# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

**Administrative Office**: 451 Park Street West, P. O. Box 210, Windsor, Ontario N9A 6K1

## PUBLIC SESSION MEETING OF THE AUDIT COMMITTEE

**Thursday, November 12, 2026**
**451 Park Street West (Board Committee Room)**
**3:00 P.M.**

**In attendance at this meeting:**

- Cynthia Swift, KPMG (External Auditor)
- Kevin Macchio, KPMG (External Auditor)

## AGENDA

**Pages**

**A. CALL TO ORDER**

**B. ATTENDANCE**

**C. APPROVAL OF AGENDA**

C.1 Agenda

**D. CONVENE TO PRIVATE SESSION**
PUBLIC SESSION WILL RECONVENE UPON ADJOURNMENT OF PRIVATE SESSION

**E. DECLARATION OF CONFLICT OF INTEREST**

**F. ACTIONS OF AUDIT COMMITTEE MEETING PRIVATE SESSION**

**G. APPROVAL OF MINUTES**

1 - 4 G.1 Minutes of Public Session meeting of the Audit Committee – September 22, 2026 *Attachment 1*

**H. BUSINESS ARISING FROM THE MINUTES**

**I. PRESENTATIONS**

**J. NEW BUSINESS**

5 - 61 J.1 Draft Audited Consolidated Financial Statements for the Year Ended August 31, 2026 *Attachment 2*

**THAT IT BE RECOMMENDED FOR THE APROVAL BY THE BOARD OF TRUSTEES THAT THE ATTACHED DRAFT AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD FOR THE YEAR ENDED AUGUST 31, 2026 BE APPROVED, AS PRESENTED**

Audit Committee Members:
Gale Hatfield, Trustee
Kim McKinley, Trustee
Cheryl Lovell, Trustee
Drake Reid, External Member
Paul Mancini, External Member

Committee Liaison – Shelley Armstrong
Administrative Assistant – Tammy L. Meloche

J.2 Amendments to Ontario Regulation 521/01
*(Collection of Personal Information)* *Verbal Report*

**K. REPORTS**

62 - 63 K.1 Annual Report to the Board of Trustees and Forwarded to the Ministry of Education for the year ended August 31, 2026 *Attachment 4*

**L. ADJOURNMENT**

**Note: Item J.1 will be going forward to the Special Board Meeting of November 12, 2026 as New Business.**

**Item K.1 will be going forward to the Special Board Meeting of November 12, 2026 as Reports.**

Next scheduled meeting of the Audit Committee is:

- June 14, 2027 at 3:00 p.m., 451 Park Street West

MINUTES OF A PUBLIC SESSION MEETING OF THE AUDIT COMMITTEE OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD HELD ON TUESDAY, SEPTEMBER 22, 2026, VIRTUALLY BY MICROSOFT TEAMS AND IN PERSON - BOARD COMMITTEE ROOM

PRESENT AUDIT COMMITTEE MEMBERS:
G. Hatfield - Chairperson
C. Lovell
K. McKinley – Vice-Chairperson
D. Reid (External member)
P. Mancini (External member) Via Teams

ADMINISTRATION:
V. Houston, Chief Executive Officer
S. Armstrong, Superintendent of Business

OTHER ADMINISTRATIVE STAFF:
S. Maheux, Manager of Financial Services
R. Skeates, Accounting Supervisor

OTHERS IN ATTENDANCE:
S. Bedi, KPMG (Regional Internal Auditor) Via Teams
C. Swift, KPMG (External Auditor)
K. Macchio, KPMG (External Auditor)

RECORDER: T. Meloche

A. CALL ORDER

Superintendent Armstrong assumed the Chair Pro Tem and called the meeting to order at 3:00 p.m.

B. ATTENDANCE

Superintendent Armstrong noted all members were present.

C. APPROVAL OF AGENDA

Moved by Trustee Hatfield
Seconded by Trustee Lovell

**THAT THE AGENDA BE APPROVED AS PRINTED.**

CARRIED

D. DECLARATION OF CONFLICT OF INTEREST

*Declaration of Conflicts:*
*Subsection 14(1): Every member of an audit committee shall, when he or she is appointed to the committee for the first time and at the first meeting of the committee in each fiscal year, submit a written declaration to the chair of the committee declaring whether he or she has a conflict of interest as described in subsection 4 (2). Subsection 4(2): For purposes of*

DRAFT

*clause (1) (c), a person has a conflict of interest if his or her parent, child or spouse is employed by the board.*

*Subsection 14(3): If a member or his or her parent, child or spouse could derive any financial benefit relating to an item on the agenda for a meeting, the member shall declare the potential benefit at the start of the meeting and withdraw from the meeting during the discussion of the matter and shall not vote on the matter.*

There were no declarations of conflict.

E. NEW BUSINESS

E.1 Audit Committee

a) Election of Chairperson of the Audit Committee for the period September 1, 2026, to November 15, 2026.

Chair Pro Tem Superintendent Armstrong called for nominations for Chairperson of the Audit Committee.

Trustee Lovell nominated Trustee Hatfield as Chairperson of the Audit Committee.

There being no further nominations, Superintendent Armstrong declared that the nominations be closed.

**TRUSTEE HATFIELD WAS ACCLAIMED AS CHAIRPERSON OF THE AUDIT COMMITTEE FOR THE PERIOD SEPTEMBER 1, 2026 TO NOVEMBER 15, 2026.**

b) Election of Vice-Chairperson of the Audit Committee for the fiscal year

Chairperson Hatfield called for nominations for Vice-Chairperson of the Audit Committee.

Trustee McKinley self-nominated for Vice-Chairperson of the Audit Committee.

There being no further nominations, Trustee Hatfield declared that the nominations be closed.

**TRUSTEE MCKINLEY WAS ACCLAIMED AS VICE-CHAIRPERSON OF THE AUDIT COMMITTEE FOR THE PERIOD SEPTEMBER 1, 2026 TO NOVEMBER 15, 2026.**

F. CONVENE TO PRIVATE SESSION

Moved by Drake Reid
Seconded by Trustee McKinley

**TO MOVE INTO PRIVATE SESSION.**

CARRIED

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G. ACTIONS OF AUDIT COMMITTEE MEETING PRIVATE SESSION

Moved by Trustee Lovell
Seconded by Trustee McKinley

**THAT ITEMS H.1, H.3, H.5, H.6 I.1 and I.2 FROM THE PRIVATE SESSION OF THE SEPTEMBER 22, 2026, AUDIT COMMITTEE MEETING BE PUT ON THE AGENDA OF THE PUBLIC BOARD MEETING ON OCTOBER 20, 2026.**

CARRIED

H. APPROVAL OF MINUTES

Moved by Drake Reid
Seconded by Trustee Lovell

**THAT THE MINUTES OF THE JUNE 15, 2026, AUDIT COMMITTEE MEETING (PUBLIC SESSION) BE APPROVED AS PRINTED.**

CARRIED

I. BUSINESS ARISING FROM THE MINUTES
Nil

J. PRESENTATIONS
Nil

K. NEW BUSINESS

K.1 Appointment of the External Auditors for the fiscal years 2026-27 to 2028-29 inclusive.

In response to a question regarding the Board's engagement of the same firm for both external and internal audit services, Administration noted that the external and internal audit functions are distinct, with each operating independently in accordance with its respective mandate and professional standards.

With respect to KPMG's tenure as the Board's external auditor, it was noted that auditor independence and objectivity are subject to ongoing oversight. Administration advised that no concerns have been identified regarding the firm's independence, performance, or adherence to professional standards. Administration further noted that the audit team has demonstrated a strong understanding of the Board's operations and has consistently provided dedicated and professional service.

Moved by Trustee McKinley
Seconded by Trustee Lovell

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**THAT THE BOARD CONFIRM THE APPOINTMENT OF KPMG LLP AS EXTERNAL AUDITORS FOR THE FISCAL YEARS ENDING AUGUST 31, 2027 TO AUGUST 31, 2029, INCLUSIVE.**

CARRIED

L. ADJOURNMENT

There being no further business before the Committee, the Chairperson adjourned the meeting at 4:04 p.m.

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**Next scheduled meeting of the Audit Committee is:**

- November 12, 2026, at 3:00 p.m.

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# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## MEMORANDUM

TO: THE CHAIRPERSON AND MEMBERS OF THE AUDIT COMMITTEE OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

FROM: SHELLEY ARMSTRONG, SUPERINTENDENT OF BUSINESS - TREASURER AND FACILITY SERVICES
VICKI HOUSTON, CHIEF EXECUTIVE OFFICER

SUBJECT: DRAFT AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2026

DATE: NOVEMBER 12, 2026










AIM:

To obtain approval from the Audit Committee for the recommendation to the Board of Trustees for approval of the audited consolidated financial statements of the Greater Essex County District School Board for the year ended August 31, 2026.

PURPOSE:

To present the Board's audited consolidated financial statements for the year ended August 31, 2026, including the independent auditor's opinion, the Board's consolidated financial results and position, and significant year-over-year financial and disclosure changes.

CONTEXT:

The responsibility for preparing the consolidated financial statements rests with Board management. Accounting staff worked closely with the Board's external auditors, KPMG LLP, throughout the audit.

KPMG LLP has concluded that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2026, and its consolidated results of operations, net debt and cash flows for the year then ended. The auditor's report includes an Emphasis of Matter drawing attention to Note 1 and the prescribed basis of accounting used to prepare the financial statements. The auditor's opinion is not modified in respect of this matter.

The following sections summarize the Board's financial results for 2025-26 and highlight significant changes from the prior year.

