

Consolidated Financial Statements of

**GREATER ESSEX COUNTY  
DISTRICT SCHOOL BOARD**

Year ended August 31, 2014



## **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.

Handwritten signature of Erin Kelly in blue ink.

Erin Kelly  
Director of Education

Handwritten signature of Cathy Lynd in blue ink.

Cathy Lynd  
Superintendent of Business & Treasurer



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## 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, 2014, 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 risks 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 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, 2014 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 Professional Accountants, Licensed Public Accountants

November 18, 2014  
Windsor, Canada

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# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

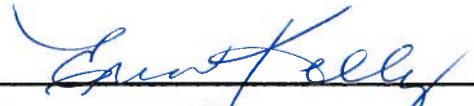
Year ended August 31, 2014, with comparative information for 2013

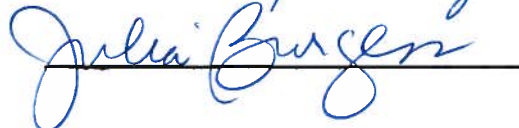
	2014	2013
<b>Financial assets:</b>		
Cash and short-term investments (note 2)	\$ 31,427,852	\$ 45,079,186
Accounts receivable	13,778,666	11,642,941
Accounts receivable - Government of Ontario (note 3)	183,766,201	163,097,422
Assets held for sale (note 4)	972,168	537,658
<b>Total financial assets</b>	<b>229,944,887</b>	<b>220,357,207</b>
<b>Financial liabilities:</b>		
Temporary borrowing (note 5)	20,000,000	15,000,000
Accounts payable and accrued liabilities	30,802,644	25,048,384
Amounts held in trust (note 6)	3,832,268	3,292,025
Net long-term debt (note 7)	164,408,263	169,657,833
Deferred revenue (note 8)	6,132,058	7,260,362
Employee future benefits (note 9)	74,373,854	51,056,639
Deferred capital contributions (note 10)	302,569,329	276,450,445
<b>Total financial liabilities</b>	<b>602,118,416</b>	<b>547,765,688</b>
<b>Net debt</b>	<b>(372,173,529)</b>	<b>(327,408,481)</b>
<b>Non-financial assets:</b>		
Prepaid expenses	540,917	566,881
Inventories of supplies	23,897	21,576
Tangible capital assets (note 11)	331,847,673	303,935,029
<b>Total non-financial assets</b>	<b>332,412,487</b>	<b>304,523,486</b>
<b>Accumulated deficit (note 12)</b>	<b>\$ (39,761,042)</b>	<b>\$ (22,884,995)</b>

Commitments and contingencies (notes 14, 15 and 16)

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

Year ended August 31, 2014, with comparative information for 2013

	Budget	2014 Actual	2013 Actual
<b>Revenues:</b>			
Municipal grants	\$ 75,411,332	\$ 74,654,647	\$ 75,424,105
Provincial grants - Grants for students needs	293,181,722	292,398,549	288,406,434
Provincial grants - Other	24,498,181	25,869,913	20,449,740
Ministry of Training, Colleges and Universities - Ontario Youth Apprenticeship Program	-	140,585	117,155
Federal grants and fees	-	288,842	346,783
Other fees and revenues	840,316	3,421,017	2,522,007
Investment income	-	565,960	370,411
School fundraising and other activities	9,400,000	8,907,393	8,279,358
Gain on benefit plan curtailment (note 9)	-	-	24,218,801
	<u>403,331,551</u>	<u>406,246,906</u>	<u>420,134,794</u>
<b>Expenses</b>			
Instruction	302,687,408	301,387,951	295,967,442
Administration	9,686,013	9,295,272	10,893,048
Transportation	10,934,995	10,451,515	10,470,103
Pupil accommodation	60,658,996	61,876,796	58,614,708
Other	4,895,779	5,328,864	5,172,204
School funded activities	9,400,000	8,910,560	8,225,016
Loss on benefit plan reinstatement (note 9)	-	25,871,995	-
	<u>398,263,191</u>	<u>423,122,953</u>	<u>389,342,521</u>
Annual surplus (deficit)	5,068,360	(16,876,047)	30,792,273
Accumulated deficit, beginning of year	(22,884,995)	(22,884,995)	(53,677,268)
<b>Accumulated deficit, end of year</b>	<b>\$ (17,816,635)</b>	<b>\$ (39,761,042)</b>	<b>\$ (22,884,995)</b>

