in their financial statements.

As a result of adopting PS 3510, the Board now records the tax revenue received from municipalities as Municipal grants.

3. Cash and short-term investments:

Cash and short-term investments include the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-restricted funds</td>
<td>$39,541,538</td>
<td>$14,428,623</td>
</tr>
<tr>
<td>Held in trust:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four/five deferred salary plans</td>
<td>1,632,969</td>
<td>1,462,167</td>
</tr>
<tr>
<td>School funds</td>
<td>3,904,679</td>
<td>3,825,338</td>
</tr>
<tr>
<td></td>
<td>$45,079,186</td>
<td>$19,716,128</td>
</tr>
</tbody>
</table>

4. Accounts receivable – Government of Ontario:

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $163,097,422 (2012 - $162,157,718) as at August 31, 2013 with respect to these capital grants.
5. **Assets held for sale:**

As of August 31, 2013, assets held for sale relate to the building, land, and land improvements for Maidstone Central Public School, Harrow Junior Public School and Ruthven Public School. During the year, one additional property was sold. Net proceeds of $141,315 (2012 - $93,622) was received on the sale of this property, which had a carrying value of $ nil (2012 - $ nil) resulting in a gain of $141,315 (2012 - $ nil). Proceeds of $141,315 are deferred for future capital asset purchases according to Ontario Regulation 193/10.

6. **Temporary borrowing:**

Temporary borrowing consists of:

<table>
<thead>
<tr>
<th>Bankers' Acceptance:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Bank of Canada, due September 5, 2013, bearing interest at the Bankers' Acceptance rate plus a 0.50% stamping fee</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$15,000,000</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

The Board has a line of credit available to a maximum of $25 million to address operating requirements and/or to bridge capital expenditures. Interest on the line of credit is at the bank’s average prime lending rate minus 0.50%.

7. **Amounts held in trust:**

Amounts held in trust consist of:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bequests for scholarships and bursaries</td>
<td>$1,659,056</td>
<td>$1,692,976</td>
</tr>
<tr>
<td>Employee four/five plans</td>
<td>1,632,969</td>
<td>1,462,167</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,292,025</td>
<td>$3,155,143</td>
</tr>
</tbody>
</table>
8. **Net long-term debt:**

Net long-term debt reported on the Consolidated Statement of Financial Position consists of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of $253,216 due semi-annually</td>
<td>3,841,995</td>
<td>4,093,238</td>
</tr>
<tr>
<td>Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of $92,987 due semi-annually</td>
<td>1,809,015</td>
<td>1,875,627</td>
</tr>
<tr>
<td>Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of $122,412 due monthly</td>
<td>13,506,399</td>
<td>14,223,436</td>
</tr>
<tr>
<td>Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.66% per annum. Blended payments of $578,717 due semi-annually</td>
<td>16,841,315</td>
<td>17,411,222</td>
</tr>
<tr>
<td>Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of $332,485 due semi-annually</td>
<td>7,840,930</td>
<td>8,073,390</td>
</tr>
<tr>
<td>Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of $717,054 due semi-annually</td>
<td>18,042,187</td>
<td>18,572,653</td>
</tr>
<tr>
<td>Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of $447,710 due semi-annually</td>
<td>10,201,050</td>
<td>10,561,253</td>
</tr>
<tr>
<td>Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.082% per annum. Blended payments of $689,939 due semi-annually</td>
<td>17,633,750</td>
<td>18,103,115</td>
</tr>
<tr>
<td>Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of $1,363,757 due semi-annually</td>
<td>34,059,016</td>
<td>34,917,956</td>
</tr>
<tr>
<td>Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of $462,075 due semi-annually</td>
<td>5,983,060</td>
<td>6,126,451</td>
</tr>
<tr>
<td>Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of $56,278 due semi-annually</td>
<td>1,545,749</td>
<td>1,582,270</td>
</tr>
<tr>
<td>Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of $374,246 due semi-annually</td>
<td>11,368,724</td>
<td>11,657,258</td>
</tr>
<tr>
<td>Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.664% per annum. Blended payments of $449,733 due semi-annually</td>
<td>14,355,293</td>
<td>14,733,012</td>
</tr>
<tr>
<td>Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of $394,992 due semi-annually</td>
<td>12,629,350</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: $169,657,833 $161,920,881
8. **Net long-term debt (continued):**