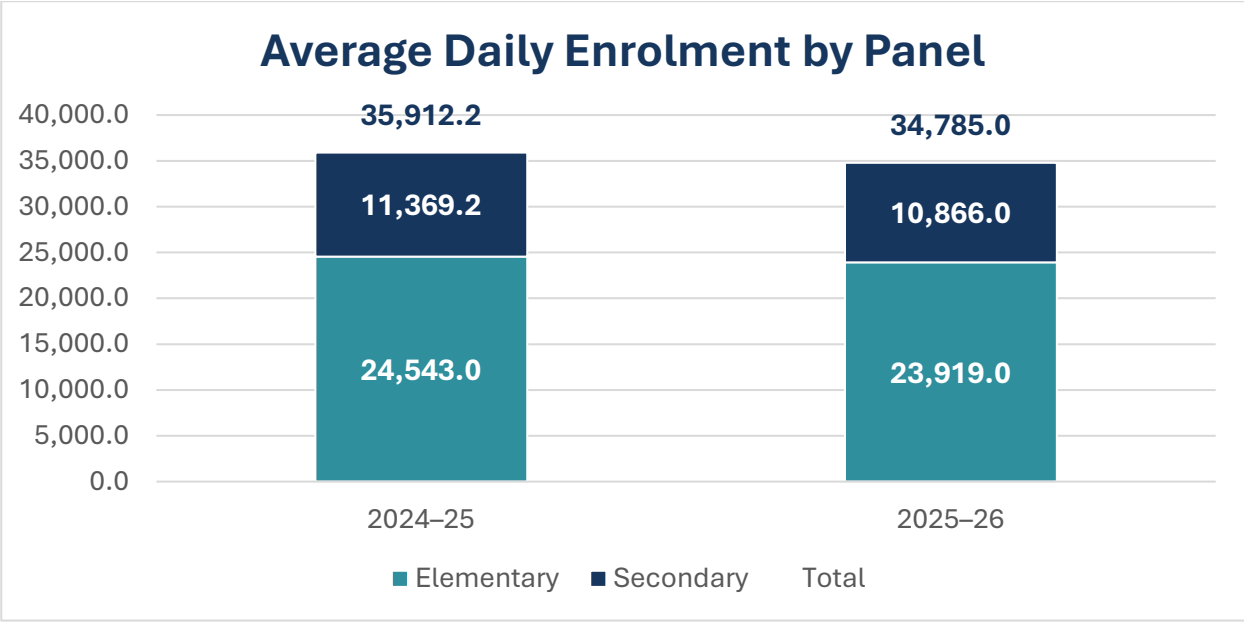
## 2025-26 AT A GLANCE

| $551.5M | $553.2M | $(1.7)M | $36.0M |
|---|---|---|---|
| TOTAL REVENUE | TOTAL EXPENSES | ANNUAL DEFICIT FOR FINANCIAL STATEMENT PURPOSES | ACCUMULATED SURPLUS |
| ▼ $3.4M from 2024-25 | ▲ $0.5M from 2024-25 | 2024-25: $2.2M surplus | As at August 31, 2026 |

The Board reported an annual consolidated deficit of $1.7 million for financial statement purposes for the year ended August 31, 2026, compared with a $2.2 million surplus in 2024–25. Total revenue decreased by $3.4 million while total expenses increased by $0.5 million.

## ENROLMENT (AVERAGE DAILY ENROLMENT)

Enrolment is a primary driver of Core Education Funding and directly influences expenditures, particularly staffing costs. Total Average Daily Enrolment (ADE) decreased from 35,912.2 in 2024–25 to 34,785.0 in 2025–26, a reduction of 1,127.2 ADE, or approximately 3.1%.



The decline occurred across both panels. Elementary enrolment decreased by 624.0 ADE, or 2.5%, while secondary enrolment decreased by 503.2 ADE, or 4.4%. The largest grade-level reductions were in Grades 9–12 (501.3 ADE), Grades 1–3 (196.0 ADE), Grades 7–8 (170.5 ADE) and Senior Kindergarten (168.0 ADE). These enrolment changes affect pupil-based funding allocations and inform staffing and school-organization decisions. The small increase in high-credit and pupils over age 21 partially offset the decline but did not materially change the overall reduction.  A detailed chart is shown below:

| | 2025-26 FTE Actual | 2024-25 FTE Actual | FTE Increase/ (Decrease) |
|---|---|---|---|
| Kindergarten (JK & SK) | 4,093.0 | 4,308.5 | (215.5) |
| Grades 1-3 | 7,065.0 | 7,261.0 | (196.0) |
| Grades 4-8 | 12,750.0 | 12,956.0 | (206.0) |
| **Total Elementary** | **23,908.0** | **24,525.5** | **(617.5)** |
| **Total Secondary** | **10,746.0** | **11,247.3** | **(501.3)** |
| **Total Average Daily Enrolment (ADE) – Pupils of the Board** | **34,654.0** | **35,772.8** | **(1,118.8)** |
| **Other Pupils – VISA ADE** | | | |
| Elementary | 11.0 | 17.5 | (6.5) |
| Secondary | 74.0 | 89.5 | (15.5) |
| **Total Other Pupils** | **85.0** | **107.0** | **(22.0)** |
| **High Credit and pupils 21 years and over – Grade 9 to 12** | **46.0** | **32.4** | **13.6** |
| **Grand Total ADE** | **34,785.0** | **35,912.2** | **(1,127.2)** |

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

### Revenue Overview

| Revenue source | 2025–26 | 2024–25 | Change |
|---|---|---|---|
| Core Education Funding | $522.9M | $520.8M | +$2.1M |
| Provincial grants – other | $8.6M | $14.8M | $(6.2)M |
| Ministry-procured supplies | <$0.1M | $0.2M | $(0.2)M |
| Ontario Youth Apprenticeship Program | $0.4M | $0.3M | +$0.1M |
| Federal grants and fees | $0.5M | $2.5M | $(2.0)M |
| Other fees and revenues | $7.6M | $4.2M | +$3.4M |
| Investment income | $1.6M | $2.5M | $(0.9)M |
| School fundraising and other activities | $9.9M | $9.6M | +$0.3M |
| **Total revenue** | **$551.5M** | **$554.9M** | **$(3.4)M** |

#### Core Education Funding

Core Education Funding increased by $2.1 million, from $520.8 million in 2024–25 to $522.9 million in 2025–26. The Board's enrolment decline reduced per-pupil allocation funding by approximately $7.4 million; however, this was offset by several funding increases, including $5.7 million from higher per-pupil benchmarks, primarily reflecting Ministry-funded salary and benefit increases under applicable collective agreements. While these benchmark adjustments increased revenue, they were accompanied by corresponding increases in salary and benefit expenses and therefore did not represent additional funding available for other purposes. Other increases included $2.3 million in declining-enrolment support, $1.7 million from demographic component changes, and $1.1 million in student transportation funding. The Ministry's 2025–26 funding changes included updated salary and benefit benchmarks and revised transportation funding benchmarks.

The year-over-year comparison was also affected by a $3.2 million one-time revenue adjustment recorded in 2024–25, when boards were required to recognize previously deferred carry-forward amounts associated with certain funding envelopes that were collapsed. As this revenue did not recur in 2025–26, it reduced the year-over-year increase. The remaining change included prior-period grant adjustments and changes in deferred funding related to capital assets and Indigenous programming. Overall, benchmark and targeted funding increases more than offset the impact of declining enrolment and the absence of the prior-year one-time revenue adjustment.

**Provincial Grants – Other**

In addition to Core Education Funding, the Ministry provides supplemental, time-limited funding through Responsive Education Programs. REP funding fluctuates annually based on the Ministry's identified priorities.

Provincial grants other than Core Education Funding decreased by $6.2 million, from $14.8 million in 2024–25 to $8.6 million in 2025–26. The decrease primarily reflects approximately $7.0 million of one-time Bill 124 remedy and other labour-related funding adjustments recognized in 2024–25, including funding related to revised terms and conditions for principals and vice-principals and Bill 124 remedy costs for programs funded outside of Core Education Funding. As this funding supported specific compensation-related expenses, its discontinuation also corresponds with the absence of those one-time costs in 2025–26.

The decrease was partially offset by approximately $0.8 million of additional REP funding in 2025–26, including funding to remove barriers for students with special education needs and higher salary benchmarks across programs such as mathematics and reading. The increased salary benchmark funding is directly offset by corresponding salary expenses and does not represent additional funding available for other purposes.

**Ministry-Procured Supplies**

The Board recognizes in-kind revenues and corresponding expenses for centrally procured supplies received from the Ministry of Public and Business Service Delivery and Procurement. The value recorded is based on the weighted average cost determined by the Ministry and the quantities received by the Board. In-kind revenue and expenses decreased to $10,837 in 2025–26, compared with $201,627 in 2024–25, reflecting a significant reduction in centrally procured supplies provided during the year. As equal amounts are recognized as revenue and expense, these transfers have no net impact on the Board's annual financial result.

**Ontario Youth Apprenticeship Program**

This revenue represents funding received from the Ministry of Labour, Immigration, Training and Skills Development for the Ontario Youth Apprenticeship Program. Revenue increased by approximately $0.1 million, from $0.3 million in 2024–25 to $0.4 million in 2025–26. The increase primarily reflects the timing of program billings and the recognition of funding related to program activity spanning the comparative periods.

**Federal Grants and Fees**

Federal grants and fees decreased by $2.0 million, from $2.5 million in 2024–25 to $0.5 million in 2025–26. The decrease primarily reflects the discontinuation of approximately $1.7 million in funding under Jordan's Principle following changes to program eligibility. This funding previously supported Student Support Worker positions and, as a result, the associated staffing was reduced in 2025–26.

Funding received from Immigration, Refugees and Citizenship Canada (IRCC) also decreased by approximately $0.3 million, resulting in reduced support for the Board's Language Assessment Resource Centre (LARC) program. The remaining decrease relates primarily to lower federal mental health funding.

## Other Fees and Revenues

This category represents miscellaneous revenue from a variety of sources. Overall, other fees and revenues increased by $3.4 million, from $4.2 million in 2024–25 to $7.6 million in 2025–26. The most significant factor was a $4.1 million revenue recovery related to Asset Retirement Obligations, primarily resulting from the sale of properties that no longer have associated retirement obligations, principally for asbestos remediation. While this adjustment affects revenue reported in the consolidated financial statements, it has an associated offset and does not affect the Board's Ministry compliance position.