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Net Debt

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Annual (deficit) surplus	\$ (16,876,047)	\$ 30,792,273
Acquisition of tangible capital assets	(45,508,615)	(19,520,610)
Amortization of tangible capital assets	15,979,568	15,678,907
Loss on write down of tangible capital assets	1,075,053	401,917
Transfer of assets held for sale	541,350	430,818
	(44,788,691)	27,783,305
Acquisition of inventories of supplies	(4,178)	(194)
Acquisition of prepaid expenses	(43,590)	(45,081)
Consumption of inventories of supplies	1,857	2,365
Use of prepaid expenses	69,554	59,153
Change in net debt	(44,765,048)	27,799,548
Net debt, beginning of year	(327,408,481)	(355,208,029)
Net debt, end of year	\$ (372,173,529)	\$ (327,408,481)

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (16,876,047)	\$ 30,792,273
Items not involving cash:		
Amortization of tangible capital assets	15,979,568	15,678,907
Deferred gain on disposal of restricted assets	(1,002,116)	(141,315)
Transfer to financial assets	541,350	430,818
Loss on write down of tangible capital assets	1,075,053	401,917
Increase (decrease) in employee future benefits	23,317,215	(28,654,206)
Change in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	(22,804,504)	7,529,136
Increase in assets held for sale	(434,510)	(430,818)
(Increase) decrease in inventories of supplies	(2,321)	2,171
Decrease in prepaid expenses	25,964	14,072
Increase in accounts payable and accrued liabilities	5,754,260	3,925,840
Increase in amounts held in trust	540,243	136,882
(Decrease) increase in deferred revenue	(1,128,304)	2,856,880
Increase in deferred capital contributions	26,118,884	4,462,844
<b>Net change in cash from operating activities</b>	<b>31,104,735</b>	<b>37,005,401</b>
Financing activities:		
Long-term liabilities issued	205,089	12,629,352
Increase in temporary borrowing	5,000,000	-
Debt repayments	(5,454,659)	(4,892,400)
<b>Net change in cash from financing activities</b>	<b>(249,570)</b>	<b>7,736,952</b>
Capital activities:		
Purchase of tangible capital assets	(45,508,615)	(19,520,610)
Proceeds on sale of tangible capital assets	1,002,116	141,315
<b>Net change in cash from capital activities</b>	<b>(44,506,499)</b>	<b>(19,379,295)</b>
<b>Net change in cash and short-term investments</b>	<b>(13,651,334)</b>	<b>25,363,058</b>
Cash and short-term investments, beginning of year	45,079,186	19,716,128
<b>Cash and short-term investments, end of year</b>	<b>\$ 31,427,852</b>	<b>\$ 45,079,186</b>

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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## 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;



# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 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

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 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 2014, changes were made to the 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. 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. 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 reinstatement and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2014 as a loss on benefit plan reinstatement.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 1. Significant accounting policies (continued):

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, 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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 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:

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

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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 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.

### (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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 2. Cash and short-term investments:

Cash and short-term investments include the following:

	2014	2013
Non-restricted funds	\$ 25,484,594	\$ 39,541,538
Held in trust:		
Four/five deferred salary plans	1,957,080	1,632,969
School funds	3,986,178	3,904,679
	<u>\$ 31,427,852</u>	<u>\$ 45,079,186</u>

## 3. 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 \$183,766,201 as at August 31, 2014 (2013 - \$163,097,422) with respect to these capital grants.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 4. Assets held for sale:

As of August 31, 2014, assets held for sale relate to the building, land, and land improvements for J. E. Benson Public School, Harrow Junior Public School and Ruthven Public School. During the year, Maidstone Central Public School and Oakwood Public School were sold. Net proceeds of \$1,108,956 (2013 - \$141,315) were received on these two properties, which had a combined carrying value of \$106,840 (2013 - \$ nil) resulting in a gain of \$1,002,116 (2013 - \$141,315). Proceeds of \$1,002,116 are deferred for future capital asset purchases according to Ontario Regulation 193/10.

