Consolidated Financial Statements of

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Year ended August 31, 2018

Greater Essex County District School Board
451 Park St. W., P.O. Box 210, Windsor, ON N9A 6K1 · 519-255-3200

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Erin Kelly
Director of Education

Cathy Lynd
Superintendent of Business & Treasurer

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Greater Essex County District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations and accumulated surplus (deficit), net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of Greater Essex County District School Board as at and for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
November 20, 2018

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and short-term investments (note 2)	$ 47,069,856	$ 47,961,295
Accounts receivable	14,040,920	15,268,791
Accounts receivable - Government of Ontario (note 3)	188,968,838	194,406,073
Assets held for sale (note 4)	1,176,350	3,012,684
Total financial assets	251,255,964	260,648,843
Financial liabilities:		
Temporary borrowing (note 5)	-	20,000,000
Accounts payable and accrued liabilities	30,077,933	31,175,506
Amounts held in trust (note 6)	4,795,393	4,009,351
Net long-term debt (note 7)	167,471,320	174,954,009
Deferred revenue (note 8)	17,108,803	9,940,128
Employee future benefits (note 9)	56,835,878	58,575,590
Deferred capital contributions (note 10)	391,684,596	362,858,964
Total financial liabilities	667,973,923	661,513,548
Net debt	(416,717,959)	(400,864,705)
Non-financial assets:		
Prepaid expenses	477,552	454,963
Inventories of supplies	21,113	22,675
Tangible capital assets (note 11)	423,340,596	391,390,641
Total non-financial assets	423,839,261	391,868,279
Accumulated surplus (deficit) (note 12)	$ 7,121,302	$ (8,996,426)

Commitments and contingencies (notes 14, 15 and 16)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director of Education

Kim McKinley

Chair of the School Board

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus (Deficit)

Year ended August 31, 2018, with comparative information for 2017

	Budget	2018 Actual	2017 Actual
Revenues:			
Municipal grants	$ 74,205,195	$ 71,978,396	$ 72,420,261
Provincial grants - Grants for students needs	355,819,252	362,969,247	341,648,583
Provincial grants - Other	7,391,952	12,661,738	17,971,938
Ministry of Training, Colleges and Universities - Ontario Youth Apprenticeship Program	138,000	135,160	153,069
Federal grants and fees	-	254,873	249,835
Other fees and revenues	2,118,850	5,146,360	3,785,843
Investment income	-	1,196,704	604,790
School fundraising and other activities	10,000,000	9,624,534	9,879,722
	449,673,249	463,967,012	446,714,041
Expenses			
Instruction	338,672,099	342,129,826	324,106,332
Administration	10,584,208	9,336,134	12,072,269
Transportation	11,448,508	11,664,637	10,670,798
Pupil accommodation	66,469,706	67,325,010	69,900,273
Other	6,322,153	7,992,715	5,830,862
School funded activities	10,000,000	9,400,962	9,743,153
	443,496,674	447,849,284	432,323,687
Annual surplus	6,176,575	16,117,728	14,390,354
Accumulated deficit, beginning of year	(8,996,426)	(8,996,426)	(23,386,780)
Accumulated surplus (deficit), end of year	$ (2,819,851)	$ 7,121,302	$ (8,996,426)

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	$ 16,117,728	$ 14,390,354
Acquisition of tangible capital assets	(55,170,083)	(57,172,919)
Amortization of tangible capital assets	23,182,899	20,163,320
Loss on write down of tangible capital assets	-	1,306,834
Transfer of assets held for sale	37,229	3,012,684
	(15,832,227)	(18,299,727)
Acquisition of inventories of supplies	-	(1,138)
Acquisition of prepaid expenses	(257,733)	(61,527)
Consumption of inventories of supplies	1,562	1,252
Use of prepaid expenses	235,144	218,267
Change in net debt	(15,853,254)	(18,142,873)
Net debt, beginning of year	(400,864,705)	(382,721,832)
Net debt, end of year	$ (416,717,959)	$ (400,864,705)