Other notable changes include:

- Tuition revenue from international fee-paying students decreased by approximately $0.4 million, consistent with the year-over-year decrease in international VISA student enrolment.
- Community Use of Schools rental revenue increased by approximately $0.1 million, reflecting higher revenue from the rental of Board facilities.
- Education Development Charge revenue decreased by approximately $0.5 million, as no land acquisitions occurred during 2025–26 and, consequently, no related EDC revenue was recognized.
- Other revenues increased by approximately $0.1 million, primarily from additional City of Windsor recoveries, rebates and donations.

## Investment Income

Investment income decreased by approximately $0.9 million, from $2.5 million in 2024–25 to $1.6 million in 2025–26. This revenue consists primarily of interest earned on the Board's cash balances and imputed interest on Ministry-approved capital expenditures incurred before the related capital funding is received. The decrease reflects a combination of lower interest rates and lower average cash balances during the year.

## School Fundraising and Other Activities

This category represents revenues generated at the school level through fundraising for field trips and excursions, external charities, student activities and other student resources. Revenue increased by approximately $0.3 million, from $9.6 million in 2024–25 to $9.9 million in 2025–26, reflecting an increase in school-level fundraising activity.

School-generated fund revenues are generally offset by related expenses. Any difference between annual revenues and expenses is reflected in the school-generated funds balance and carried forward for use in future years. In 2025–26, related expenses totalled approximately $10.4 million, resulting in a net reduction of approximately $0.5 million in school-generated funds.

## Expense Overview

| Expense function | 2025–26 | 2024–25 | Change |
|---|---|---|---|
| Instruction | $433.7M | $428.7M | +$5.0M |
| Administration | $14.8M | $16.2M | $(1.4)M |
| Transportation | $18.2M | $18.7M | $(0.5)M |
| Pupil accommodation | $75.1M | $76.5M | $(1.4)M |
| Other | $1.0M | $3.2M | $(2.2)M |
| School-funded activities | $10.4M | $9.4M | +$1.0M |
| **Total expenses** | **$553.2M** | **$552.7M** | **+$0.5M** |

## Expenses by Object (Note 15)

The Consolidated Statement of Operations presents expenses by function. Note 15 summarizes the same expenses by object. Salaries and benefits remain the Board's largest cost, representing approximately 81% or $448.3 million of total expenses (2024–25 – 81% or $446.5 million).

| Expense object | Share of 2025–26 | % | 2025–26 | 2024–25 | Change |
|---|---|---|---|---|---|
| Salaries and wages |  | **69.3%** | $383.4M | $381.5M | +$1.9M |
| Employee benefits |  | **11.7%** | $64.9M | $65.0M | $(0.1)M |
| Supplies and services |  | **7.3%** | $40.6M | $40.9M | $(0.3)M |
| Amortization and write-downs of TCA and TCA-ARO |  | **5.8%** | $31.9M | $31.1M | +$0.8M |
| Fees and contract services |  | **4.2%** | $23.5M | $24.9M | $(1.4)M |
| Interest |  | **0.8%** | $4.5M | $5.2M | $(0.7)M |
| Other |  | **0.3%** | $1.9M | $2.1M | $(0.2)M |
| Staff development |  | **0.3%** | $1.8M | $1.4M | +$0.4M |
| Rental expenses |  | **0.1%** | $0.5M | $0.6M | $(0.1)M |
| Other expenses on ARO |  | **<0.1%** | $0.2M | <$0.1M | +$0.2M |
| **Total expenses** | Salaries and benefits: 81.0% | **100%** | **$553.2M** | **$552.7M** | **+$0.5M** |

### Salaries and Benefits

Salaries and benefits remained the Board's largest expense, totalling $448.3 million, or approximately 81% of total expenses, consistent with the prior year's overall cost structure. Salaries and wages increased by $1.9 million, from $381.5 million in 2024–25 to $383.4 million in 2025–26. The increase primarily reflects negotiated compensation changes incorporated into Ministry funding benchmarks, including a 2.5% increase for teachers, principals and vice-principals and a $1-per-hour increase for education workers. Related salary benchmark adjustments also applied to certain management positions, while benefits funding was updated to reflect collective agreement changes. There were no salary increases for Supervisory Officers or the Chief Executive Officer (CEO). These funding increases were intended to support corresponding compensation costs and therefore were largely offset by higher salary and benefit expenses.

The effect of higher compensation rates was offset by lower staffing levels associated with declining enrolment, program and funding changes, and other staffing reductions. Total staffing decreased by 100.4 FTE, from 3,918.6 FTE in 2024–25 to 3,818.2 FTE in 2025–26. This included reductions of 29.25 teacher FTE, comprising 19.25 elementary and 10.0 secondary teachers, as well as reductions of 11.0 FTE ECEs, 37.5 FTE student support workers and reductions in other paraprofessional, facility services and support positions. Despite the reduction in staffing, negotiated salary increases resulted in total salary expense increasing slightly year over year. With salaries and benefits continuing to represent approximately 81% of total expenses, the Board's overall expenditure structure remained generally consistent with the prior year.

Absenteeism, particularly related to short- and long-term illness, continues to be an area of concern. At year-end, supply staff costs totaled $16.9 million. While increases in supply staff costs were partially offset by lower expenses for salaries of classroom teachers, it is important to note that supply staff costs remain largely unfunded by the Ministry. Rising short-term absence rates, higher associated benefit costs, and an overall increase in the number of days absent continue to pose a financial risk to the Board.

**Employee Benefits**

Employee benefit expense was relatively unchanged at $64.9 million in 2025–26, compared with $65.0 million in 2024–25, despite the increase in salaries and wages. Higher salary-based statutory costs, including Employer Health Tax, were offset by lower costs in other benefit categories. The reduction of approximately 100 FTE contributed to lower contributions to Employee Life and Health Trusts and other employee-related benefit plans.

Employee future benefit adjustments also affected the year-over-year result. Total actuarially determined benefit expense decreased from $2.6 million in 2024–25 to $1.6 million in 2025–26. The most significant factor was a $2.6 million actuarial gain on post-retirement benefits, arising from updated retiree demographics, lower premium-rate assumptions and an increase in the discount rate from 3.8% to 4.2%. The higher discount rate reduced the present value of future obligations, including approximately $0.4 million of the post-retirement benefit gain and approximately $0.1 million of the retirement gratuity gain. These favourable adjustments were partly offset by an increase in WSIB expense from $1.1 million to $2.9 million, reflecting new claims and updated information on existing claims. Overall, the combination of lower staffing-related benefit costs and favourable actuarial adjustments offset the effect of higher compensation rates and increased WSIB costs.

**Supplies and Services**

Supplies and services expenses decreased by $0.3 million, from $40.9 million in 2024-25 to $40.6 million in 2025-26. The decrease reflects several offsetting changes. Instructional supplies and services increased by approximately $0.5 million, primarily due to higher expenditures associated with increased Responsive Education Programs (REP) and other targeted Ministry funding. School Generated Funds expenses increased by approximately $1.0 million as schools utilized both current-year revenues and funds accumulated from prior years. The resulting change in School Generated does not impact the Board's Ministry compliance position. These increases were offset by an approximately $1.8 million decrease in operations and administration expenses, as the prior year included significant one-time costs such as higher-than-normal snow removal expenditures that did not recur at the same level in 2025-26.

## Amortization and Other Expenses on Asset Retirement Obligations

Amortization, write-downs and net losses on the disposal of tangible capital assets increased by approximately $0.8 million, from $31.1 million in 2024–25 to $31.9 million in 2025–26. The year-over-year change reflects changes in the Board's depreciable asset base and the timing and classification of capital asset additions and disposals. Changes in this category are offset by corresponding revenue, which is deferred and recognized as the related capital assets are amortized.

## Fees and Contractual Services

Fees and contractual services decreased by approximately $1.4 million, from $24.9 million in 2024–25 to $23.5 million in 2025–26. The decrease included approximately $0.5 million in lower pupil transportation costs and approximately $1.0 million in lower instructional contracted services (textbooks/supplies and part time school aides), partially offset by higher contracted costs within school operations and maintenance.

## Interest Charges on Capital

Interest charges on capital decreased by approximately $0.7 million, from $5.2 million in 2024–25 to $4.5 million in 2025–26. The decrease primarily reflects the declining principal balance of the Board's outstanding long-term debt as scheduled debt repayments were made during the year.

## Other Expenses and Transfers to Other Boards

Other expenses decreased by approximately $0.1 million, from $2.0 million in 2024–25 to $1.9 million in 2025–26. The decrease reflects lower transfers to other boards, which are offset by corresponding revenue.

## Staff Development

Staff development expenses increased by approximately $0.4 million, from $1.4 million in 2024–25 to $1.8 million in 2025–26. The increase reflects higher instructional professional learning activity during the year, including training supported through Responsive Education Programs and other targeted initiatives.

## Rental Expense

Rental expense decreased slightly by approximately $23,000 and was generally consistent with the prior year.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The tables below summarize the year-over-year movement in each component of the Board's financial assets, financial liabilities and non-financial assets.

Overall position: financial assets decreased by $7.9 million, financial liabilities increased by $7.7 million, and non-financial assets increased by $13.9 million.