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2013 are due as follows:

<table>
<thead>
<tr>
<th></th>
<th>Principal payment</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>$ 5,454,859</td>
<td>$ 8,178,394</td>
<td>$ 13,633,253</td>
</tr>
<tr>
<td>2014/15</td>
<td>5,729,335</td>
<td>7,903,918</td>
<td>13,633,253</td>
</tr>
<tr>
<td>2015/16</td>
<td>6,016,154</td>
<td>7,617,098</td>
<td>13,633,252</td>
</tr>
<tr>
<td>2016/17</td>
<td>6,321,203</td>
<td>7,312,050</td>
<td>13,633,253</td>
</tr>
<tr>
<td>2017/18</td>
<td>6,840,198</td>
<td>6,993,055</td>
<td>13,633,253</td>
</tr>
<tr>
<td>Thereafter</td>
<td>139,496,084</td>
<td>54,065,089</td>
<td>193,561,173</td>
</tr>
</tbody>
</table>

Total payments in respect of long-term liabilities $169,657,833 $92,089,604 $261,747,437

Interest expense on net long-term debt amounted to $8,024,683 (2012 - $7,742,583).

9. **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, 2013 consists of:

<table>
<thead>
<tr>
<th></th>
<th>Balance as at August 31, 2012</th>
<th>Externally restricted additions</th>
<th>Transferred to DCC</th>
<th>Revenue recognized in the period</th>
<th>Balance as at August 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds of disposition</td>
<td>$ 1,285,560</td>
<td>$ 157,460</td>
<td>$</td>
<td>$</td>
<td>$ 1,443,020</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>106,840</td>
<td>388,175</td>
<td>$</td>
<td>$</td>
<td>495,015</td>
</tr>
<tr>
<td>Education development charges</td>
<td>$ 363,239</td>
<td>$ 363,239</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Restricted grants</td>
<td>3,011,082</td>
<td>73,890,122</td>
<td>8,176,575</td>
<td>63,402,302</td>
<td>5,322,327</td>
</tr>
</tbody>
</table>

|                        | $ 4,403,482                    | $74,798,996                      | $ 8,176,575        | $ 63,765,541                    | $ 7,280,352                   |
9. Deferred revenue (continued):

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2012 consists of:

<table>
<thead>
<tr>
<th></th>
<th>Balance as at August 31, 2011</th>
<th>Externally restricted revenue</th>
<th>Transferred to DCC</th>
<th>Revenue recognized in the period</th>
<th>Balance as at August 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds of disposition</td>
<td>$1,204,347</td>
<td>$104,950</td>
<td>$</td>
<td>$23,737</td>
<td>$1,285,580</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>106,840</td>
<td></td>
<td>$</td>
<td></td>
<td>106,840</td>
</tr>
<tr>
<td>Education development charges</td>
<td></td>
<td>382,965</td>
<td></td>
<td>382,965</td>
<td></td>
</tr>
<tr>
<td>Restricted grants</td>
<td>3,933,767</td>
<td>69,928,090</td>
<td>8,347,864</td>
<td>62,502,911</td>
<td>3,011,082</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,244,954</strong></td>
<td><strong>$70,416,005</strong></td>
<td><strong>$8,347,864</strong></td>
<td><strong>$62,908,813</strong></td>
<td><strong>$4,403,482</strong></td>
</tr>
</tbody>
</table>
10. Retirement and other employee future benefits:

The Board provides defined post retirement and other future benefits to employees of certain employee groups. These benefits include post retirement life insurance and health care benefits, dental benefits, retirement/sick plan gratuity benefits, future paid sick leave benefits, worker's compensation benefits and long-term disability benefits. The liabilities associated with these plans are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>employee benefits</td>
<td>employee benefits</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Retirement health benefits</td>
<td>29,281,043</td>
<td>45,267,892</td>
</tr>
<tr>
<td>Retirement gratuities</td>
<td>34,836,607</td>
<td>44,364,558</td>
</tr>
<tr>
<td>Sick leave/ top-up benefits</td>
<td>$ -</td>
<td>$ 18,337,423</td>
</tr>
<tr>
<td>Long-term disability</td>
<td>$ 2,849,527</td>
<td>$ 2,187,290</td>
</tr>
<tr>
<td>Workers' Compensation benefit</td>
<td>$ 12,743,668</td>
<td>$ 10,608,921</td>
</tr>
<tr>
<td>Balance at August 31</td>
<td>$ 79,710,845</td>
<td>$120,766,084</td>
</tr>
<tr>
<td>Loss (gain) for year (1)</td>
<td>(26,324,533)</td>
<td>(14,783,290)</td>
</tr>
<tr>
<td>Loss: benefit payments</td>
<td>(3,904,434)</td>
<td>(6,423,003)</td>
</tr>
<tr>
<td></td>
<td>315,478</td>
<td>(16,630,552)</td>
</tr>
<tr>
<td></td>
<td>621,895</td>
<td>929,902</td>
</tr>
<tr>
<td></td>
<td>(592,513)</td>
<td>3,574,569</td>
</tr>
<tr>
<td>Balance at August 31</td>
<td>(22,075,239)</td>
<td>(33,332,374)</td>
</tr>
<tr>
<td></td>
<td>(6,576,967)</td>
<td>(7,722,865)</td>
</tr>
<tr>
<td>Balance at August 31</td>
<td>(51,056,639)</td>
<td>(108,098,249)</td>
</tr>
<tr>
<td>Balance at August 31</td>
<td>$ 79,710,845</td>
<td>$120,766,084</td>
</tr>
</tbody>
</table>
10. Retirement and other employee future benefits (continued):

The components of the cost of providing these benefits for the year are as follows:

<table>
<thead>
<tr>
<th>Current year benefit cost</th>
<th>Post retirement benefits</th>
<th>Retirement gratuities</th>
<th>Sick leave/ top-up benefits</th>
<th>Long-term disability</th>
<th>Workers' Compensation benefits</th>
<th>Total employee future benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year benefit cost</td>
<td>$415,717</td>
<td>$</td>
<td>$</td>
<td>$533,288</td>
<td>$(280,954)</td>
<td>$668,049</td>
</tr>
<tr>
<td>Interest on accrued benefit obligation</td>
<td>73,714</td>
<td>987,434</td>
<td>$</td>
<td>88,609</td>
<td>325,766</td>
<td>1,475,513</td>
</tr>
<tr>
<td>Amortization of actuarial gain</td>
<td>(448,500)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>(448,500)</td>
</tr>
<tr>
<td>Change due to Plan Curtailment</td>
<td>(26,365,464)</td>
<td>2,917,000</td>
<td>315,478</td>
<td>$</td>
<td>(637,315)</td>
<td>(23,770,301)</td>
</tr>
<tr>
<td>Change due to Plan Curtailment</td>
<td>(29,813,964)</td>
<td>2,917,000</td>
<td>315,478</td>
<td>$</td>
<td>(637,315)</td>
<td>(24,218,801)</td>
</tr>
<tr>
<td>Net (gain) expense for the year¹</td>
<td>$(26,324,533)</td>
<td>$3,904,434</td>
<td>$315,478</td>
<td>$621,895</td>
<td>$(592,513)</td>
<td>$(22,075,239)</td>
</tr>
</tbody>
</table>
GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