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

		2018		2017
Cash provided by (used in):				
Operating activities:				
Annual surplus	$	16,117,728	$	14,390,354
Items not involving cash:				
Amortization of tangible capital assets		23,182,899		20,163,320
Deferred net proceeds on disposal of restricted assets		(3,417,612)		-
Transfer to financial assets		37,229		3,012,684
Net proceeds on sale of assets held for sale		3,417,612		-
Loss on write down of tangible capital assets		-		1,306,834
Decrease in employee future benefits		(1,739,712)		(6,657,683)
Change in non-cash assets and liabilities:				
Decrease (increase) in accounts receivable		6,665,106		(16,059,431)
Decrease (increase) in assets held for sale		1,836,334		(3,012,684)
Decrease in inventories of supplies		1,562		114
(Increase) decrease in prepaid expenses		(22,589)		156,740
(Decrease) increase in accounts payable and accrued liabilities		(1,097,573)		8,441,643
Increase in amounts held in trust		786,042		444,400
Increase in deferred revenue		7,168,675		2,317,877
Increase in deferred capital contributions		28,825,632		32,573,475
Net change in cash from operating activites		81,761,333		57,077,643
Financing activities:				
Decrease in temporary borrowing		(20,000,000)		-
Debt repayments		(7,482,689)		(7,137,655)
Net change in cash from financing activities		(27,482,689)		(7,137,655)
Capital activities:				
Purchase of tangible capital assets		(55,170,083)		(57,172,919)
Net change in cash from capital activities		(55,170,083)		(57,172,919)
Net change in cash and short-term investments		(891,439)		(7,232,931)
Cash and short-term investments, beginning of year		47,961,295		55,194,226
Cash and short-term investments, end of year	$	47,069,856	$	47,961,295

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

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

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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

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

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

(b) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Greater Essex County District School Board (the “Board”) and which are controlled by the Board.

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

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

1. Significant accounting policies (continued):

(c) Cash and short-term investments:

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(d) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

(e) Deferred capital contributions:

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

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to employees of certain employee groups. These benefits include life insurance and health care benefits, dental benefits, retirement/sick plan gratuities, workers' compensation benefits and long-term disability benefits.

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, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual staff), other school board staff and retired individuals up to a school board's participation date into 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. The Board is no longer responsible to provide certain benefits to:

Group	Effective Date
ETFO, OSSTF (Teachers, Educational Support Staff, Professional Student Services Personnel, Linc and Employment Services Employees, Continuing Education Instructors)	April 1, 2017
CUPE 1348 (Office, Clerical, Technical)	March 1, 2018
CUPE 27 (Custodial, Maintenance)	April 1, 2018
Principals & Vice-principals	April 1, 2018
Skilled Trades, Non-bargaining Employees (NBE) active and retired	June 1, 2018

Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

1. Significant accounting policies (continued):

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

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability 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 are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined pension plans, such as the Ontario Municipal Employees Retirement System pension, are the employer's contributions due to the plan in the period.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

1. Significant accounting policies (continued):

(g) Tangible capital assets:

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

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

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

Assets	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
First-time equipping of schools	10
Furniture and equipment	5 - 15
Computer hardware	5
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. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

(i) Investment income:

Investment income is reported as revenue in the period earned.

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

(j) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1a requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the carrying value of tangible capital assets and employee future benefits. Actual results could differ from these estimates.

1. Significant accounting policies (continued):

(l) Property tax revenue:

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

2. Cash and short-term investments:

Cash and short-term investments include the following:

	2018	2017
Non-restricted funds	$ 39,216,492	$ 41,178,311
Held in trust:		
Four/five deferred salary plans	2,893,546	2,123,536
School funds	4,959,818	4,659,448
	$ 47,069,856	$ 47,961,295

3. Accounts receivable – Government of Ontario:

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

The Board has an account receivable from the Province of Ontario of $188,968,838 as at August 31, 2018 (2017 - $194,406,073) with respect to these capital grants.