**▲ Increase ▼ Decrease**

## FINANCIAL ASSETS

| Financial statement item | 2025–26 | 2024–25 | Movement | Commentary |
|---|---|---|---|---|
| Cash and cash equivalents | $60.5M | $65.9M | ▼ $5.4M | Accounts are held at the Windsor Family Credit Union (WFCU). Refer to the Consolidated Statement of Cash Flows for explanation of changes in Cash and Cash Equivalents. |
| Accounts receivable | $15.7M | $17.7M | ▼ $2.0M | The decrease relates entirely to federal Jordan's Principle funding receivables. The prior-year balance covered two fiscal years, while only the 2024–25 balance remained outstanding at August 31, 2026. This balance was collected after year-end. No receivable was recorded for 2025–26 because the program was discontinued. |
| Accounts receivable – Government of Ontario | $145.6M | $143.5M | ▲ $2.2M | The net change reflects increases of $2.5 million in capital receivables and $2.4 million in deferred grant receivables, partly offset by a $2.9 million decrease in operating receivables. |
| Assets held for sale | $0.4M | $3.1M | ▼ $2.7M | The year-end balance consists of a single property, Kingsville PS. All assets held for sale at the end of the prior year have since been sold. |
| **Total financial assets** | **$222.3M** | **$230.2M** | **▼ $7.9M** | |

## FINANCIAL LIABILITIES

| Financial statement item | 2025–26 | 2024–25 | Movement | Commentary |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | $30.2M | $39.3M | ▼ $9.2M | The decrease reflects the timing of trade payable payments in the normal course of business. In the prior year, the change in the deferred grant payment ($7.7 million) was recorded as a liability, along with a $1.6 million Bill 124 clawback. In the current year, the change in the deferred grant payment is reported in accounts receivable. |
| Amounts held in trust | $5.7M | $5.2M | ▲ $0.5M | Reflects higher amounts owing to employees enrolled in salary deferral plans (e.g., 4-over-5 plans) and higher amounts held for scholarships and bursaries. |
| Net long-term debt | $94.6M | $104.7M | ▼ $10.0M | Reflects scheduled principal repayments on outstanding debentures. |
| Deferred revenue | $53.5M | $32.9M | ▲ $20.7M | Deferred revenue of $53.5 million consists primarily of:<br>Proceeds of disposition – $37.7 million;<br>Assets held for sale – $0.3 million;<br>Education Development Charges (EDC) – $5.5 million; and<br>Restricted grants – $10.0 million.<br><br>Note 8 explains the change from the prior year. |
| Employee future benefits | $33.5M | $37.2M | ▼ $3.6M | The decrease reflects gratuity payments and a lower retirement benefit liability, including an actuarial gain resulting from the change in discount rate. |
| Deferred capital contributions | $627.8M | $614.8M | ▲ $13.0M | DCC is capital funding that has been deferred for asset purchases and construction. It is brought into revenue over each asset's useful life, matching the related amortization expense. |

| Financial statement item | 2025–26 | 2024–25 | Movement | Commentary |
|---|---|---|---|---|
| | | | | The higher balance reflects significant capital construction during the year (see Note 12). |
| Asset retirement obligation | $31.5M | $35.2M | ▼ $3.7M | No new ARO liabilities were identified in 2025–26. The net decrease reflects:<br>1. A $1.5 million increase from the 4.45% inflation adjustment applied as of March 31, 2026; and<br>2. A $5.2 million reduction for obligations settled on properties sold. |
| **Total financial liabilities** | **$876.9M** | **$869.2M** | **▲ $7.7M** | |

## NON-FINANCIAL ASSETS

| Financial statement item | 2025–26 | 2024–25 | Movement | Commentary |
|---|---|---|---|---|
| Prepaid expenses | $4.6M | $2.9M | ▲ $1.7M | Approximately $2.0 million of the increase reflects September 2026 Employee Life and Health Trust (ELHT) payments made in August 2026. The remaining change relates to prepaid software licence balances. |
| Inventories of supplies | $0.1M | $0.1M | – $0.0M | No significant change from the prior year. |
| Tangible capital assets | $685.9M | $673.7M | ▲ $12.1M | In 2025–26, the Board recognized $43.8 million of tangible capital asset (TCA) additions and a $1.3 million increase from a change in ARO estimates. These were partly offset by $31.9 million of amortization, a $0.8 million transfer of property to assets held for sale and $0.3 million of other ARO changes. |
| **Total non-financial assets** | **$690.6M** | **$676.7M** | **▲ $13.9M** | |

## The Accumulated Surplus

Total accumulated surplus decreased from $37.8 million to $36.0 million, reflecting the $1.7 million annual deficit for financial statement purposes. The operating surplus decreased by $4.9 million to $24.2 million. The reduction in operating surplus differs from the consolidated deficit because the consolidated result includes movements in employee future benefits, ARO, school-generated funds, land and Board-restricted capital balances.

| Component ($000s) | Opening | Change | Closing |
|---|---|---|---|
| Operating | $29,120 | $(4,911) | $24,209 |
| Employee future benefits | (19,062) | 1,464 | (17,598) |
| Interest accruals | (1,313) | – | (1,313) |
| School-generated funds | 4,072 | (495) | 3,577 |
| Revenues recognized for land | 33,471 | (42) | 33,429 |
| ARO to be covered in the future | (18,754) | 3,126 | (15,628) |
| School budgets | – | 147 | 147 |
| Committed capital balances | 10,216 | (1,011) | 9,205 |
| **Total accumulated surplus** | **$37,750** | **$(1,722)** | **$36,028** |

The opening operating accumulated surplus as at August 31, 2025 was $29.1 million. During 2025–26, the operating accumulated surplus decreased by $4.9 million, resulting in a closing balance of $24.2 million as at August 31, 2026. The reduction in operating accumulated surplus differs from the $1.7 million consolidated deficit because the consolidated financial result also includes changes in employee future benefits, asset retirement obligations, school-generated funds, revenues recognized for land and Board-restricted capital balances.

The Board remains subject to a Multi-Year Financial Recovery Plan (MYFRP) directed by the Ministry of Education to address structural operating deficits incurred in prior years. Under the MYFRP, the Board is required to maintain an accumulated operating surplus for Ministry compliance purposes, after excluding internally appropriated and other prescribed amounts, equal to at least 2% of the Board's operating allocation by 2026–27, which approximates $4.9 million.

Amounts equal to the cost of unsupported capital expenditures were internally appropriated in prior years as committed capital balances. Accordingly, the Board does not have an unfunded capital deficit associated with these assets. The committed capital balances are reduced annually in a manner consistent with the amortization of the related assets, resulting in a negative in-year adjustment for Ministry compliance purposes.

After prescribed Ministry adjustments, the Board reported an in-year compliance deficit of $4.8 for 2025–26. The Board's operating accumulated surplus was $24.2 million, representing 5% of the operating allocation and is more than sufficient to meet the 2% requirement of the Multi-Year Financial Recovery Plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the principal disclosures and year-over-year changes contained in the notes to the consolidated financial statements.

| Note | Memo highlight |
|---|---|
| **Note 1 – Significant Accounting Policies** | Prescribed basis of accounting and related Emphasis of Matter in the auditor's report. |
| **Note 2 – Cash and Cash Equivalents** | $60.5 million balance, including $6.9 million held in trust. |
| **Note 3 – Government of Ontario Receivable** | $145.6 million balance, including capital receivables and delayed grant payments. |
| **Note 4 – Assets Held for Sale** | Nine property sales generated $22.0 million in proceeds and a $19.1 million deferred gain. |
| **Note 5 – Temporary Borrowing** | $30.0 million credit facility available; no balance outstanding at year-end. |
| **Note 6 – Amounts Held in Trust** | $5.7 million held for scholarships, bursaries and deferred salary plans. |
| **Note 7 – Net Long-Term Debt** | Debt decreased by $10.0 million to $94.6 million through scheduled repayments. |
| **Note 8 – Deferred Revenue** | Increase to $53.5 million, primarily from restricted property-disposition proceeds. |
| **Note 9 – Employee Future Benefits** | $3.6 million liability reduction; discount rate increased to 4.2%, partly offset by higher WSIB costs. |
| **Note 10 – Deferred Capital Contributions** | Increase to $627.8 million after additions, revenue recognition and transfers. |
| **Note 11 – Asset Retirement Obligations** | Liability decreased to $31.5 million after $5.2 million of obligations were settled. |
| **Note 12 – Tangible Capital Assets** | $43.8 million of additions and $31.9 million of amortization; net book value increased to $685.9 million. |
| **Note 13 – Accumulated Surplus** | Accumulated surplus decreased to $36.0 million; operating surplus decreased to $24.2 million. |
| **Note 14 – Core Education Funding** | $522.9 million of funding, representing approximately 95% of consolidated revenue. |

| Note | Memo highlight |
|---|---|
| **Note 15 – Expenses by Object** | Total expenses were $553.2 million; salaries and benefits remained the largest cost category. |
| **Note 16 – Ministry-Procured Supplies** | $10,837 of in-kind revenue and matching expense, with no net impact on the annual result. |
| **Note 17 – OSBIE** | Insurance premiums were $0.8 million; liability coverage is available to $27.0 million per occurrence. |
| **Note 18 – Commitments** | Capital commitments increased to $31.4 million and are expected to be Ministry funded. |
| **Note 19 – Contingent Liabilities** | No material adverse effect is expected from outstanding claims and legal proceedings. |
| **Note 20 – Transportation Consortium** | The Board's proportionate share decreased from 51.2% to 48.73%. |
| **Note 21 – 55 School Board Trust** | $1.8 million flow-through of provincial grants, unchanged from the prior year. |
| **Note 22 – Financial Instruments** | Credit, liquidity and market risks continue to be monitored and managed. |
| **Note 23 – Related Parties** | $1.1 million of transactions with other school boards and $80,000 of portable classroom sale proceeds. |
| **Note 24 – Future Accounting Standards** | New PSAS Conceptual Framework and PS 1202 take effect for the year ending August 31, 2027. |

RECOMMENDATIONS:

**THAT IT BE RECOMMENDED FOR APPROVAL TO THE BOARD OF TRUSTEES THAT THE ATTACHED AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD FOR THE YEAR ENDED AUGUST 31, 2026 BE APPROVED, AS PRESENTED.**

ATTACHMENTS:

- Greater Essex County District School Board Financial Statements – August 31, 2026

Consolidated Financial Statements of

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

And Independent Auditor's Report thereon

Year ended August 31, 2026

# 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

_____

Vicki Houston
Chief Executive Officer

_____

Shelley Armstrong
Superintendent of Business, Treasurer and Facility Services

KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8
Canada
Tel 519 251 3500
Fax 519 251 3530

# INDEPENDENT AUDITORS' REPORT

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

**Opinion**

We have audited the consolidated financial statements of Greater Essex County District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2026
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2026, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

***Emphasis of Matter - Financial Reporting Framework***

We draw attention to Note 1 to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