## 5. Temporary borrowing:

Temporary borrowing consists of:

	2014	2013
Bankers' Acceptance:		
Royal Bank of Canada, due November 26, 2014, bearing interest at the Bankers' Acceptance rate plus a 0.50% stamping fee	\$ 20,000,000	\$ 15,000,000
	<u>\$ 20,000,000</u>	<u>\$ 15,000,000</u>

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%.

## 6. Amounts held in trust:

Amounts held in trust consist of:

	2014	2013
Bequests for scholarships and bursaries	\$ 1,875,188	\$ 1,659,056
Employee four/five plans	1,957,080	1,632,969
	<u>\$ 3,832,268</u>	<u>\$ 3,292,025</u>



# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 7. Net long-term debt:

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

	2014	2013
Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of \$253,216 due semi-annually	\$ 3,574,596	\$ 3,841,995
Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of \$92,987 due semi-annually	1,738,058	1,809,015
Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of \$122,412 due monthly	12,749,595	13,506,399
Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of \$678,717 due semi-annually	16,245,124	16,841,315
Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of \$332,485 due semi-annually	7,596,163	7,840,930
Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of \$717,054 due semi-annually	17,485,409	18,042,187
Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of \$447,710 due semi-annually	9,832,364	10,201,050
Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of \$689,939 due semi-annually	17,140,325	17,633,750
Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of \$1,363,757 due semi-annually	33,153,208	34,059,016
Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of \$462,075 due semi-annually	5,832,069	5,983,060
Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of \$56,278 due semi-annually	1,507,440	1,545,749
Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of \$374,246 due semi-annually	11,068,621	11,368,724
Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of \$449,733 due semi-annually	13,963,994	14,355,293
Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of \$394,992 due semi-annually	12,316,208	12,629,350
Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of \$6,557 due Semi-annually	205,089	-
	<u>\$ 164,408,263</u>	<u>\$ 169,657,833</u>

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 7. Net long-term debt (continued):

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2014 are due as follows:

	Principal payment	Interest	Total
2014/15	\$ 5,734,288	\$ 7,912,078	\$ 13,646,366
2015/16	6,021,307	7,625,059	13,646,366
2016/17	6,326,565	7,319,802	13,646,367
2017/18	6,645,776	7,000,590	13,646,366
2018/19	6,981,417	6,664,965	13,646,382
Thereafter	132,698,910	47,906,574	180,605,484
Total payments in respect of long-term liabilities	\$ 164,408,263	\$ 84,429,068	\$ 248,837,331

Interest expense on net long-term debt amounted to \$8,114,107 (2013 - \$8,024,683).

## 8. 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, 2014 consists of:

	Balance as at August 31, 2013	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2014
Proceeds of disposition	\$ 1,443,020	\$ 1,018,893	\$ 1,307,347	\$ -	\$ 1,154,566
Assets held for sale	495,015	541,350	-	106,840	929,525
Education development charges	-	384,724	-	384,724	-
Restricted grants	5,322,327	91,783,299	11,716,632	81,341,027	4,047,967
	\$ 7,260,362	\$93,728,266	\$13,023,979	\$ 81,832,591	\$ 6,132,058

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 8. Deferred revenue (continued):

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2013 consists of:

	Balance as at August 31, 2012	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2013
Proceeds of disposition	\$ 1,285,560	\$ 157,460	\$ -	\$ -	\$ 1,443,020
Assets held for sale	106,840	388,175	-	-	495,015
Education development charges	-	363,239	-	363,239	-
Restricted grants	3,011,082	73,890,122	8,176,575	63,402,302	5,322,327
	<u>\$ 4,403,482</u>	<u>\$74,798,996</u>	<u>\$ 8,176,575</u>	<u>\$ 63,765,541</u>	<u>\$ 7,260,362</u>