August 31, 2013

10. Retirement and other employee future benefits (continued):

<table>
<thead>
<tr>
<th></th>
<th>2012 Total employee benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Post retirement benefits</td>
</tr>
<tr>
<td>Current year benefit cost</td>
<td>$ 1,531,275</td>
</tr>
<tr>
<td>Interest on accrued benefit obligation</td>
<td>1,672,247</td>
</tr>
<tr>
<td></td>
<td>3,303,622</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>2,126,118</td>
</tr>
<tr>
<td>Change due to Plan Curtailment</td>
<td>(20,212,930)</td>
</tr>
<tr>
<td></td>
<td>(18,086,812)</td>
</tr>
<tr>
<td>Net (gain) expense for the year (1)</td>
<td>$(14,783,290)</td>
</tr>
</tbody>
</table>

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

Total gain reported in the consolidated statement of operations and accumulated deficit due to plan changes, data correction and amortization of actuarial gains is $24,218,801 (2012 - $48,033,248).
10. Retirement and other employee future benefits (continued):

*Plan changes*

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. As a result, employees eligible for a retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days were eliminated as of September 1, 2012, and were replaced with a new short-term leave and disability plan.

In 2013, further changes were made to the short term leave and disability plan. Under the new short term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short term leave and disability plan in that year.

A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year. Retirement life insurance and health care benefits up to age 65 have been grandfathered to existing retirees and employees who will retire in 2012-13. Effective September 1, 2013, any new retirees accessing Retirement Life Insurance and Health Care Benefits will pay the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

*Actuarial assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2013, used on the most recent actuarial valuations completed for accounting purposes as at August 31, 2013. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation (excluding health care and dental expenses)</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Wage and salary escalation</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Discount on accrued benefit obligations</td>
<td>3.4%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Health care costs are assumed to increase by 8.75% for 2013-14, the rate then falling by 1/4% per annum thereafter until it reaches 4%. Dental costs are assumed to increase by 4.75% for 2013-14, the rate then falling by 1/4% per annum thereafter until it reaches 3%.
10. Retirement and other employee future benefits (continued):

The principal benefits provided, the costs and liabilities of which are included in the Board's consolidated financial statements, are as follows:

(a) 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 the age of 65, provided the retirement date was prior to September 1, 2013. The premiums are based on the Board experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements.

In addition, in 2012-13 the Board agreed to implement a change to post-retirement benefits in order to be compliant with the requirements of the Education Act. Effective September 1, 2014 access to post-retirement benefits will terminate at age 65. Those retirees who are over the age of 65 and currently receiving benefits will continue to have access to coverage under the same terms until August 31, 2014.

The changes to the Board's retirement health, life and dental plans resulted in a one-time reduction to the Board's obligation of $26,813,964 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2013.

(b) Retirement Gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. 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 consolidated financial statements. In the prior year, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days, and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days, and years of service at August 31, 2012.

The changes to the Board's retirement gratuity plan resulted in a one-time decrease to the Board’s obligation of $11,447,708 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012.
10. Retirement and other employee future benefits (continued):

(c) Retirement Gratuities (continued):

Corrections to the data used in the prior year’s valuation has resulted in an increase to the Board’s obligation of $2,917,000 and a corresponding curtailment loss was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2013.

(d) Sick Leave Benefits:

As a result of the plan changes, the Board’s liability related to compensated absences from sick leave accumulations was eliminated, resulting in a one-time reduction to the obligation of $18,498,728 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2012.

Sick Leave Top-Up Benefits

As a result of new changes made in 2013 to the short term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term and disability plan in that year. The benefit costs expensed in the financial statements are $315,478 (2012 - nil).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2013. This actuarial valuation is based on assumptions about future events.

(e) 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.
10. Retirement and other employee future benefits (continued):

(f) Workplace Safety and Insurance Board (WSIB) obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the 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 the payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreement included such provision. This resulted in a one-time decrease to the Board's obligation of $637,315 as at August 31, 2013.