Approval Date

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents (note 2) | $ 60,498,496 | $ 65,882,421 |
| Accounts receivable | 15,726,326 | 17,727,977 |
| Accounts receivable - Government of Ontario (note 3) | 145,641,553 | 143,486,085 |
| Assets held for sale (note 4) | 394,552 | 3,073,873 |
| Total financial assets | 222,260,927 | 230,170,356 |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 30,175,477 | 39,328,310 |
| Amounts held in trust (note 6) | 5,662,630 | 5,206,298 |
| Net long-term debt (note 7) | 94,639,813 | 104,650,641 |
| Deferred revenue (note 8) | 53,530,269 | 32,867,786 |
| Employee future benefits (note 9) | 33,541,274 | 37,151,921 |
| Deferred capital contributions (note 10) | 627,812,115 | 614,775,393 |
| Asset retirement obligation (note 11) | 31,495,988 | 35,188,792 |
| Total financial liabilities | 876,857,566 | 869,169,141 |
| Net debt | (654,596,639) | (638,998,785) |
| Non-financial assets: | | |
| Prepaid expenses | 4,623,166 | 2,880,820 |
| Inventories of supplies (note 16) | 143,183 | 139,623 |
| Tangible capital assets (note 12) | 685,858,303 | 673,728,717 |
| Total non-financial assets | 690,624,652 | 676,749,160 |
| Accumulated surplus (note 13) | $ 36,028,013 | $ 37,750,375 |

Commitments and contingencies (notes 17, 18, and 19)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Chief Executive Officer

_____ Chair of the School Board

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2026, with comparative information for 2025

| | Budget (Unaudited) | 2026 Actual | 2025 Actual |
|---|---|---|---|
| Revenues: | | | |
| Core Education Funding (note 14) | | | |
| *Provincial Legislative Grants* | $ 452,398,946 | $ 450,532,736 | $ 450,004,468 |
| *Education Property Tax* | 71,055,667 | 72,388,867 | 70,773,062 |
| Provincial grants - Other | 6,772,069 | 8,614,751 | 14,767,269 |
| Ministry of Public and Business Service Delivery and Procurement (note 16) | - | 10,837 | 201,627 |
| Ministry of Labour, Immigration,Training and Skills Development - Ontario Youth Apprenticeship Program | 400,000 | 442,466 | 297,536 |
| Federal grants and fees | - | 470,625 | 2,561,816 |
| Other fees and revenues | 2,533,670 | 7,629,051 | 4,218,608 |
| Investment income | 1,000,000 | 1,555,180 | 2,476,924 |
| School fundraising and other activities | 10,000,000 | 9,859,297 | 9,599,728 |
| | 544,160,352 | 551,503,810 | 554,901,038 |
| Expenses (note 15): | | | |
| Instruction | 425,783,855 | 433,708,979 | 428,702,335 |
| Administration | 14,191,570 | 14,833,065 | 16,168,395 |
| Transportation | 19,632,355 | 18,196,107 | 18,734,645 |
| Pupil accommodation | 73,487,290 | 75,155,147 | 76,528,266 |
| Other | 2,668,051 | 977,822 | 3,212,588 |
| School funded activities | 10,000,000 | 10,355,052 | 9,396,639 |
| | 545,763,121 | 553,226,172 | 552,742,868 |
| Annual (deficit) surplus | (1,602,769) | (1,722,362) | 2,158,170 |
| Accumulated surplus, beginning of year | 37,750,375 | 37,750,375 | 35,592,205 |
| Accumulated surplus, end of year | $ 36,147,606 | $ 36,028,013 | $ 37,750,375 |

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Annual (deficit) surplus | $ (1,722,362) | $ 2,158,170 |
| Acquisition of tangible capital assets | (43,820,866) | (42,554,805) |
| Amortization of tangible capital assets | 30,925,002 | 29,992,551 |
| Amortization of asset retirement obligations | 934,993 | 1,128,010 |
| Gain on sale of tangible capital assets | - | (4,807,601) |
| Proceeds on sale of tangible capital assets | - | 6,573,539 |
| Transfer of assets held for sale | 874,558 | 2,543,873 |
| Change in estimate of tangible capital assets - asset retirement obligations | (1,338,099) | (1,380,575) |
| Disposals of tangible capital assets - asset retirement obligations | 294,826 | - |
| | (13,851,948) | (6,346,838) |
| Acquisition of inventories of supplies | (17,907) | (105,441) |
| Acquisition of prepaid expenses | (3,683,851) | (1,621,099) |
| Consumption of inventories of supplies | 14,347 | 204,019 |
| Use of prepaid expenses | 1,941,505 | 3,045,528 |
| Change in net debt | (15,597,854) | (4,823,831) |
| Net debt, beginning of year | (638,998,785) | (634,174,954) |
| Net debt, end of year | $ (654,596,639) | $ (638,998,785) |

See accompanying notes to consolidated financial statements.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual (deficit) surplus | $ (1,722,362) | $ 2,158,170 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 30,925,002 | 29,992,551 |
| Amortization of tangible capital assets - asset retirement obligations | 934,993 | 1,128,010 |
| (Increase) of tangible capital assets - asset retirement obligations | (1,043,273) | (1,380,575) |
| Deferred capital contributions revenue | (29,774,443) | (28,832,919) |
| Deferred net proceeds on disposal of restricted assets | (21,990,978) | (4,807,601) |
| Transfer to financial assets | 874,558 | 2,543,873 |
| Net proceeds on sale of assets held for sale | 21,990,978 | - |
| Decrease in employee future benefits | (3,610,647) | (1,096,321) |
| (Decrease) increase in asset retirement obligations | (3,692,804) | 1,124,347 |
| Change in net working capital: | | |
| (Increase) decrease in accounts receivable | (153,817) | 27,230,880 |
| Decrease (increase) in assets held for sale | 2,679,321 | (2,543,873) |
| (Increase) decrease in inventories of supplies | (3,560) | 98,578 |
| (Increase) decrease in prepaid expenses | (1,742,346) | 1,424,429 |
| (Decrease) in accounts payable and accrued liabilities | (9,152,833) | (698,859) |
| Increase in amounts held in trust | 456,332 | 345,196 |
| Increase in deferred revenue | 20,662,483 | 3,121,884 |
| Net change in cash from operating activities | 5,636,604 | 29,807,770 |
| Financing activities: | | |
| (Decrease) in temporary borrowing | - | (20,000,000) |
| Debt repayments | (10,010,828) | (9,903,188) |
| Net additions to deferred capital contributions | 42,811,165 | 37,886,825 |
| Net change in cash from financing activities | 32,800,337 | 7,983,637 |
| Capital activities: | | |
| Proceeds on sale of capital assets | - | 6,573,539 |
| Purchase of tangible capital assets | (43,820,866) | (42,554,805) |
| Net change in cash from capital activities | (43,820,866) | (35,981,266) |
| Net change in cash and cash equivalents | (5,383,925) | 1,810,141 |
| Cash and cash equivalents, beginning of year | 65,882,421 | 64,072,280 |
| Cash and cash equivalents, end of year | $ 60,498,496 | $ 65,882,421 |

See accompanying notes to consolidated financial statements.

## 1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

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

**1. Significant accounting policies (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 may 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.

The Board’s consolidated financial statements are prepared using the proportionate consolidation method to account for its interest in the transportation consortium, Service de transport des élèves – Windsor-Essex Student Transportation Services. Under this method, the Board’s financial statements include its proportionate share of the assets, liabilities, revenues, and expenses of the consortium that it jointly controls.

Interdepartmental and inter-organizational transactions and balances between these entities are eliminated.

**1. Significant accounting policies (continued):**

(c) Financial Instruments:

Financial instruments are classified into three categories: fair value, amortized cost, or cost. The following chart shows the measurement method for each type of financial instrument.

| Financial Instrument | Measurement Method |
|---|---|
| Accounts Receivable | Amortized Cost |
| Short-term borrowing | Amortized Cost |
| Accounts payable and accrued liabilities | Amortized Cost |
| Accrued vacation pay | Amortized Cost |
| Debenture debt | Amortized Cost |
| Cash and cash equivalents | Cost |

- Amortized cost is measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs relevant to the acquisition of investments are added to the amortized cost. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

- Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(d) Cash and cash equivalents:

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.

(e) 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, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services are performed.

**1. Significant accounting policies (continued):**

(f) 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 purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

(g) 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, health care benefits, dental benefits, retirement/sick plan gratuities, workers' compensation benefits and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and the Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE EWBT) and ONE-T for non-unionized employees including Principals and Vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual staff), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on existing benefits funding embedded within the Core Education Funding, including additional ministry funding in the form of a Crown Contribution and Stabilization Adjustment.

**1. Significant accounting policies (continued):**

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

Depending on prior arrangements and employee groups, the board continues to provide health, dental and life insurance benefits for retired individuals for certain groups and for some retirees who are retired under these plans.

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 is 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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and long-term disability, 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.

**1. Significant accounting policies (continued):**

(h) Tangible capital assets:

Tangible capital assets (TCA) 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 and legally or contractually required retirement activities. 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 TCA. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

TCA, 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 |
| First-time equipping of schools | 10 |
| Furniture and equipment | 5 – 15 |
| Computer hardware | 3 |
| Computer software | 1 – 5 |
| Vehicles | 5 – 10 |

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. TCA which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

**1. Significant accounting policies (continued):**

(i) Asset retirement obligations

Asset Retirement Obligations (ARO) are provisions for legal obligations for the retirement of tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- there is a statutory, contractual or legal obligation to incur retirement costs in relation to a tangible capital asset
- the past transaction or event giving rise to the liability has occurred
- it is expected that future economic benefits will be given up
- a reasonable estimate of the amount can be made

A corresponding amount is added to the carrying value of the related tangible capital asset and is then amortized over its remaining useful life.

The estimated amounts of future costs to retire the asset is reviewed annually and adjusted to reflect the current best estimate of the liability. Adjustments may result from changes in the assumption used to estimate the amount required to settle the obligation. These amounts are recognized as an increase or decrease in the carrying amount of the asset retirement obligation liability, with a corresponding adjustment to the carrying amount of the related asset. If the related asset is no longer in productive use, all subsequent changes in the estimate of the liability for the ARO are recognized as an expense in the period incurred.