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 9. 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:

	Retirement health benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefit	2014 Total employee future benefits
Balance at August 31	\$ 1,623,893	\$ 34,896,774	\$ 116,134	\$ 3,146,392	\$ 11,273,446	\$ 51,056,639
Loss for year <sup>(1)</sup>	26,095,077	1,014,443	191,973	120,141	1,686,825	29,108,459
Less: benefit Payments	(1,139,093)	(2,882,469)	(158,670)	(318,360)	(1,292,652)	(5,791,244)
Balance at August 31	\$ 26,579,877	\$ 33,028,748	\$ 149,437	\$ 2,948,173	\$ 11,667,619	\$ 74,373,854

	Retirement health benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefit	2013 Total employee future benefits
Balance at August 31	\$ 29,281,043	\$ 34,836,607	\$ -	\$ 2,849,527	\$ 12,743,668	\$ 79,710,845
Loss (gain) for year <sup>(1)</sup>	(26,324,533)	3,904,434	315,478	621,895	(592,513)	(22,075,239)
Less: benefit payments	(1,332,617)	(3,844,267)	(199,344)	(325,030)	(877,709)	(6,578,967)
Balance at August 31	\$ 1,623,893	\$ 34,896,774	\$ 116,134	\$ 3,146,392	\$ 11,273,446	\$ 51,056,639

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 9. Retirement and other employee future benefits (continued):

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

	Post retirement benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefits	2014 Total employee future benefits
Current year benefit cost	\$ -	\$ -	\$ 149,437	\$ 18,266	\$ 1,375,664	\$ 1,543,367
Interest on accrued benefit obligation	53,923	1,104,244	-	101,875	311,161	1,571,203
	53,923	1,104,244	149,437	120,141	1,686,825	3,114,570
Amortization of actuarial loss (gain)	169,159	(89,801)	42,536	-	-	121,894
Change due to Plan Reinstatement	25,871,995	-	-	-	-	25,871,995
	26,041,154	(89,801)	42,536	-	-	25,993,889
Net expense for the year <sup>(1)</sup>	\$ 26,095,077	\$ 1,014,443	\$ 191,973	\$ 120,141	\$ 1,686,825	\$ 29,108,459

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 9. Retirement and other employee future benefits (continued):

	Post retirement benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefits	2013 Total employee future benefits
Current year benefit cost	\$ 415,717	\$ -	\$ -	\$ 533,286	\$ (280,954)	\$ 668,049
Interest on accrued benefit obligation	73,714	987,434	-	88,609	325,756	1,475,513
	489,431	987,434	-	621,895	44,802	2,143,562
Amortization of actuarial gain	(448,500)	-	-	-	-	(448,500)
Change due to Plan						
Curtailment	(26,365,464)	2,917,000	315,478	-	(637,315)	(23,770,301)
	(26,813,964)	2,917,000	315,478	-	(637,315)	(24,218,801)
Net (gain) expense for the year <sup>(1)</sup>	\$ (26,324,533)	\$ 3,904,434	\$ 315,478	\$ 621,895	\$ (592,513)	\$ (22,075,239)

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

Total loss reported in the consolidated statement of operations and accumulated deficit due to plan changes and amortization of actuarial loss is \$25,993,889 (2013 - gain of \$24,218,801).