Other benefits

(i) 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 consolidated 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. The Board's contributions equal the employee contributions to the plan. During the year ended August 31, 2013, the Board contributed $4,365,342 (2012 - $3,861,937) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for these arrangements is included in the Board's consolidated financial statements.
11. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$271,587,601</td>
<td>$266,589,428</td>
</tr>
<tr>
<td>Additions to deferred capital contributions</td>
<td>19,508,409</td>
<td>20,480,226</td>
</tr>
<tr>
<td>Revenue recognized in the period</td>
<td>(14,255,474)</td>
<td>(13,629,621)</td>
</tr>
<tr>
<td>Transfers to deferred revenue</td>
<td>(388,175)</td>
<td>--</td>
</tr>
<tr>
<td>Amounts written off during year</td>
<td>(401,916)</td>
<td>(1,452,432)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$276,450,445</td>
<td>$271,987,601</td>
</tr>
</tbody>
</table>
12. Tangible Capital Assets:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 8,631,783</td>
<td>$ -</td>
<td>$(42,643)</td>
<td>$ 8,778,120</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 8,778,120</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 8,778,120</td>
<td>$ 8,778,120</td>
</tr>
<tr>
<td>Buildings</td>
<td>386,008,685</td>
<td>10,850,417</td>
<td>$(536,901)</td>
<td>393,651,981</td>
<td>113,371,192</td>
<td>545,540</td>
<td>447,907,491</td>
<td>113,371,192</td>
<td>545,540</td>
<td>447,907,491</td>
<td>8,999,222</td>
</tr>
<tr>
<td>Portables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>structures</td>
<td>5,115,827</td>
<td>530,566</td>
<td></td>
<td>5,646,393</td>
<td>3,068,132</td>
<td>311,854</td>
<td>3,380,986</td>
<td>3,380,986</td>
<td></td>
<td></td>
<td>2,294,227</td>
</tr>
<tr>
<td>Pre-acquisition costs</td>
<td>249,448</td>
<td>114,828</td>
<td>(248,447)</td>
<td>114,828</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>114,828</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>4,479,699</td>
<td>151,016</td>
<td>-</td>
<td>279,720</td>
<td>2,345,589</td>
<td>721,588</td>
<td>279,720</td>
<td>2,345,589</td>
<td>721,588</td>
<td>279,720</td>
<td>1,524,477</td>
</tr>
<tr>
<td>First time equipment</td>
<td>8,967,648</td>
<td>326,123</td>
<td>-</td>
<td>9,293,771</td>
<td>5,572,857</td>
<td>572,857</td>
<td>9,293,771</td>
<td>5,572,857</td>
<td>572,857</td>
<td>9,293,771</td>
<td>3,748,110</td>
</tr>
<tr>
<td>Computer</td>
<td>8,083,279</td>
<td>1,344,435</td>
<td>-</td>
<td>9,427,714</td>
<td>4,127,073</td>
<td>1,625,180</td>
<td>4,451,070</td>
<td>4,451,070</td>
<td>1,625,180</td>
<td>4,451,070</td>
<td>5,050,950</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>841,219</td>
<td>169,067</td>
<td>-</td>
<td>1,010,286</td>
<td>1,010,286</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,010,286</td>
</tr>
<tr>
<td>Computer software</td>
<td>947,914</td>
<td>-</td>
<td>-</td>
<td>947,914</td>
<td>450,458</td>
<td>158,410</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>186,068</td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 4,020,274</td>
<td>$ 10,620,810</td>
<td>$(3,932,000)</td>
<td>$ 10,633,213</td>
<td>$ 443,637,062</td>
<td>$ 129,060,213</td>
<td>$ 16,574,007</td>
<td>$ (3,821,691)</td>
<td>$ 2,201,900</td>
<td>$ 129,060,213</td>
<td>$ 16,574,007</td>
</tr>
</tbody>
</table>

(a) Assets under construction:

Assets under construction having a value of $3,750,617 (2012 - $293,058) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was $401,517 (2012 - $1,452,432) and is included in Disposals.