4. Assets held for sale:

As of August 31, 2018, $1,176,350 (2017 - $3,012,684) relates to buildings recorded as assets held for sale and includes J.E. Benson Public School and Harrow District High School. During the year, the Board's share of the Essex Civic Centre, Gordon McGregor Public School and Victoria Public School were sold. Net proceeds of $3,417,612 (2017 - $Nil) were received on the sale of properties, which had a carrying value of $1,873,563 (2017 - $Nil) and associated deferred capital contributions of $1,873,563 (2017 - $Nil). $616,615 (2017 - $Nil) of net proceeds was used in year to offset capital purchases and the remaining $2,800,997 was deferred for future capital asset purchases according to Ontario Regulation 193/10.

5. Temporary borrowing:

Temporary borrowing consists of:

	2018	2017
Bankers' Acceptance:		
Royal Bank of Canada, repaid during the year, bearing interest at the Bankers' Acceptance rate plus a 0.50% stamping fee	$ -	$ 20,000,000
	$ -	$ 20,000,000

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

6. Amounts held in trust:

Amounts held in trust consist of:

	2018	2017
Bequests for scholarships and bursaries	$ 1,901,847	$ 1,885,815
Employee four/five plans	2,893,546	2,123,536
	$ 4,795,393	$ 4,009,351

7. Net long-term debt:

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

	2018	2017
Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of $253,216 due semi-annually	$ 2,321,642	$ 2,664,741
Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of $92,987 due semi-annually	1,404,827	1,496,189
Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of $122,412 due monthly	9,280,655	10,219,744
Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of $678,717 due semi-annually	13,572,422	14,286,443
Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of $332,485 due semi-annually	6,474,746	6,777,881
Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of $717,054 due semi-annually	14,968,092	15,643,829
Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of $447,710 due semi-annually	8,152,487	8,605,390
Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of $689,939 due semi-annually	14,900,393	15,503,039
Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of $1,363,757 due semi-annually	29,008,013	30,128,299
Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of $462,075 due semi-annually	5,143,717	5,329,357
Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of $56,278 due semi-annually	1,334,529	1,380,901
Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of $374,246 due semi-annually	9,742,964	10,094,169
Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of $449,733 due semi-annually	12,252,941	12,703,631
Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of $394,992 due semi-annually	10,938,855	11,302,869
Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of $6,557 due semi-annually	184,044	189,622
Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of $274,485 due semi-annually	8,748,216	9,029,033

7. Net long-term debt (continued):

	2018	2017
Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of $593,510 due semi-annually	19,042,777	19,598,872
	$ 167,471,320	$ 174,954,009

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2018 are due as follows:

	Principal Payment	Interest	Total
2018/19	$ 7,844,971	$ 7,537,400	$ 15,382,371
2019/20	8,224,214	7,158,139	15,382,353
2020/21	8,624,821	6,757,539	15,382,360
2021/22	9,044,365	6,337,987	15,382,352
2022/23	9,484,998	5,897,362	15,382,360
Thereafter	124,247,951	36,088,492	160,336,443
Total payments in respect of long-term debt	$ 167,471,320	$ 69,776,919	$ 237,248,239

Interest expense on net long-term debt amounted to $8,332,631 (2017 - $8,250,185).

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, 2018 consists of:

	Balance as at August 31, 2017	Externally restricted additions (dispositions)	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2018
Proceeds of Disposition	$ 100,822	$ 3,417,612	$ 616,615	$ -	$ 2,901,819
Assets held for Sale	3,012,684	(1,689,859)	-	146,475	1,176,350
Education development charges	22,945	363,901	-	346,196	40,650
Restricted Grants	6,803,677	94,351,573	4,634,811	83,530,455	12,989,984
	$ 9,940,128	$ 96,443,227	$ 5,251,426	$ 84,023,126	$ 17,108,803

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2017 consists of:

	Balance as at August 31, 2016	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2017
Proceeds of disposition	$ 1,751,000	$ -	$ 1,650,178	$ -	$ 100,822
Assets held for sale	-	3,012,684	-	-	3,012,684
Education development charges	-	517,131	-	494,186	22,945
Restricted grants	5,871,251	94,630,774	7,399,062	86,299,286	6,803,677
	$ 7,622,251	$ 98,160,589	$ 9,049,240	$ 86,793,472	$ 9,940,128

9. Retirement and other employee future benefits:

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

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefit	2018 Total employee future benefits
Balance at August 31	$ 22,141,772	$ 24,281,493	$ 183,991	$ 731,930	$ 11,236,404	$ 58,575,590
Loss (gain) for year [(1)]	2,181,400	849,162	178,104	(638,961)	383,919	2,953,624
Less: benefit payments	(1,163,843)	(1,848,868)	(168,200)	(92,969)	(1,419,456)	(4,693,336)
Balance at August 31	$ 23,159,329	$ 23,281,787	$ 193,895	$ -	$ 10,200,867	$ 56,835,878

	Retirement health benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefit	2017 Total employee future benefits
Balance at August 31	$ 24,107,195	$ 25,740,048	$ 170,266	$ 3,491,092	$ 11,724,672	$ 65,233,273
(Gain) Loss for year [(1)]	(839,699)	867,500	218,873	(2,482,923)	642,268	(1,593,981)
Less: benefit payments	(1,125,724)	(2,326,055)	(205,148)	(276,239)	(1,130,536)	(5,063,702)
Balance at August 31	$ 22,141,772	$ 24,281,493	$ 183,991	$ 731,930	$ 11,236,404	$ 58,575,590

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

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

	Post retirement benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefits	2018 Total employee future benefits
Current year benefit cost (2)	$ 716,900	$ -	$ 193,895	$ (648,176)	$ 114,035	$ 376,654
Interest on accrued benefit obligation	549,776	639,892	-	9,215	269,884	1,468,767
	1,266,676	639,892	193,895	(638,961)	383,919	1,845,421
Amortization of actuarial loss (gain)	914,724	209,270	(15,791)	-	-	1,108,203
Net (revenue) expense for the year (1)	$ 2,181,400	$ 849,162	$ 178,104	$ (638,961)	$ 383,919	$ 2,953,624

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

	Post retirement benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefits	2017 Total employee future benefits
Current year benefit cost [(2)]	$ -	$ -	$ 183,991	$ (2,525,770)	$ 409,305	$ (1,932,474)
Interest on accrued benefit obligation	482,659	562,627	-	42,847	232,963	1,321,096
	482,659	562,627	183,991	(2,482,923)	642,268	(611,378)
Amortization of actuarial (gain) loss	(1,322,358)	304,873	34,882	-	-	(982,603)
Net (revenue) expense for the year [(1)]	$ (839,699)	$ 867,500	$ 218,873	$ (2,482,923)	$ 642,268	$ (1,593,981)

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

[(2)] Includes actuarial (gains)/losses for WSIB and LTD related benefits.

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

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2018, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2016 and based on updated average daily salary and banked sick days as at August 31, 2018. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2018	2017
Inflation (excluding health care and dental expenses)	1.5%	1.5%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	2.90%	2.55%

Health care costs are assumed to increase by 7.75% for 2017-18, the rate then falling by 1/4% per annum thereafter until it reaches 4%. Dental costs are assumed to increase by 3.75% for 2017-18, the rate then falling by 1/4% per annum thereafter until it reaches 3%.

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

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

(a) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013 employees retiring on or after this date, do not qualify for board subsidized premiums of contributions.

(b) Retirement Gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(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 $178,104 (2017 - $218,873).