(j) 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 Ontario Regulation 395/11 and 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.

**1. Significant accounting policies (continued):**

(k) Other revenues:

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

(l) 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.

(m) 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. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

(n) 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 TCA, the valuation and estimate of asset retirement obligations, accrued liabilities relating to employee contract settlements, and employee future benefits. Actual results could differ from these estimates.

**1. Significant accounting policies (continued):**

(o) Education 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, education property tax revenue received from the municipalities is recorded as part of Core Education Funding under Education Property Tax.

**2. Cash and cash equivalents:**

Cash and cash equivalents include the following:

| | 2026 | 2025 |
|---|---|---|
| Non-restricted funds | $53,622,760 | $ 58,762,202 |
| Held in trust: | | |
| Deferred salary plans | 3,044,058 | 2,807,427 |
| School funds | 3,799,052 | 4,280,166 |
| Other | 32,626 | 32,626 |
| Balance, end of year | $60,498,496 | $ 65,882,421 |

**3. Accounts receivable – Government of Ontario:**

Accounts receivable from the Government of Ontario consist of:

| | 2026 | 2025 |
|---|---|---|
| Capital [1] | $ 117,607,396 | $ 115,127,223 |
| Delayed grant payment [2] | 23,201,730 | 20,841,570 |
| Other operating [3] | 4,832,427 | 7,517,292 |
| | $ 145,641,553 | $ 143,486,085 |

[1] The Province of Ontario 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.

**3. Accounts receivable – Government of Ontario (continued):**

(2) The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry.

(3) Other operating grants relate to receivable balances for multiple Responsive Education Programs (REP) grants from the Ministry of Education as well as amounts receivable from the Ministry of Labour, Immigration, Training and Skills Development.

**4. Assets held for sale:**

As of August 31, 2026, $394,552 (2025 - $3,073,873) relating to building and land is recorded as assets held for sale. The asset held for sale includes an amount relating to the cost of asset retirement obligations of $62,670 (2025 - $732,651).

During the year, nine board properties were sold, and one property with a net book value of $874,558 was reclassified into assets held for sale.

Net proceeds of $21,990,978 (2025 - $6,573,539) were received on the sale of these properties, which had a carrying value of $2,878,724 (2025 - $1,765,938), resulting in a net gain of $19,112,254 (2025 - $4,807,601) that is deferred for future capital asset purchases according to Ontario Regulation 193/10.

**5. Temporary borrowing**

The board has a demand credit facility available to a maximum of $30,000,000 to address operating requirements and/or to bridge capital expenditures. Interest on the demand operating facility is equal to the Prime Rate less 0.875%.

As at August 31, 2026, the amount drawn on the demand credit facility was $nil (2025 - $nil).

## 6. Amounts held in trust:

Amounts held in trust consist of:

| | 2026 | 2025 |
|---|---|---|
| Bequests for scholarships and bursaries | $2,618,572 | $ 2,398,872 |
| Employee deferred salary plans | 3,044,058 | 2,807,426 |
| | $5,662,630 | $ 5,206,298 |

## 7. Net long-term debt:

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

| | 2026 | 2025 |
|---|---|---|
| The Canada Life Assurance Company<br>Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of $92,987 due semi-annually | $ 423,313 | $ 574,780 |
| VersaBank<br>Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of $122,412 repaid during the year | - | 1,077,251 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of $678,717 due semi-annually | 6,537,932 | 7,562,080 |
| Manulife Financial Corporation<br>Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of $332,485 due semi-annually | 3,369,815 | 3,834,005 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of $717,054 due semi-annually | 8,205,026 | 9,200,361 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of $447,710 due semi-annually | 3,553,909 | 4,237,351 |

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

| | 2026 | 2025 |
|---|---|---|
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of $689,939 due semi-annually | 8,823,324 | 9,722,294 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of $1,363,757 due semi-annually | 17,540,709 | 19,254,330 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of $231,038 due semi-annually | 3,256,878 | 3,537,495 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of $56,278 due semi-annually | 871,862 | 939,809 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of $374,246 due semi-annually | 6,376,008 | 6,857,004 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of $449,733 due semi-annually | 8,012,332 | 8,610,212 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of $394,992 due semi-annually | 7,476,521 | 7,968,414 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of $6,557 due semi-annually | 130,486 | 138,145 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of $274,485 due semi-annually | 6,174,394 | 6,530,550 |
| The Ontario Financing Authority (OFA)<br>Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of $593,510 due semi-annually | 13,887,304 | 14,606,560 |
| | $ 94,639,813 | $ 104,650,641 |

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

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2026 are due as follows:

| | Principal Payment | Interest | Total |
|---|---|---|---|
| 2026/27 | $ 9,353,512 | $ 4,053,472 | $ 13,406,984 |
| 2027/28 | 9,793,802 | 3,613,172 | 13,406,974 |
| 2028/29 | 10,162,470 | 3,151,521 | 13,313,991 |
| 2029/30 | 10,544,517 | 2,676,488 | 13,221,005 |
| 2030/31 | 10,595,442 | 2,181,579 | 12,777,021 |
| Thereafter | 44,190,070 | 5,506,633 | 49,696,703 |
| Total payments in respect of long-term debt | $ 94,639,813 | $ 21,182,865 | $ 115,822,678 |

Interest expense on net long-term debt amounted to $4,372,995 (2025 - $4,873,616).

**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, 2026 consists of:

| | Balance as at August 31, 2025 | Externally restricted additions (dispositions) | Transferred to DCC | Revenue recognized in the period | Balance as at August 31, 2026 |
|---|---|---|---|---|---|
| Proceeds of disposition | $15,758,442 | $21,990,980 | $ - | $ - | $37,749,422 |
| Assets held for sale | 2,276,442 | (1,944,558) | - | - | 331,884 |
| Education development charges | 4,710,668 | 753,017 | - | - | 5,463,685 |
| Restricted grants | 10,122,234 | 102,038,744 | 7,924,945 | 94,250,755 | 9,985,278 |
| | $ 32,867,786 | $122,838,183 | $7,924,945 | $94,250,755 | $53,530,269 |

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2025 consists of:

| | Balance as at August 31, 2024 | Externally restricted additions | Transferred to DCC | Revenue recognized in the period | Balance as at August 31, 2025 |
|---|---|---|---|---|---|
| Proceeds of disposition | $ 9,184,903 | $ 6,573,539 | $ - | $ - | $ 15,758,442 |
| Assets held for sale | 530,000 | 1,746,442 | - | - | 2,276,442 |
| Education development charges | 3,867,807 | 1,304,427 | - | 461,566 | 4,710,668 |
| Restricted grants | 16,163,192 | 108,063,981 | 10,286,153 | 103,818,786 | 10,122,234 |
| | $ 29,745,902 | $117,688,389 | $ 10,286,153 | $104,280,352 | $ 32,867,786 |

## 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, and workers' compensation benefits. The liabilities associated with these plans are as follows:

| | Retirement health benefits | Retirement gratuities | Sick leave/ Top-up benefits | Workers' compensation benefit | 2026 Total employee future benefits |
|---|---|---|---|---|---|
| Balance at August 31, 2025 | $15,633,195 | $12,247,826 | $ 326,136 | $ 8,944,764 | $ 37,151,921 |
| Net expense for the year [1] | (2,003,672) | 377,639 | 273,379 | 2,911,302 | 1,558,648 |
| Less: benefit payments | (1,101,810) | (1,998,173) | (275,103) | (1,794,209) | (5,169,295) |
| Balance at August 31, 2026 | $12,527,713 | $10,627,292 | $ 324,412 | $ 10,061,857 | $ 33,541,274 |

| | Retirement health benefits | Retirement gratuities | Sick leave/ Top-up benefits | Workers' compensation benefit | 2025 Total employee future benefits |
|---|---|---|---|---|---|
| Balance at August 31, 2024 | $15,929,900 | $13,008,008 | $ 281,163 | $ 9,029,171 | $ 38,248,242 |
| Net expense for the year [1] | 785,055 | 562,480 | 233,871 | 1,058,257 | 2,639,663 |
| Less: benefit payments | (1,081,760) | (1,322,662) | (188,898) | (1,142,664) | (3,735,984) |
| Balance at August 31, 2025 | $15,633,195 | $12,247,826 | $ 326,136 | $ 8,944,764 | $ 37,151,921 |

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

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

| | Retirement health benefits | Retirement gratuities | Sick leave/ Top-up benefits | Workers' compensation benefit | 2026 Total employee future benefits |
|---|---|---|---|---|---|
| Current year benefit cost | $ - | $ - | $ 324,412 | $ 2,605,491 | $ 2,929,903 |
| Interest on accrued benefit obligation | 573,127 | 414,219 | - | 305,811 | 1,293,157 |
| | 573,127 | 414,219 | 324,412 | 2,911,302 | 4,223,060 |
| Amortization of actuarial (gain) loss | (2,576,799) | (36,580) | (51,033) | - | (2,664,412) |
| Net expense for the year [1] | $(2,003,672) | $ 377,639 | $ 273,379 | $ 2,911,302 | $ 1,558,648 |

| | Retirement health benefits | Retirement gratuities | Sick leave/ Top-up benefits | Workers' compensation benefit | 2025 Total employee future benefits |
|---|---|---|---|---|---|
| Current year benefit cost | $ - | $ - | $ 326,136 | $ 736,859 | $ 1,062,995 |
| Interest on accrued benefit obligation | 584,783 | 461,405 | - | 321,398 | 1,367,586 |
| | 584,783 | 461,405 | 326,136 | 1,058,257 | 2,430,581 |
| Amortization of actuarial (gain) loss | 200,272 | 101,075 | (92,265) | - | 209,082 |
| Net expense for the year [1] | $ 785,055 | $ 562,480 | $ 233,871 | $ 1,058,257 | $ 2,639,663 |

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

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

***Actuarial Assumptions***

The accrued benefit obligations for employee future benefit plans as at August 31, 2026, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2026 and based on updated average daily salary and banked sick days as at August 31, 2026. These valuations take into account any plan changes and the economic assumptions used in these valuations are the board's best estimates of expected rates of:

| | 2026 | 2025 |
|---|---|---|
| Inflation (excluding health care and dental expenses) | 2.0% | 2.0% |
| Wage and salary escalation | 0.0% | 0.0% |
| Discount on accrued benefit obligation | 4.2% | 3.8% |

Health care costs were assumed to increase by 7.0% for 2022-23, reducing by 0.1% in each subsequent year to an ultimate rate of increase of 5.0%. Dental costs were assumed to increase by a flat rate of 5.0% per annum.

