

Consolidated Financial Statements of

**GREATER ESSEX COUNTY  
DISTRICT SCHOOL BOARD**

Year ended August 31, 2016



## **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 Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's 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



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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, 2016, 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, 2016 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

November 15, 2016

Windsor, Canada

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash and short-term investments (note 2)	\$ 55,194,226	\$ 37,623,949
Accounts receivable	11,800,433	11,587,264
Accounts receivable - Government of Ontario (note 3)	181,815,000	180,473,481
Assets held for sale (note 4)	-	110,818
<b>Total financial assets</b>	<b>248,809,659</b>	<b>229,795,512</b>
<b>Financial liabilities:</b>		
Temporary borrowing (note 5)	20,000,000	20,000,000
Accounts payable and accrued liabilities	22,733,863	22,839,384
Amounts held in trust (note 6)	3,564,951	3,502,542
Net long-term debt (note 7)	182,091,664	168,240,223
Deferred revenue (note 8)	7,622,251	5,222,070
Employee future benefits (note 9)	65,233,273	72,822,866
Deferred capital contributions (note 10)	330,285,489	314,864,802
<b>Total financial liabilities</b>	<b>631,531,491</b>	<b>607,491,887</b>
<b>Net debt</b>	<b>(382,721,832)</b>	<b>(377,696,375)</b>
<b>Non-financial assets:</b>		
Prepaid expenses	611,703	427,448
Inventories of supplies	22,789	22,684
<b>Tangible capital assets (note 11)</b>	<b>358,700,560</b>	<b>343,414,220</b>
<b>Total non-financial assets</b>	<b>359,335,052</b>	<b>343,864,352</b>
<b>Accumulated deficit (note 12)</b>	<b>\$ (23,386,780)</b>	<b>\$ (33,832,023)</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, 2016, with comparative information for 2015

	Budget	2016 Actual	2015 Actual
<b>Revenues:</b>			
Municipal grants	\$ 74,494,708	\$ 73,171,888	\$ 72,697,552
Provincial grants - Grants for students needs	323,298,533	327,310,933	321,368,053
Provincial grants - Other	8,074,675	8,341,875	8,344,631
Ministry of Training, Colleges and Universities - Ontario Youth Apprenticeship Program	-	157,943	158,055
Federal grants and fees	-	210,573	256,281
Other fees and revenues	981,000	3,318,652	3,336,074
Investment income	-	591,782	666,252
School fundraising and other activities	8,500,000	9,544,290	10,201,032
	<u>415,348,916</u>	<u>422,647,936</u>	<u>417,027,930</u>
<b>Expenses</b>			
Instruction	314,089,950	320,100,414	314,311,666
Administration	9,311,018	8,874,597	10,069,890
Transportation	10,903,967	10,386,119	10,435,224
Pupil accommodation	58,851,727	58,985,153	59,890,629
Other	5,841,036	4,567,706	6,401,052
School funded activities	8,500,000	9,288,704	9,990,450
	<u>407,497,698</u>	<u>412,202,693</u>	<u>411,098,911</u>
<b>Annual surplus</b>	<u>7,851,218</u>	<u>10,445,243</u>	<u>5,929,019</u>
Accumulated deficit, beginning of year	(33,832,023)	(33,832,023)	(39,761,042)
<b>Accumulated deficit, end of year</b>	<u>\$ (25,980,805)</u>	<u>\$ (23,386,780)</u>	<u>\$ (33,832,023)</u>

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Net Debt

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus	\$ 10,445,243	\$ 5,929,019
Acquisition of tangible capital assets	(34,765,219)	(28,116,162)
Amortization of tangible capital assets	18,303,311	17,090,965
Deferred gain on disposal of restricted assets	(60,284)	-
Proceeds on sale of tangible capital assets	1,346,670	-
Transfer of assets held for sale	(110,818)	(541,350)
	(4,841,097)	(5,637,528)
Acquisition of inventories of supplies	(932)	-
Acquisition of prepaid expenses	(554,028)	(12,787)
Consumption of inventories of supplies	827	1,213
Use of prepaid expenses	369,773	126,256
Change in net debt	(5,025,457)	(5,522,846)
Net debt, beginning of year	(377,696,375)	(372,173,529)
<b>Net debt, end of year</b>	<b>\$ (382,721,832)</b>	<b>\$ (377,696,375)</b>