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, 2018 and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

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

(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 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

Other benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employee contributions to the plan. During the year ended August 31, 2018, the Board contributed $5,257,243 (2017 - $5,007,472) 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 tangible capital assets in accordance with regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2018	2017
Balance, beginning of year	$ 362,858,964	$ 330,285,489
Additions to deferred capital contributions	51,154,708	54,513,348
Revenue recognized in the period	(22,291,848)	(20,577,367)
Transfers to deferred revenue	(37,228)	(1,362,506)
Balance, end of year	$ 391,684,596	$ 362,858,964

11. Tangible Capital Assets:

	Cost					Accumulated Amortization					Net Book Value
	Balance at August 31, 2017	Additions	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2018	Balance at August 31, 2017	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2018	Balance at August 31, 2018
Land	$ 16,037,808	$ 2,946,370			$ 18,984,178	$ -	$ -	$ -	$ -	$ -	$ 18,984,178
Land improvements	18,575,252	2,013,658	(155,393)		20,433,517	6,278,444	1,277,685	(118,164)		7,437,965	12,995,552
Buildings	512,359,028	46,599,440			558,958,468	166,026,811	18,978,944			185,005,755	373,952,713
Portable structures	8,653,129	494,569			9,147,698	4,509,542	307,532			4,817,074	4,330,624
Pre-acquisition costs	214,221	274,898			489,119	-				-	489,119
Furniture and equipment	2,251,475	14,218		(359,056)	1,906,637	1,392,426	170,060		(359,056)	1,203,430	703,207
First time equipping	9,866,869	414,451			10,281,320	5,244,619	781,994			6,026,613	4,254,707
Computer hardware	7,436,442	1,844,501		(1,344,435)	7,936,508	3,467,168	1,537,295		(1,344,435)	3,660,028	4,276,480
Computer software	332,037	485,732		(169,067)	648,702	205,590	85,851		(169,067)	122,374	526,328
Vehicles	1,124,483	82,246		(44,723)	1,162,006	1,026,892	43,538		(44,723)	1,025,707	136,299
Assets Permanently Removed from Service	7,574,546				7,574,546	4,883,157				4,883,157	2,691,389
Total	$ 584,425,290	$ 55,170,083	$ (155,393)	$ (1,917,281)	$ 637,522,699	$ 193,034,649	$ 23,182,899	$ (118,164)	$ (1,917,281)	$ 214,182,103	$ 423,340,596

(a) Pre-acquisition costs:

Pre-acquisition costs having a value of $489,119 (2017 - $214,221) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Transfers and reclassification of tangible capital assets:

The transfer of tangible capital assets from financial assets during the year was $37,229 and relates to Victoria Public School land improvements (2017 - $3,012,684)

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

The write-down of tangible capital assets during the year was $Nil (2017 - $1,306,834).
The disposal of tangible capital assets during the year was $Nil (2017 - $Nil).

(d) Assets Permanently Removed from Service relates to Leamington District Secondary School (2016), Mill Street Public School (2016) and Sun Parlor Jr. Public School (2011).

11. Tangible Capital Assets:

	Cost					Accumulated Amortization					Net Book Value
	Balance at August 31, 2016	Additions	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2017	Balance at August 31, 2016	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2017	Balance at August 31, 2017
Land	$ 13,419,569	$ 2,659,568	$	$ (41,329)	$ 16,037,808	$ -	$ -	$ -	$ -	$ -	$ 16,037,808
Land improvements	16,337,566	2,237,686			18,575,252	5,114,514	1,163,930			6,278,444	12,296,808
Buildings	466,964,401	28,473,864	16,920,763		512,359,028	154,730,551	16,115,634	(4,819,374)		166,026,811	346,332,217
Portable structures	7,249,276	1,403,853			8,653,129	4,241,432	268,110			4,509,542	4,143,587
Assets under construction	5,827,906	19,186,403	(25,014,309)		-	-				-	-
Pre-acquisition costs	15,341	198,880			214,221	-				-	214,221
Furniture and equipment	2,558,786	78,637		(385,948)	2,251,475	1,580,830	197,544		(385,948)	1,392,426	859,049
First time equipping	8,600,170	1,266,699			9,866,869	4,449,707	794,912			5,244,619	4,622,250
Computer hardware	7,489,955	1,571,484		(1,624,997)	7,436,442	3,599,526	1,492,639	-	(1,624,997)	3,467,168	3,969,274
Computer software	955,186	-		(623,149)	332,037	732,381	96,358		(623,149)	205,590	126,447
Vehicles	1,028,638	95,845			1,124,483	992,699	34,193			1,026,892	97,591
Assets Permanently Removed from Service	8,985,209	-	(1,410,663)	-	7,574,546	5,289,803		(1,672,151)	1,265,505	4,883,157	2,691,389
Total	$ 539,432,003	$ 57,172,919	$ (9,504,209)	$ (2,675,423)	$ 584,425,290	$ 180,731,443	$ 20,163,320	$ (6,491,525)	$ (1,368,589)	$ 193,034,649	$ 391,390,641