(c) Assets Permanently Removed from Service relates Sun Parlor Jr. Public School (2011).
### 12. Tangible Capital Assets (continued):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 8,702,576</td>
<td>$ 129,188</td>
<td>$ -</td>
<td>$ 8,831,763</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Portables</td>
<td>7,707,438</td>
<td>-</td>
<td>2,462,412</td>
<td>5,245,027</td>
<td>2,555,902</td>
<td>365,824</td>
<td>-</td>
<td>2,462,412</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>905,929,077</td>
<td>3,775,247</td>
<td>(11,802,734)</td>
<td>-</td>
<td>54,810</td>
<td>-</td>
<td>-</td>
<td>25,410</td>
</tr>
<tr>
<td>Pre-acquisition Costs</td>
<td>19,051</td>
<td>248,447</td>
<td>-</td>
<td>19,051</td>
<td>248,447</td>
<td>-</td>
<td>-</td>
<td>248,447</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>4,932,245</td>
<td>108,710</td>
<td>-</td>
<td>4,470,538</td>
<td>1,840,201</td>
<td>365,826</td>
<td>-</td>
<td>2,065,651</td>
</tr>
<tr>
<td>Final Equipments</td>
<td>4,927,757</td>
<td>1,240,848</td>
<td>-</td>
<td>4,907,918</td>
<td>1,490,412</td>
<td>480,482</td>
<td>-</td>
<td>1,972,897</td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>10,292,500</td>
<td>1,434,687</td>
<td>-</td>
<td>8,857,813</td>
<td>6,083,502</td>
<td>1,831,852</td>
<td>-</td>
<td>4,197,073</td>
</tr>
<tr>
<td>Computer Software</td>
<td>1,421,665</td>
<td>132,958</td>
<td>-</td>
<td>1,288,707</td>
<td>941,219</td>
<td>737,913</td>
<td>182,166</td>
<td>297,779</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,050,488</td>
<td>84,638</td>
<td>-</td>
<td>965,814</td>
<td>564,122</td>
<td>133,670</td>
<td>-</td>
<td>390,472</td>
</tr>
<tr>
<td>Assets Permanently Removed from Service</td>
<td>593,500</td>
<td>2,498,104</td>
<td>-</td>
<td>2,002,609</td>
<td>593,500</td>
<td>94,803</td>
<td>930,891</td>
<td>0,432,752</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 417,707,049</td>
<td>$ 26,732,554</td>
<td>$ -</td>
<td>$ 443,022,274</td>
<td>$ 121,479,591</td>
<td>$ 14,858,976</td>
<td>$ -</td>
<td>$ 130,488,313</td>
</tr>
</tbody>
</table>

(a) Assets under construction:

Assets under construction having a value of $224,058 (2011 - $88,681,748) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was $1,452,432 (2011 - $1,089,498) and is included in Disposals.

13. **Accumulated deficit:**

Accumulated deficit consists of the following:

<table>
<thead>
<tr>
<th>Surplus (deficit):</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$16,888,586</td>
<td>$14,181,142</td>
</tr>
<tr>
<td>School renewal</td>
<td>1,581,482</td>
<td>1,740,307</td>
</tr>
<tr>
<td>Employee future benefits</td>
<td>(51,698,398)</td>
<td>(79,710,845)</td>
</tr>
<tr>
<td>Interest and vacation accruals</td>
<td>(1,992,043)</td>
<td>(1,888,909)</td>
</tr>
<tr>
<td>School generated funds</td>
<td>3,840,422</td>
<td>3,786,080</td>
</tr>
<tr>
<td>Revenues recognized for land</td>
<td>5,451,470</td>
<td>5,091,521</td>
</tr>
<tr>
<td><strong>Amounts restricted for future use by board motion:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School budgets</td>
<td>377,424</td>
<td>421,492</td>
</tr>
<tr>
<td>Campbell Public School</td>
<td>1,125,000</td>
<td>1,155,000</td>
</tr>
<tr>
<td>Administrative buildings – capitalized assets</td>
<td>357,852</td>
<td>365,891</td>
</tr>
<tr>
<td>Benefit plan</td>
<td>760,338</td>
<td>760,184</td>
</tr>
<tr>
<td>Internal capital</td>
<td>420,869</td>
<td>420,869</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$(22,884,985)</td>
<td>$(53,677,288)</td>
</tr>
</tbody>
</table>

Amounts restricted for future use by board motion – School budgets represents the current year's unspent school allocated budget.