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,445,243	\$ 5,929,019
Items not involving cash:		
Amortization of tangible capital assets	18,303,311	17,090,965
Deferred gain on disposal of restricted assets	(60,284)	(303,508)
Transfer from financial assets	(110,818)	(541,350)
Decrease in employee future benefits	(7,589,593)	(1,550,988)
Change in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	(1,554,688)	5,484,122
Decrease in assets held for sale	110,818	861,350
(Increase) decrease in inventories of supplies	(105)	1,213
(Increase) decrease in prepaid expenses	(184,255)	113,469
Decrease in accounts payable and accrued liabilities	(105,521)	(7,963,260)
Increase (decrease) in amounts held in trust	62,409	(329,726)
Increase (decrease) in deferred revenue	2,400,181	(909,988)
Increase in deferred capital contributions	15,420,687	12,295,473
Net change in cash from operating activities	37,137,385	30,176,791
Financing activities:		
Long-term liabilities issued	20,137,367	9,566,248
Debt repayments	(6,285,926)	(5,734,288)
Net change in cash from financing activities	13,851,441	3,831,960
Capital activities:		
Purchase of tangible capital assets	(34,765,219)	(28,116,162)
Proceeds on sale of tangible capital assets	1,346,670	303,508
Net change in cash from capital activities	(33,418,549)	(27,812,654)
Net change in cash and short-term investments	17,570,277	6,196,097
Cash and short-term investments, beginning of year	37,623,949	31,427,852
Cash and short-term investments, end of year	\$ 55,194,226	\$ 37,623,949

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2016

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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, 2016

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## 1. Significant accounting policies (continued):

### (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 Greater Essex County District School Board (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, 2016

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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 are performed.

### (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, 2016

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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. 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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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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, 2016

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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, 2016

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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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

### (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 1a 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, 2016

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## 1. Significant accounting policies (continued):

### (l) Property tax revenue:

Under public sector accounting standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of the Provincial Legislative Grants.

### (m) Contaminated sites:

The Board has implemented Public Sector Accounting Board ("PSAB") section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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## 2. Cash and short-term investments:

Cash and short-term investments include the following:

	2016	2015
Non-restricted funds	\$ 49,090,683	\$ 31,780,465
Held in trust:		
Four/five deferred salary plans	1,603,280	1,641,091
School funds	4,500,263	4,202,393
	<u>\$ 55,194,226</u>	<u>\$ 37,623,949</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 \$181,815,000 as at August 31, 2016 (2015 - \$180,473,481) with respect to these capital grants.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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#### 4. Assets held for sale:

As of August 31, 2016, \$Nil (2015 - \$110,818) related to buildings and land were recorded as assets held for sale. During the year, Harrow Junior Public School and John L. Forster Secondary School were sold. Net proceeds of \$1,346,670 (2015 - \$303,508) were received on the sale of properties, which had a carrying value of \$1,286,386 (2015 - \$Nil), resulting in a gain of \$60,284 (2015 - \$303,508). \$60,284 of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

#### 5. Temporary borrowing:

Temporary borrowing consists of:

	2016	2015
Bankers' Acceptance:		
Royal Bank of Canada, due September 27, 2016, bearing interest at the Bankers' Acceptance rate plus a 0.50% stamping fee	\$ 20,000,000	\$ 20,000,000
	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</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:

	2016	2015
Bequests for scholarships and bursaries	\$ 1,961,671	\$ 1,861,451
Employee four/five plans	1,603,280	1,641,091
	<u>\$ 3,564,951</u>	<u>\$ 3,502,542</u>

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 7. Net long-term debt:

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

	2016	2015
Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of \$253,216 due semi-annually	\$ 2,987,110	\$ 3,290,003
Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of \$92,987 due semi-annually	1,581,957	1,662,473
Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of \$122,412 due monthly	11,109,486	11,950,816
Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of \$678,717 due semi-annually	14,968,985	15,621,437
Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of \$332,485 due semi-annually	7,065,292	7,337,796
Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of \$717,054 due semi-annually	16,287,634	16,901,014
Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of \$447,710 due semi-annually	9,035,588	9,444,219
Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of \$689,939 due semi-annually	16,076,300	16,621,608
Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of \$1,363,757 due semi-annually	31,190,620	32,197,975
Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of \$462,075 due semi-annually	5,505,652	5,673,074
Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of \$56,278 due semi-annually	1,425,110	1,467,258
Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of \$374,246 due semi-annually	10,431,836	10,756,485
Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of \$449,733 due semi-annually	13,138,677	13,558,624
Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of \$394,992 due semi-annually	11,653,437	11,991,057
Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of \$6,557 due semi-annually	194,983	200,136
Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of \$274,485 due semi-annually	9,301,630	9,566,248

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

	2016	2015
Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of \$593,510 due semi-annually	20,137,367	-
	<b>\$ 182,091,664</b>	<b>\$ 168,240,223</b>

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2016 are due as follows:

	Principal payment	Interest	Total
2016/17	\$ 7,137,657	\$ 8,244,699	\$ 15,382,356
2017/18	7,482,688	7,899,668	15,382,356
2018/19	7,844,971	7,537,400	15,382,371
2019/20	8,224,213	7,158,139	15,382,352
2020/21	8,624,821	6,757,539	15,382,360
Thereafter	142,777,314	48,323,840	191,101,154
Total payments in respect of long-term liabilities	<b>\$ 182,091,664</b>	<b>\$ 85,921,285</b>	<b>\$ 268,012,949</b>

Interest expense on net long-term debt amounted to \$8,364,881 (2015 - \$8,148,895).

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 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, 2016 consists of:

	Balance as at August 31, 2015	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2016
Proceeds of disposition	\$ 404,330	\$ 1,392,228	\$ -	\$ 45,558	\$1,751,000
Assets held for sale	110,818	(110,818)	-	-	-
Education development charges	-	390,057	-	390,057	-
Restricted Grants	4,706,922	82,460,779	6,918,428	74,378,022	5,871,251
	<u>\$ 5,222,070</u>	<u>\$ 84,132,246</u>	<u>\$ 6,918,428</u>	<u>\$ 74,813,637</u>	<u>\$ 7,622,251</u>

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2015 consists of:

	Balance as at August 31, 2014	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2015
Proceeds of disposition	\$ 1,154,566	\$ 303,508	\$ 1,053,744	\$ -	\$ 404,330
Assets held for sale	929,525	(818,707)	-	-	110,818
Education development charges	-	363,050	-	363,050	-
Restricted grants	4,047,967	81,258,352	10,670,618	69,928,779	4,706,922
	<u>\$ 6,132,058</u>	<u>\$81,106,203</u>	<u>\$11,724,362</u>	<u>\$ 70,291,829</u>	<u>\$ 5,222,070</u>

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 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	2016 Total employee future benefits
Balance at August 31	\$ 26,962,771	\$ 31,633,246	\$ 176,393	\$ 2,753,669	\$ 11,296,787	\$ 72,822,866
(Gain) Loss for year <sup>(1)</sup>	(1,620,930)	28,180	141,288	1,131,622	2,286,218	1,966,378
Less: benefit Payments	(1,234,646)	(5,921,378)	(147,415)	(394,199)	(1,858,333)	(9,555,971)
Balance at August 31	\$ 24,107,195	\$ 25,740,048	\$ 170,266	\$ 3,491,092	\$ 11,724,672	\$ 65,233,273

  

	Retirement health benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefit	2015 Total employee future benefits
Balance at August 31	\$ 26,579,877	\$ 33,028,748	\$ 149,437	\$ 2,948,173	\$ 11,667,619	\$ 74,373,854
Loss for year <sup>(1)</sup>	1,599,212	955,262	213,695	136,402	690,420	3,594,991
Less: benefit Payments	(1,216,318)	(2,350,764)	(186,739)	(330,906)	(1,061,252)	(5,145,979)
Balance at August 31	\$ 26,962,771	\$ 31,633,246	\$ 176,393	\$ 2,753,669	\$ 11,296,787	\$ 72,822,866