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.

(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 up to August 31, 2012.

**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 $273,379 (2025 - $233,871).

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, 2026, and is based on the average daily salary and banked sick days of employees as at August 31, 2026.

(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 to employees who are not yet members of an ELHT. 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.

(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 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

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

***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, 2026, the board contributed $7,874,738 (2025 - $7,859,224) 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.

**10. Deferred capital contributions:**

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

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 614,775,393 | $ 605,721,487 |
| Additions to deferred capital contributions | 43,680,549 | 41,364,602 |
| Revenue recognized in the period | (29,774,443) | (28,832,919) |
| Transfers to deferred revenue | (869,384) | (3,477,777) |
| Balance, end of year | $627,812,115 | $ 614,775,393 |

## 11. Asset retirement obligations:

As at August 31, 2026, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

| | 2026 | 2025 |
|---|---|---|
| Liabilities for ARO, beginning of year | $35,188,792 | $34,064,445 |
| Increase in liabilities reflecting changes in the estimate of liabilities [1] | 1,459,804 | 1,418,838 |
| Liabilities settled during the year | (5,152,608) | (294,491) |
| Liabilities for ARO, end of year | $31,495,988 | $35,188,792 |

[1] Reflecting changes from an inflation rate adjustment

The board made an inflation adjustment increase in estimates of 4.45% as of March 31, 2026, (2025 – 4.19%) to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (“BCPI”) survey during the 2025 calendar year, as well as an adjustment to true up the estimated rate that was used at March 31, 2025. This rate is being used to update costs assumptions made in the ARO costing models in order to be reflective of March 31, 2026 costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate (based on the 2024 calendar year) to the actual rate for the 12-month period ending March 31, 2025.

Further evaluation was done on the board’s liability balances as at August 31, 2026, where it was determined no further adjustment was necessary for inflation.

The revaluation adjustment has been added to the Tangible Capital Asset-Asset Retirement Obligation balance to be amortized over the remaining useful life of the underlying asset, except in the case where the related ARO asset has no remaining useful life, in which case it is expensed directly.

**12. Tangible Capital Assets:**

| | Cost | | | | | | Accumulated Amortization | | | | | Net Book Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at August 31, 2025 | Additions | ARO - Changes in Estimates | Transfers/ Reclass | Disposals/ Deemed Disposals/ Writedown | Balance at August 31, 2026 | Balance at August 31, 2025 | Amortization Expense | Transfers/ Reclass | Disposals/ Deemed Disposals/ Writedown | Balance at August 31, 2026 | Balance at August 31, 2026 |
| Land | $ 33,429,257 | $ - | $ - | $ - | $ - | $ 33,429,257 | $ - | $ - | $ - | $ - | $ - | $ 33,429,257 |
| Land improvements | 31,752,729 | 1,491,899 | - | - | (5,837,705) | 27,406,923 | 17,256,859 | 1,862,211 | - | (5,837,705) | 13,281,365 | 14,125,558 |
| Buildings | 861,866,582 | 27,277,557 | - | 18,194,743 | | 907,338,882 | 285,168,629 | 25,011,929 | (1,209,392) | - | 308,971,166 | 598,367,716 |
| Buildings ARO | 31,345,276 | - | 1,338,103 | (172,251) | (804,104) | 31,707,024 | 15,700,275 | 934,993 | (115,452) | (566,415) | 15,953,401 | 15,753,623 |
| Portable structures | 12,639,046 | 156,946 | - | - | (20,894) | 12,775,098 | 4,371,263 | 635,636 | - | (20,894) | 4,986,005 | 7,789,093 |
| Buildings 20 Year | 181,825 | - | - | - | - | 181,825 | 40,910 | 9,091 | - | - | 50,001 | 131,824 |
| Construction in progress | 7,687,886 | 12,234,874 | - | (13,909,161) | - | 6,013,599 | - | - | - | - | - | 6,013,599 |
| Pre-acquisition costs | 556,892 | 566,366 | - | (1,123,258) | - | - | - | - | - | - | - | - |
| Furniture and equipment | 2,664,686 | 79,081 | - | - | (958,414) | 1,785,353 | 1,627,279 | 150,116 | - | (958,414) | 818,981 | 966,372 |
| First time equipping | 11,832,575 | 73,953 | - | - | (1,641,806) | 10,264,722 | 5,371,122 | 1,000,440 | - | (1,641,806) | 4,729,756 | 5,534,966 |
| Computer hardware | 7,722,567 | 1,779,121 | - | - | (4,665,394) | 4,836,294 | 5,089,707 | 1,950,585 | - | (4,665,394) | 2,374,898 | 2,461,396 |
| Computer software | 1,491,996 | - | - | - | (1,092,580) | 399,416 | 1,255,030 | 151,987 | - | (1,092,580) | 314,437 | 84,979 |
| Vehicles | 1,719,678 | 161,069 | - | - | (1,232,072) | 648,675 | 1,401,823 | 153,007 | - | (1,232,072) | 322,758 | 325,917 |
| Assets Permanently Removed from Service | 8,903,232 | - | - | (5,595,768) | - | 3,307,464 | 2,839,750 | - | (354,665) | - | 2,485,085 | 822,379 |
| Assets Permanently Removed from Service ARO | 215,454 | - | - | 160,935 | (215,454) | 160,935 | 158,317 | - | 109,311 | (158,317) | 109,311 | 51,624 |
| Total | $ 1,014,009,681 | $ 43,820,866 | $ 1,338,103 | $ (2,444,760) | $ (16,468,423) | $ 1,040,255,467 | $ 340,280,964 | $ 31,859,995 | $ (1,570,198) | $ (16,173,597) | $ 354,397,164 | $ 685,858,303 |

(a) Assets under construction:
Assets under construction having a value of $6,013,599 (2025 - $8,244,778) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Disposals / deemed disposals of tangible capital assets:
Pooled assets with a gross book value of $15,448,865 (2025 - $1,428,319) and a net book value of $nil (2025 - $nil) are deemed to be disposed of.
Board properties, with a net book value of $2,878,724 (2025 - $1,765,938) were sold during the year

(c) Assets permanently removed from service relates to Eastwood (2026).

**12. Tangible Capital Assets:**

| | Cost | | | | | | Accumulated Amortization | | | | | Net Book Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at August 31, 2024 | Additions | ARO - Changes in Estimates | Transfers/ Reclass | Disposals/ Deemed Disposals/ Writedown | Balance at August 31, 2025 | Balance at August 31, 2024 | Amortization Expense | Transfers/ Reclass | Disposals/ Deemed Disposals/ Writedown | Balance at August 31, 2025 | Balance at August 31, 2025 |
| Land | $ 33,528,639 | $ - | $ - | $ (41,781) | $ (57,601) | $ 33,429,257 | $ - | $ - | $ - | $ - | $ - | $ 33,429,257 |
| Land improvements | 29,476,213 | 3,075,054 | - | (285,270) | (513,268) | 31,752,729 | 16,001,683 | 1,850,164 | (155,377) | (439,611) | 17,256,859 | 14,495,870 |
| Buildings | 854,378,076 | 29,048,197 | - | (14,031,037) | (7,528,654) | 861,866,582 | 278,808,390 | 24,274,836 | (12,020,623) | (5,893,974) | 285,168,629 | 576,697,953 |
| Buildings ARO | 33,545,351 | - | 1,380,575 | (3,580,650) | - | 31,345,276 | 17,417,014 | 1,128,010 | (2,844,749) | - | 15,700,275 | 15,645,001 |
| Portable structures | 13,071,268 | 757,144 | - | - | (1,189,366) | 12,639,046 | 4,891,646 | 668,983 | - | (1,189,366) | 4,371,263 | 8,267,783 |
| Buildings 20 Year | 181,825 | - | - | - | - | 181,825 | 31,819 | 9,091 | - | - | 40,910 | 140,915 |
| Construction in progress | 5,088,991 | 7,342,612 | - | (4,743,717) | - | 7,687,886 | - | - | - | - | - | 7,687,886 |
| Pre-acquisition costs | 479,812 | 77,080 | - | - | - | 556,892 | - | - | - | - | - | 556,892 |
| Furniture and equipment | 2,569,629 | 95,057 | - | - | - | 2,664,686 | 1,395,377 | 231,902 | - | - | 1,627,279 | 1,037,407 |
| First time equipping | 11,204,653 | 630,775 | - | - | (2,853) | 11,832,575 | 4,393,695 | 980,280 | - | (2,853) | 5,371,122 | 6,461,453 |
| Computer hardware | 6,528,838 | 1,407,798 | - | - | (214,069) | 7,722,567 | 3,636,848 | 1,666,928 | - | (214,069) | 5,089,707 | 2,632,860 |
| Computer software | 1,491,996 | - | - | - | - | 1,491,996 | 1,090,172 | 164,858 | - | - | 1,255,030 | 236,966 |
| Vehicles | 1,620,621 | 121,088 | - | - | (22,031) | 1,719,678 | 1,278,345 | 145,509 | - | (22,031) | 1,401,823 | 317,855 |
| Assets Permanently Removed from Service | 3,307,464 | - | - | 5,595,768 | - | 8,903,232 | 2,358,565 | - | 481,185 | - | 2,839,750 | 6,063,482 |
| Assets Permanently Removed from Service ARO | 155,457 | - | - | 59,997 | - | 215,454 | 101,570 | - | 56,747 | - | 158,317 | 57,137 |
| Total | $ 996,628,833 | $ 42,554,805 | $ 1,380,575 | $ (17,026,690) | $ (9,527,842) | $ 1,014,009,681 | $ 331,405,124 | $ 31,120,561 | $ (14,482,817) | $ (7,761,904) | $ 340,280,964 | $ 673,728,717 |