Amounts restricted for future use by board motion – Campbell Public School represents amounts used to pay for the capital costs of Campbell Public School, net of amortization.

Amounts restricted for future use by board motion – Administrative buildings – capitalized assets represents additions to Administrative buildings. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – benefit plan represents amounts to be used to pay for the cost of benefits that exceed premium payments during the year.

Amounts restricted for future use by board motion – internal capital represents amounts to be used to pay for the cost of capital projects including new construction, building renovations, land or site costs.
14. Financial instruments:

a) Interest rate risk:

Interest rate risk represents the risk to the Board's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The Board is exposed to interest rate risk as the interest on the bank short-term borrowing is at variable rates.

b) Fair value:

Fair values approximate amounts at which financial assets and liabilities would be exchanged between willing parties, based on current markets for instruments of the same risk and maturity. The fair values of financial assets and liabilities approximate their carrying values.

15. Expenses by object:

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated deficit by object:

<table>
<thead>
<tr>
<th></th>
<th>2013 Budget</th>
<th>2013 Actual</th>
<th>2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and wages</td>
<td>$268,743,173</td>
<td>$270,134,980</td>
<td>$268,575,565</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>42,806,498</td>
<td>39,275,982</td>
<td>49,312,318</td>
</tr>
<tr>
<td>Staff development</td>
<td>1,132,373</td>
<td>749,083</td>
<td>1,524,524</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>40,659,585</td>
<td>38,343,636</td>
<td>40,620,442</td>
</tr>
<tr>
<td>Interest</td>
<td>8,297,057</td>
<td>8,280,294</td>
<td>8,055,569</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>86,880</td>
<td>371,427</td>
<td>154,209</td>
</tr>
<tr>
<td>Fees and contract services</td>
<td>15,664,886</td>
<td>14,298,631</td>
<td>14,381,749</td>
</tr>
<tr>
<td>Other</td>
<td>1,991,682</td>
<td>1,807,664</td>
<td>1,965,205</td>
</tr>
<tr>
<td>Amortization and write downs of tangible capital assets</td>
<td>15,124,410</td>
<td>16,080,824</td>
<td>16,111,248</td>
</tr>
<tr>
<td></td>
<td>$394,506,504</td>
<td>$389,342,521</td>
<td>$400,700,829</td>
</tr>
</tbody>
</table>
16. **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. Liability insurance is available to a maximum of $24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal’s and the Board’s actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in 2015.

17. **Commitments:**

At August 31, 2013, the Board is committed to capital expenditures in the amount of $23,413,173 to be funded by Ministry of Education capital grant programs.

18. **Contingent liabilities:**

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2013 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board’s financial position or results of operations.

19. **Transportation consortium:**

On January 20, 2003, the Board entered into an agreement with the Windsor-Essex Catholic District School Board and Conseil Scolaire Catholique Providence, formerly named Conseil Scolaire de district des écoles catholiques du Sud-Ouest, in order to provide common administration of student transportation within the District. On September 10, 2009, a new agreement was entered into and included the Conseil Scolaire Viamonde. The consortium agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the School Boards. Under the formal agreement, decisions related to the financial and operating activities are shared. No partner is in a position to exercise unilateral control. Operations have been included in these financial statements based on the Board’s portion of costs incurred which has been calculated based on student ridership.
19. Transportation consortium (continued):

The Board's consolidated statement of operations and accumulated deficit reflect the Board's pro-rata share of expenses. Total expenses of the consortium at August 31, 2013 were $20,142,839 (2012 - $21,043,931). The Board's pro-rata share of expenses at August 31, 2013 was $10,484,834 (2012 - $10,614,238).

20. Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received $1,779,682 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.