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 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	2016 Total employee future benefits
Current year benefit cost	\$ -	\$ -	\$ 170,266	\$ 1,056,050	\$ 2,007,618	\$ 3,233,934
Change due to voluntary early payout	-	(887,300)	-	-	-	(887,300)
Interest on accrued benefit obligation	645,463	775,812	-	75,572	278,600	1,775,447
	645,463	(111,488)	170,266	1,131,622	2,286,218	4,122,081
Amortization of actuarial (gain) loss	(2,266,393)	139,668	(28,978)	-	-	(2,155,703)
Net (revenue) expense for the year <sup>(1)</sup>	\$ (1,620,930)	\$ 28,180	\$ 141,288	\$ 1,131,622	\$ 2,286,218	\$ 1,966,378

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

	Post retirement benefits	Retirement gratuities	Sick leave/top-up benefits	Long-term disability	Workers' Compensation benefits	2015 Total employee future benefits
Current year benefit cost	\$ -	\$ -	\$ 176,393	\$ 56,293	\$ 367,775	\$ 600,461
Interest on accrued benefit obligation	740,194	919,760	-	80,109	322,645	2,062,708
	740,194	919,760	176,393	136,402	690,420	2,663,169
Amortization of actuarial loss	859,018	35,502	37,302	-	-	931,822
Net expense for the year <sup>(1)</sup>	\$ 1,599,212	\$ 955,262	\$ 213,695	\$ 136,402	\$ 690,420	\$ 3,594,991

<sup>(1)</sup> 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 and amortization of actuarial gains is \$2,155,703 (2015 – loss of \$931,822).

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

### *Actuarial Assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2016, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2013 and based on updated average daily salary and banked sick days as at August 31, 2016. 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:

	2016	2015
Inflation (excluding health care and dental expenses)	1.5%	1.5%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	2.05%	2.45%

Health care costs are assumed to increase by 8.0% for 2016-17, the rate then falling by 1/4% per annum thereafter until it reaches 4.0%. Dental costs are assumed to increase by 4.0% for 2016-17, the rate then falling by 1/4% per annum thereafter until it reaches 3.0%.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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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 may be 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.

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.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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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.

#### 1. Voluntary Retirement Gratuity Early Payout Provision

During 2015-16, the Elementary Teachers' Federation of Ontario (ETFO), all bargaining units represented by the Ontario Secondary School Teachers' Federation (OSSTF), the Canadian Union of Public Employees Local 1348 (CUPE 1348) and the Ontario Council of Educational Workers (OCEW) representing the Essex and Kent Counties Skilled Trades Council ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided these union members the option of receiving a discounted frozen retirement gratuity benefit payment by August 31, 2016 (or the first pay period in September 2016 for CUPE).

This provision was also made available to all non-unionized school board employees, including principals and vice-principals. The Board also made this provision available to the Canadian Union of Public Employees Local 27 (CUPE 27). These payments will be made by August 31, 2016.

Some employees took the early payouts, which were discounted from the current financial statement carrying values. As a result, the reduction in the liability for those members who took the voluntary retirement gratuity early payout option was accompanied by actuarial gains in the Board's 2015-16 year financial statements. This resulted in the Board's employee future benefit liability decreasing by \$887,300.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

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

A maximum of eleven 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 \$141,288 (2015 - \$213,695).

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, 2016 and is based on the average daily salary and banked sick days of employees as at August 31, 2016.

### (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, 2016

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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. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

### *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, 2016, the Board contributed \$4,764,201 (2015 - \$4,767,756) 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, 2016

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

### *Benefit Plan Future Changes*

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: ETFO, OSSTF, OSSTF – Education Workers, CUPE, OCEW, and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. At a date to be determined in 2016-17, the Board will no longer be responsible to provide benefits to the above mentioned groups. The Board will transfer to the ELHTs an amount per full-time equivalency based on the 2014-15 actual benefit costs + 8.16% representing inflationary increases for 2015-16 and 2016-17. In addition, the Ministry of Education will provide an additional \$300 per FTE for active employees to the school board. These amounts will then be transferred to the Trust for the provision of employee and retiree benefits.