## 13. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2026 | 2025 |
|---|---|---|
| Surplus: | | |
| Operating | $24,208,634 | $ 29,120,330 |
| Employee future benefits | (17,597,927) | (19,061,979) |
| Interest accruals | (1,313,086) | (1,313,086) |
| School generated funds | 3,576,699 | 4,072,452 |
| Revenues recognized for land | 33,429,255 | 33,471,036 |
| Asset Retirement Obligations to be covered in the future | (15,628,071) | (18,753,999) |
| Amounts restricted for future use by board motion: | | |
| School budgets | 147,099 | - |
| Campbell Public School | 630,498 | 654,914 |
| LaSalle Public School | 1,673,258 | 1,797,203 |
| Better Places | 2,368,472 | 3,026,382 |
| Administrative buildings – capitalized assets | 1,113,045 | 1,278,366 |
| School buildings | 2,699,130 | 2,729,201 |
| Erie Migration District School | 721,007 | 729,555 |
| | $36,028,013 | $ 37,750,375 |

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. 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 – LaSalle Public School represents amounts to be used to pay for the construction cost of LaSalle Public School, net of amortization. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

**13. Accumulated surplus (continued):**

Amounts restricted for future use by board motion – Better Places represents amounts used to pay for the capital costs of the Better Places renewal initiative, net of amortization. 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 – Administrative buildings – capitalized assets represent 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 – School buildings represent capitalized additions and betterments to school 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 – Erie Migration District School represents amounts to be used to pay for the Minor Tangible Capital Asset (MTCA) costs of furniture and equipment at Erie Migration District School. When expenditures are fully incurred in future years, this amount will be applied against the operating surplus on the same basis as the related assets are amortized.

**14. Core Education Funding:**

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. Eighty-nine (89) percent of the consolidated revenues of the board are directly controlled by the provincial government through the core education funding.

**14. Core Education Funding (continued):**

The payment amounts of this funding are as follows:

| | 2026 | 2025 |
|---|---|---|
| Education property tax | $72,388,867 | $ 70,773,062 |
| Provincial legislative grants | 450,532,736 | 450,004,468 |
| | $522,921,603 | $ 520,777,530 |

**15. Expenses by object:**

The following is a summary of the expenses reported on the Consolidated Statement of Operations and Accumulated Surplus by object:

| | 2026 Budget (unaudited) | 2026 Actual | 2025 Actual |
|---|---|---|---|
| Current expenses | | | |
| Salaries and wages | $ 376,026,050 | $ 383,412,323 | $ 381,441,950 |
| Employee benefits | 64,315,902 | 64,918,516 | 64,986,508 |
| Staff development | 954,475 | 1,774,517 | 1,443,892 |
| Supplies and services | 43,475,406 | 40,573,313 | 40,884,244 |
| Interest | 4,497,868 | 4,472,622 | 5,203,511 |
| Rental expenses | 222,462 | 538,071 | 561,133 |
| Fees and contract services | 24,986,555 | 23,543,313 | 24,933,314 |
| Other | 1,779,682 | 1,954,663 | 2,129,495 |
| Amortization and write downs of TCA and TCA-ARO | 29,504,721 | 31,859,995 | 31,120,557 |
| Other expenses on ARO | - | 178,839 | 38,264 |
| | $ 545,763,121 | $ 553,226,172 | $ 552,742,868 |

**16. In-kind transfers from the Ministry of Public and Business Service Delivery and Procurement (MPBSDP):**

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery and Procurement (MPBSDP). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSDP and quantity information based on the board's records. The in-kind revenues and expenses recorded in the Statement of Operations for these transfers total $10,837 (2025 - $201,627).

The inventory balance of $143,183 (2025 - $139,623) in the Statement of Financial Position is related to supplies and equipment received from MPBSDP.

**17. Ontario School Board Insurance Exchange (OSBIE):**

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of $27,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2025, were $799,298 (2024 - $835,636). Premiums are recorded at the exchange amount, as the transactions are undertaken on similar terms and conditions to arm's length transactions with a non-related party.

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, the current one of which will end on December 31, 2026.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

**17. Ontario School Board Insurance Exchange (OSBIE) (continued):**

1) In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

In the event that a Board or other Board organization ceases to participate in the exchange of contracts of insurance within an Underwriting Group or within the Exchange, it shall continue to be liable for any Assessment(s) arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made with in the board of directors to buy out such liability.

**18. Commitments:**

At August 31, 2026, the board is committed to capital expenditures in the amount of $31,408,927 (2025 - $22,431,943) to be funded by Ministry of Education capital grant programs.

**19. 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, 2026 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.

**20. 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.

Each board participates in the shared costs associated with this service for the transportation of their respective students through Windsor-Essex Student Transportation Services. 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 board's pro-rata share for 2026 is 48.73% (2025 – 51.2%).

The following provides condensed financial information:

| | 2026 Total | 2026 Portion | 2025 Total | 2025 Portion |
|---|---|---|---|---|
| Financial Position: | | | | |
| Financial assets | $ 2,198,037 | $ 196,311 | $ 2,297,349 | $ 95,687 |
| Financial liabilities | 2,204,114 | 2,077,139 | 2,297,349 | 2,192,307 |
| Non-financial assets | 6,077 | - | - | - |
| Accumulated Deficit | - | (1,880,828) | - | (2,096,620) |
| Operations: | | | | |
| Revenues | 35,967,351 | 18,606,036 | 35,505,719 | 18,922,027 |
| Expenses | 35,967,351 | 18,606,036 | 35,505,719 | 18,922,027 |
| Accumulated Deficit | $ - | $ - | $ - | $ - |

## 21. 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. The flow-through of $1,779,682 (2025 - $1,779,682) in grants in respect of the above agreement for the year ended August 31, 2026, is recorded in these consolidated financial statements.

## 22. Financial instruments:

### Risks arising from financial instruments and risk management

The board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

Credit risk

The board's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Consolidated Statement of Financial Position represent the board's maximum credit exposure as at the Consolidated Statement of Financial Position date.

Liquidity risk

Liquidity risk is the risk that the board will not be able to meet all cash flow obligations as they come due. The board mitigates the risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise.

Market risk

The board is exposed to interest rate risk and price risk with regard to interest rate risk on its long-term debt, which is regularly monitored.

**22. Financial instruments (continued):**

The board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

**23. Related party disclosures**

Related parties of the Board include other school boards, the Ontario Financing Authority (OFA) and the Ontario School Boards' Insurance Exchange (OSBIE).

The OFA is an agency of the Province of Ontario that manages the province's debt and borrowing program. Please refer to Note 7 (Net long-term debt) for additional disclosure on the Board's borrowing with the OFA.

OSBIE is a non-profit insurance reciprocal, the members of which are Ontario school boards or Ontario school board organizations. Please refer to Note 17 (Ontario School Boards' Insurance Exchange) for additional disclosure on the Board's transactions with OSBIE.

Transactions with other school boards include shared cost of facilities and secondment of staff. Amounts of the transactions with other school boards are disclosed as follows:

| | 2026 | 2025 |
|---|---|---|
| Windsor-Essex Catholic District School Board | $719,538 | $739,005 |
| Kawartha Pine Ridge District School Board | 231,517 | 275,433 |
| Hamilton Wentworth District School Board | 141,838 | 141,615 |
| Conseil Scolaire Catholique Providence | 3,408 | 3,494 |
| Conseil Scolaire Viamonde | 1,728 | 1,728 |
| | $1,098,029 | $1,295,093 |

During the year, the Board disposed of portable classrooms to the Windsor-Essex Catholic District School Board for proceeds of $80,000.

**24. Future accounting standard adoption:**

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2026 (in effect for the board as of September 1, 2026 for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity;
- Non-substantive changes to terminology/definitions;
- Financial statement objectives foreshadow changes in the Reporting Model;
- Relocation of recognition exclusions to the Reporting Model; and
- Consequential amendments throughout the Public Sector Accounting Handbook.

The framework is expected to be implemented prospectively.

Reporting Model- PS 1202- Financial Statement Presentation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201- Financial Statement Presentation. The model is expected to be implemented retroactivity with restatement of prior year amounts.

**24. Future accounting standard adoption (continued):**

The main changes are:

- Restructured Statement of Financial Position;
- Introduction of financial and non-financial liabilities;
- Amended non-financial asset definition;
- New components of net assets- accumulated other and issued share capital;
- Increased clarity regarding presentation of budget comparatives on the Statement of Operations
- Relocated net debt to its own statement;
- Renamed the net debt indicator;
- Revised the net debt calculation;
- Removed the Statement of Change in Net Debt;
- New Statement of Net Financial Assets/Liabilities;
- New Statement of Changes in Net Assets/Liabilities; and
- Financing transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows.

# GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

## MEMORANDUM

TO: THE CHAIRPERSON AND TRUSTEES OF THE GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

FROM: GALE HATFIELD, CHAIRPERSON
AUDIT COMMITTEE

SUBJECT: ANNUAL REPORT TO THE BOARD OF TRUSTEES AND FORWARDED TO THE MINISTRY OF EDUCATION FOR THE YEAR ENDED AUGUST 31, 2026

DATE: NOVEMBER 12, 2026




AIM:

To provide the Board of Trustees with the Audit Committee's annual public report for the fiscal year ended August 31, 2026 and to support the required submission to the Ministry of Education.

PURPOSE:

Ontario Regulation 361/10 requires the Audit Committee to report annually to the Board of Trustees. The public report identifies the internal audit work completed during the fiscal year and confirms whether the Regional Internal Audit Team performed any enrolment audits.

CONTEXT:

District School Board Name: Greater Essex County District School Board

Fiscal Year: 2025-26

During the 2025-26 fiscal year, the following internal audit was completed by the Regional Internal Audit Team:

- Facility Services Review
- International Student Program Review

Based on the internal audit plan, the Regional Internal Audit Team did not perform any enrolment audits during the 2025-26 fiscal year.

On behalf of the Audit Committee

_____

Gale Hatfield, Chairperson
Audit Committee