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 9. Retirement and other employee future benefits (continued):

### *Plan changes*

In 2013, changes were made to the short term leave and disability plan. Under the new short term leave and disability plan, eleven 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 retired in 2012-13. Effective September 1, 2013, any new retirees accessing Retirement Life Insurance and Health Care Benefits pay the full premiums for such benefits and are 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, 2014, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2014 and based on updated average daily salary and banked sick days as at August 31, 2014. 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:

	2014	2013
Inflation (excluding health care and dental expenses)	2.0%	2.0%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	2.85%	3.4%

Health care costs are assumed to increase by 8.5% for 2014-15, the rate then falling by 1/4% per annum thereafter until it reaches 4%. Dental costs are assumed to increase by 4.5% for 2014-15, the rate then falling by 1/4% per annum thereafter until it reaches 3%.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 9. 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 provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. 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. Effective September 1, 2013 employees retiring on or after this date, do not qualify for board subsidized premiums of contributions.

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 was to terminate at age 65. Those retirees who were over the age of 65 and receiving benefits would 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 \$26,365,464 and a corresponding curtailment gain was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2013.

Subsequent to this decision, a policy grievance was filed by CUPE 27 against the Board on behalf of its members. The grievance was upheld in 2014 through arbitration and the Board was directed to continue to comply with the provisions of the collective agreement. As a result, the Board continues to subsidize the cost of health, dental and life insurance benefits, after the age of 65 for those employees, regardless of employee group or union affiliation, who had retired by August 31, 2013 and who were previously entitled to that benefit. The changes as a result of this reinstatement of benefits resulted in a one-time increase to the board's obligation of \$25,871,995 and a corresponding loss was reported in the consolidated statement of operations and accumulated deficit as at August 31, 2014.



# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 9. Retirement and other employee future benefits (continued):

### (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. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

Corrections to the data used in the prior year's valuation has resulted in an increase to the Board's obligation of \$ nil (2013 - \$2,917,000).

### (c) Sick Leave Top-Up Benefits:

As a result of changes made in 2012-2013 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 leave and disability plan in that year. The benefit costs expensed in the financial statements are \$191,973 (2013 - \$315,478).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2014 and is based on the average daily salary and banked sick days of employees as at August 31, 2014.

### (d) 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 dental and 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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 9. Retirement and other employee future benefits (continued):

### (e) 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 requires 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, 2014, the Board contributed \$4,793,511 (2013 - \$4,365,342) 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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## 10. 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.

	2014	2013
Balance, beginning of year	\$ 276,450,445	\$ 271,987,601
Additions to deferred capital contributions	41,737,920	19,508,409
Revenue recognized in the period	(15,022,270)	(14,255,474)
Transfers to deferred revenue	(596,766)	(388,175)
Amounts written off during year	-	(401,916)
Balance, end of year	\$ 302,569,329	\$ 276,450,445

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 11. Tangible Capital Assets:

	Cost				Balance at August 31, 2014	Balance at August 31, 2013	Amortization Expense	Accumulated Amortization			Net Book Value	
	Balance at August 31, 2013	Additions	Transfers/Reclass	Disposals/Deemed Disposals/Writedown				Disposals/Deemed Disposals/Writedown	Balance at August 31, 2014	Balance at August 31, 2014		
Land	\$ 8,789,120	\$ 3,568,739	\$ -	\$ -	\$ 12,357,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,357,859
Land improvements	10,977,078	3,086,564	-	-	14,063,642	2,307,756	835,054	-	-	3,142,810	10,920,832	10,920,832
Buildings	393,651,681	12,546,576	5,741,252	(2,177,055)	409,762,454	123,275,685	12,080,595	(3,736,408)	(1,102,002)	130,517,870	279,244,584	279,244,584
Portable structures	5,645,883	1,543,164	-	-	7,189,047	3,406,786	318,123	-	-	3,724,909	3,464,138	3,464,138
Construction in progress	3,675,810	21,837,724	(11,729,850)	-	13,783,684	-	-	-	-	-	13,783,684	13,783,684
Pre-acquisition costs	114,807	127,985	-	-	242,792	-	-	-	-	-	242,792	242,792
Furniture and equipment	4,346,286	76,168	-	(118,000)	4,304,454	2,521,809	372,688	-	(118,000)	2,776,497	1,527,957	1,527,957
First time equipping	5,894,069	1,149,271	-	-	7,043,340	2,145,959	646,872	-	-	2,792,831	4,250,509	4,250,509
Computer hardware	8,138,528	1,491,700	-	(2,535,238)	7,094,990	4,451,070	1,404,016	-	(2,535,238)	3,319,848	3,775,142	3,775,142
Computer software	1,103,386	-	-	(283,404)	819,982	490,486	215,108	-	(283,404)	422,190	397,792	397,792
Vehicles	947,914	80,724	-	-	1,028,638	749,982	107,112	-	-	857,094	171,544	171,544
Assets Permanently Removed from Service	552,500	-	4,500,998	-	5,053,498	552,500	-	2,790,158	-	3,342,658	1,710,840	1,710,840
<b>Total</b>	<b>\$ 443,837,062</b>	<b>\$ 45,508,615</b>	<b>\$ (1,487,600)</b>	<b>\$ (5,113,697)</b>	<b>\$ 482,744,380</b>	<b>\$ 139,902,033</b>	<b>\$ 15,979,568</b>	<b>\$ (946,250)</b>	<b>\$ (4,038,644)</b>	<b>\$ 150,896,707</b>	<b>\$ 331,847,673</b>	<b>\$ 331,847,673</b>