## 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.

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	2016	2015
Balance, beginning of year	\$ 314,864,802	\$ 302,569,329
Additions to deferred capital contributions	33,937,070	27,882,602
Revenue recognized in the period	(17,340,815)	(16,128,479)
Transfers from (to) deferred revenue	(1,175,568)	541,350
Balance, end of year	\$ 330,285,489	\$ 314,864,802

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# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 11. Tangible Capital Assets:

	Cost				Accumulated Amortization						Net Book Value	
	Balance at August 31, 2015	Additions	Transfers/Reclass	Disposals/Deemed Disposals/Written down	Balance at August 31, 2016	Balance at August 31, 2015	Amortization Expense	Transfers/Reclass	Disposals/Deemed Disposals/Written down	Balance at August 31, 2016	Balance at August 31, 2015	
Land	\$ 12,591,420	\$ 828,149	\$	\$	\$ 13,419,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,419,569
Land improvements	14,369,889	1,967,677			16,337,566	4,090,763	1,023,751			5,114,514		11,223,052
Buildings	442,879,586	14,035,238	10,049,577		466,964,401	143,635,956	14,172,216	(3,077,621)		154,730,551		312,233,850
Portable structures	7,249,276				7,249,276	4,000,379	241,053			4,241,432		3,007,844
Assets under construction	5,558,637	10,187,346	(9,918,077)		5,827,906	-				-		5,827,906
Pre-acquisition costs	645,835	5,197,411	(5,827,905)		15,341	-				-		15,341
Furniture and equipment	3,853,199			(1,294,413)	2,558,786	2,652,589	222,654		(1,294,413)	1,580,830		977,956
First time equipping	7,909,956	690,214			8,600,170	3,483,175	966,532			4,449,707		4,150,463
Computer hardware	7,275,205	1,696,216		(1,481,466)	7,489,955	3,604,476	1,476,516	-	(1,481,466)	3,599,526		3,890,429
Computer software	792,218	162,968			955,186	574,412	157,969			732,381		222,805
Vehicles	1,028,638				1,028,638	950,079	42,620			992,699		35,939
Assets Permanently Removed from Service	6,541,098		5,696,405	(3,252,294)	8,985,209	4,288,908		3,077,621	(2,076,726)	5,289,803		3,695,406
<b>Total</b>	<b>\$ 510,694,957</b>	<b>\$ 34,765,219</b>	<b>\$ -</b>	<b>\$ (6,028,173)</b>	<b>\$ 539,432,003</b>	<b>\$ 167,280,737</b>	<b>\$ 18,303,311</b>	<b>\$ -</b>	<b>\$ (4,852,605)</b>	<b>\$ 180,731,443</b>	<b>\$ -</b>	<b>\$ 358,700,560</b>

(a) Assets under construction:

Assets under construction having a value of \$5,843,247 (2015 - \$6,204,472) 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 from financial assets during the year was \$Nil (2015 - \$541,350, J.E. Benson Public School).

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

The write-down of tangible capital assets during the year was \$1,175,568 (2015 - \$nil).

(c) Assets Permanently Removed from Service relates to Harrow District High School (2016), Gordon McGregor Public School (2016), J.E. Benson Public School (2015), 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, 2016