12. Accumulated surplus (deficit):

Accumulated surplus (deficit) consists of the following:

	2018	2017
Surplus:		
Operating	$ 19,668,165	$ 16,684,164
Employee future benefits	(45,992,676)	(50,861,285)
Interest and vacation accruals	(1,852,728)	(1,947,034)
School generated funds	4,663,562	4,439,991
Revenues recognized for land	17,620,193	14,327,627
Amounts restricted for future use by board motion:		
School budgets	342,960	412,561
Campbell Public School	881,592	908,718
Administrative buildings – capitalized assets	1,437,316	439,324
LaSalle Public School	2,716,149	-
Better Places	7,636,769	-
Internally funded capital	-	6,599,508
	$ 7,121,302	$ (8,996,426)

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 – Administrative buildings – capitalized assets represents additions to Administrative buildings. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

Amounts restricted for future use by board motion – 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.

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.

13. Expenses by object:

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

	2018 Budget	2018 Actual	2017 Actual
Current expenses:			
Salary and wages	$ 302,799,970	$ 302,626,980	$ 287,558,633
Employee benefits	48,429,627	48,119,359	55,606,017
Staff development	901,784	1,026,639	1,046,477
Supplies and services	39,549,862	42,409,498	40,472,805
Interest	8,579,387	8,332,631	8,250,185
Rental expenses	211,301	388,134	330,717
Fees and contract services	16,228,598	17,102,713	15,748,011
Other	2,065,682	4,513,959	1,840,689
Amortization and write downs of tangible capital assets	24,730,463	23,329,371	21,470,153
	$ 443,496,674	$ 447,849,284	$ 432,323,687

14. Ontario School Board Insurance Exchange (OSBIE):

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires in 2021.

15. Commitments:

At August 31, 2018, the Board is committed to capital expenditures in the amount of $7,850,444 to be funded by Ministry of Education capital grant programs.

16. Contingent liabilities:

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2018 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

17. Transportation consortium:

On January 20, 2003, the Board entered into an agreement with the Windsor-Essex Catholic District School Board and Conseil scolaire catholique Providence, formerly named Conseil Scolaire de district des écoles catholiques du Sud-Ouest, in order to provide common administration of student transportation within the combined jurisdictions of the current member school boards. On September 10, 2009, a new agreement was entered into and included the Conseil scolaire Viamonde. The consortium agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards.

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

17. Transportation consortium (continued):

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

The following provides condensed financial information:

	2018		2017	
	Total	Board Portion	Total	Board Portion
Financial Position :				
Financial assets	$ 560,154	$ 297,309	$ 175,444	$ 69,160
Liabilities	560,154	317,358	175,444	38,684
Accumulated (deficit) surplus	-	(20,049)	-	30,476
Operations:				
Revenues	22,446,712	11,986,019	21,159,946	11,061,046
Expenses	22,446,712	11,986,019	21,159,946	11,061,046
Annual surplus	$ -	$ -	$ -	$ -

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

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

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