(a) Assets under construction:

Assets under construction having a value of \$14,026,476 (2013 - \$3,790,617) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Transfers and reclassification of tangible capital assets:

The transfer of tangible capital assets to financial assets during the year for J.E. Benson Public School was \$541,350 (2013 - \$430,818, Ruthven and Harrow Junior).

(c) Write-down and disposal of tangible capital assets:

The write-down of tangible capital assets for the demolition of Dr. H.D. Taylor Public School during the year was \$1,075,053 (2013 - \$401,917, Ruthven Public School).

(d) Assets Permanently Removed from Service relates to John L. Forster Secondary School (2014), Victoria Public School (2014) and Sun Parlor Jr. Public School (2011).

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 11. Tangible Capital Assets:

	Cost				Balance at August 31, 2013	Balance at August 31, 2012	Amortization Expense	Accumulated Amortization			Net Book Value	
	Balance at August 31, 2012	Additions	Transfers/Reclass	Disposals/Deemed Disposals/Written down				Disposals/Deemed Disposals/Written down	Balance at August 31, 2013	Balance at August 31, 2013		
Land	\$ 8,831,763	\$ -	\$ (42,643)	\$ -	\$ 8,789,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,789,120
Land improvements	8,641,862	2,841,135	(505,919)	-	10,977,078	1,805,073	637,026	(395,101)	260,758	2,307,756	2,307,756	8,669,322
Buildings	385,008,565	10,650,417	(935,801)	(1,071,500)	393,651,681	113,371,130	11,493,340	(658,444)	(930,341)	123,275,685	123,275,685	270,375,996
Portable structures	5,115,027	530,856	-	-	5,645,883	3,095,132	311,654	-	-	3,406,786	3,406,786	2,239,097
Construction in progress	34,610	3,392,753	248,447	-	3,675,810	-	-	-	-	-	-	3,675,810
Pre-acquisition costs	248,448	114,806	(248,447)	-	114,807	-	-	-	-	-	-	114,807
Furniture and equipment	4,470,998	151,018	-	(275,730)	4,346,286	2,065,951	731,588	-	(275,730)	2,521,809	2,521,809	1,824,477
First time equipping	5,567,946	326,123	-	-	5,894,069	1,572,857	573,102	-	-	2,145,959	2,145,959	3,748,110
Computer hardware	8,093,276	1,344,435	-	(1,299,183)	8,138,528	4,127,073	1,623,180	-	(1,299,183)	4,451,070	4,451,070	3,687,458
Computer software	941,219	169,067	-	(6,900)	1,103,386	297,779	199,607	-	(6,900)	490,486	490,486	612,900
Vehicles	947,914	-	-	-	947,914	640,572	109,410	-	-	749,982	749,982	197,932
Assets Permanently Removed from Service	3,020,646	-	(2,468,146)	-	552,500	3,020,646	-	(2,468,146)	-	552,500	552,500	-
<b>Total</b>	<b>\$ 430,922,274</b>	<b>\$ 19,520,610</b>	<b>\$ (3,952,509)</b>	<b>\$ (2,653,313)</b>	<b>\$ 443,837,062</b>	<b>\$ 129,996,213</b>	<b>\$ 15,678,907</b>	<b>\$ (3,521,691)</b>	<b>\$ (2,251,396)</b>	<b>\$ 139,902,033</b>	<b>\$ 139,902,033</b>	<b>\$ 303,935,029</b>