## 11. Tangible Capital Assets (continued):

	Cost				Balance at August 31, 2015	Balance at August 31, 2014	Amortization Expense	Accumulated Amortization			Net Book Value	
	Balance at August 31, 2014	Additions	Transfers/Reclass	Disposals/Deemed Disposals/Written down				Disposals/Deemed Disposals/Written down	Balance at August 31, 2015	Balance at August 31, 2015		
Land	\$ 12,357,859	\$ 233,561	\$	\$	\$ 12,591,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$ 12,591,420
Land improvements	14,063,642	306,247			14,369,889	3,142,810	947,953			4,090,763		10,279,126
Buildings	409,762,454	12,531,902	20,585,230		442,879,586	130,517,870	13,118,086			143,635,956		299,243,630
Portable structures	7,189,047	60,229			7,249,276	3,724,909	275,470			4,000,379		3,248,897
Assets under construction	13,783,684	12,360,183	(20,585,230)		5,558,637	-				-		5,558,637
Pre-acquisition costs	242,792	403,043			645,835	-				-		645,835
Furniture and equipment	4,304,454	21,775		(473,030)	3,853,199	2,776,497	349,122		(473,030)	2,652,589		1,200,610
First time equipping	7,043,340	866,616			7,909,956	2,792,831	690,344			3,483,175		4,426,781
Computer hardware	7,094,990	1,332,606		(1,152,391)	7,275,205	3,319,848	1,437,019		(1,152,391)	3,604,476		3,670,729
Computer software	819,982			(27,764)	792,218	422,190	179,986		(27,764)	574,412		217,806
Vehicles	1,028,638				1,028,638	857,094	92,985			950,079		78,559
Assets Permanently Removed from Service	5,053,498	-	1,487,600		6,541,098	3,342,658		946,250		4,288,908		2,252,190
<b>Total</b>	<b>\$ 482,744,380</b>	<b>\$ 28,116,162</b>	<b>\$ 1,487,600</b>	<b>\$ (1,653,185)</b>	<b>\$ 510,694,957</b>	<b>\$ 150,896,707</b>	<b>\$ 17,090,965</b>	<b>\$ 946,250</b>	<b>\$ (1,653,185)</b>	<b>\$ 167,280,737</b>	<b>\$</b>	<b>\$ 343,414,220</b>

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

## 12. Accumulated deficit:

Accumulated deficit consists of the following:

	2016	2015
Surplus:		
Operating	\$ 16,684,164	\$ 13,942,058
Employee future benefits	(55,729,894)	(63,219,783)
Interest and vacation accruals	(2,017,616)	(1,933,493)
School generated funds	4,303,423	4,047,837
Revenues recognized for land	11,215,202	9,996,996
Amounts restricted for future use by board motion:		
School budgets	203,916	163,530
Campbell Public School	935,844	1,065,000
Administrative buildings – capitalized assets	470,744	502,155
Benefit plan	126,568	1,182,808
Internal capital	420,869	420,869
	<u>\$ (23,386,780)</u>	<u>\$ (33,832,023)</u>

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, 2016

## 13. Expenses by object:

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

	2016 Budget	2016 Actual	2015 Actual
Current expenses:			
Salary and wages	\$ 282,244,088	\$ 284,078,775	\$ 281,211,494
Employee benefits	42,189,836	43,677,511	44,498,121
Staff development	797,983	607,380	684,254
Supplies and services	37,886,789	39,777,423	41,615,130
Interest	8,603,011	8,364,881	8,148,895
Rental expenses	112,408	213,246	144,451
Fees and contract services	15,550,182	15,260,342	15,155,783
Other	2,075,682	1,874,269	2,507,166
Amortization and write downs of tangible capital assets	18,037,719	18,348,866	17,133,617
	<b>\$ 407,497,698</b>	<b>\$ 412,202,693</b>	<b>\$ 411,098,911</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 2021.

## 15. Commitments:

At August 31, 2016, the Board is committed to capital expenditures in the amount of \$21,981,531 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, 2016

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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, 2016 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, 2016

## 17. 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:

	2016		2015	
	Total	Board Portion	Total	Board Portion
<b>Financial Position :</b>				
Financial assets	\$ 252,350	\$ 81,422	\$ 248,453	\$ 129,735
Liabilities	252,350	112,584	248,453	118,053
<b>Accumulated surplus (deficit)</b>				
	-	(31,162)	-	11,682
<b>Operations:</b>				
Revenues	20,952,956	10,774,986	20,191,759	10,821,000
Expenses	20,952,956	10,774,986	20,191,759	10,821,000
<b>Annual surplus</b>	\$ -	\$ -	\$ -	\$ -

## 18. 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.