(a) Assets under construction:

Assets under construction having a value of \$3,790,617 (2012 - \$283,058) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Transfers and reclassification of tangible capital assets:

The transfer of tangible capital assets to financial assets during the year for Ruthven Public School and Harrow Junior Public School was \$430,818 (2012 - \$ nil).

(b) Write-down and disposal of tangible capital assets:

The write-down of tangible capital assets during the year was \$401,917 (2012 - \$1,452,432) and is included in Disposals.

(c) Assets Permanently Removed from Service relates Sun Parlor Jr. Public School (2011).

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 12. Accumulated deficit:

Accumulated deficit consists of the following:

	2014	2013
Surplus (deficit):		
Operating	\$ 14,970,361	\$ 16,888,589
School renewal	-	1,581,482
Employee future benefits	(69,470,732)	(51,696,398)
Interest and vacation accruals	(1,923,463)	(1,992,043)
School generated funds	3,837,255	3,840,422
Revenues recognized for land	9,404,933	5,451,470
Amounts restricted for future use by board motion:		
School budgets	153,158	377,424
Campbell Public School	1,095,000	1,125,000
Administrative buildings – capitalized assets	533,575	357,852
Benefit plan	1,218,002	760,338
Internal capital	420,869	420,869
	<b>\$ (39,761,042)</b>	<b>\$ (22,884,995)</b>

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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 13. Expenses by object:

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

	2014 Budget	2014 Actual	2013 Actual
Current expenses:			
Salary and wages	\$ 272,849,398	\$ 271,374,014	\$ 270,134,980
Employee benefits	43,721,413	42,447,350	39,275,982
Staff development	617,339	1,197,419	749,083
Supplies and services	37,837,004	40,506,885	38,343,636
Interest	8,182,703	8,114,106	8,280,294
Rental expenses	104,494	153,919	371,427
Fees and contract services	15,821,406	14,572,707	14,298,631
Other	2,047,682	1,829,939	1,807,664
Amortization and write downs of tangible capital assets	17,081,752	17,054,619	16,080,824
Loss on benefit plan curtailment	-	25,871,995	-
	<b>\$ 398,263,191</b>	<b>\$ 423,122,953</b>	<b>\$ 389,342,521</b>

## 14. 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.

## 15. Commitments:

At August 31, 2014, the Board is committed to capital expenditures in the amount of \$60,885,995 to be funded by Ministry of Education capital grant programs.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

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## **16. 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, 2014 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.

## **17. 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 combined jurisdictions of the current member school boards. 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 Boards.

On July 18, 2013 the consortium incorporated and became a separate legal entity known as Service de transport des élèves - Windsor-Essex Student Transportation Services. Under the formal agreement, decisions related to the financial and operating activities are shared. No partner is in a position to exercise unilateral control.



# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2014

## 18. Transportation consortium (continued):

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses.

The following provides condensed financial information:

	Total 2014	Board Portion 2014
Financial Position		
Financial assets	\$ 437,219	\$ 400
Liabilities	437,219	437,219
Accumulated surplus (deficit)	-	(436,819)
Operations		
Revenues	19,767,285	10,446,407
Expenses	19,767,285	10,446,407
Annual surplus	\$ -	\$ -

Total expenses of the consortium at August 31, 2013 were \$20,142,839. The Board's pro-rata share of expenses at August 31, 2013 was \$10,464,834.

## 19. 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.