

Consolidated Financial Statements of

**GREATER ESSEX COUNTY
DISTRICT SCHOOL BOARD**

Year ended August 31, 2017



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, 2017, the consolidated statements of operations and accumulated deficit, net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements of Greater Essex County District School Board as at and for the year ended August 31, 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 21, 2017

Windsor, Canada

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

Year ended August 31, 2017, with comparative information for 2016

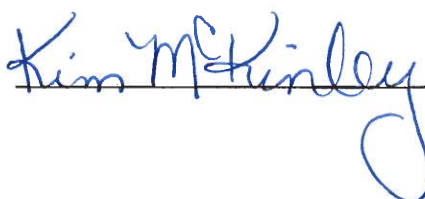
	2017	2016
Financial assets:		
Cash and short-term investments (note 2)	\$ 47,961,295	\$ 55,194,226
Accounts receivable	15,268,791	11,800,433
Accounts receivable - Government of Ontario (note 3)	194,406,073	181,815,000
Assets held for sale (note 4)	3,012,684	-
Total financial assets	260,648,843	248,809,659
Financial liabilities:		
Temporary borrowing (note 5)	20,000,000	20,000,000
Accounts payable and accrued liabilities	31,175,506	22,733,863
Amounts held in trust (note 6)	4,009,351	3,564,951
Net long-term debt (note 7)	174,954,009	182,091,664
Deferred revenue (note 8)	9,940,128	7,622,251
Employee future benefits (note 9)	58,575,590	65,233,273
Deferred capital contributions (note 10)	362,858,964	330,285,489
Total financial liabilities	661,513,548	631,531,491
Net debt	(400,864,705)	(382,721,832)
Non-financial assets:		
Prepaid expenses	454,963	611,703
Inventories of supplies	22,675	22,789
Tangible capital assets (note 11)	391,390,641	358,700,560
Total non-financial assets	391,868,279	359,335,052
Accumulated deficit (note 12)	\$ (8,996,426)	\$ (23,386,780)

Commitments and contingencies (notes 14, 15 and 16)

See accompanying notes to consolidated financial statements.

On behalf of the Board:


 _____ Director of Education


 _____ Chair of the School Board

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Deficit

Year ended August 31, 2017, with comparative information for 2016

	Budget	2017 Actual	2016 Actual
Revenues:			
Municipal grants	\$ 72,117,832	\$ 72,420,261	\$ 73,171,888
Provincial grants - Grants for students needs	330,861,159	341,648,583	327,310,933
Provincial grants - Other	7,865,436	17,971,938	8,341,875
Ministry of Advanced Education and Skills Development - Ontario Youth Apprenticeship Program	-	153,069	157,943
Federal grants and fees	-	249,835	210,573
Other fees and revenues	1,452,167	3,785,843	3,318,652
Investment income	-	604,790	591,782
School fundraising and other activities	10,000,000	9,879,722	9,544,290
	<u>422,296,594</u>	<u>446,714,041</u>	<u>422,647,936</u>
Expenses			
Instruction	320,244,532	324,106,332	320,100,414
Administration	9,460,781	12,072,269	8,874,597
Transportation	11,368,431	10,670,798	10,386,119
Pupil accommodation	60,675,194	69,900,273	58,985,153
Other	6,330,374	5,830,862	4,567,706
School funded activities	10,000,000	9,743,153	9,288,704
	<u>418,079,312</u>	<u>432,323,687</u>	<u>412,202,693</u>
Annual surplus	4,217,282	14,390,354	10,445,243
Accumulated deficit, beginning of year	(23,386,780)	(23,386,780)	(33,832,023)
Accumulated deficit, end of year	\$ (19,169,498)	\$ (8,996,426)	\$ (23,386,780)

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 14,390,354	\$ 10,445,243
Acquisition of tangible capital assets	(57,172,919)	(34,765,219)
Amortization of tangible capital assets	20,163,320	18,303,311
Deferred gain on disposal of restricted assets	-	(60,284)
Loss on write down of tangible capital assets	1,306,834	-
Proceeds on sale of tangible capital assets	-	1,346,670
Transfer of assets held for sale	3,012,684	(110,818)
	(18,299,727)	(4,841,097)
Acquisition of inventories of supplies	(1,138)	(932)
Acquisition of prepaid expenses	(61,527)	(554,028)
Consumption of inventories of supplies	1,252	827
Use of prepaid expenses	218,267	369,773
Change in net debt	(18,142,873)	(5,025,457)
Net debt, beginning of year	(382,721,832)	(377,696,375)
Net debt, end of year	\$ (400,864,705)	\$ (382,721,832)

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 14,390,354	\$ 10,445,243
Items not involving cash:		
Amortization of tangible capital assets	20,163,320	18,303,311
Deferred gain on disposal of restricted assets	-	(60,284)
Transfer to (from) financial assets	3,012,684	(110,818)
Loss on write down of tangible capital assets	1,306,834	-
Decrease in employee future benefits	(6,657,683)	(7,589,593)
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(16,059,431)	(1,554,688)
(Increase) decrease in assets held for sale	(3,012,684)	110,818
Decrease (increase) in inventories of supplies	114	(105)
Decrease (increase) in prepaid expenses	156,740	(184,255)
Increase (decrease) in accounts payable and accrued liabilities	8,441,643	(105,521)
Increase in amounts held in trust	444,400	62,409
Increase in deferred revenue	2,317,877	2,400,181
Increase in deferred capital contributions	32,573,475	15,420,687
Net change in cash from operating activities	57,077,643	37,137,385
Financing activities:		
Long-term liabilities issued	-	20,137,367
Debt repayments	(7,137,655)	(6,285,926)
Net change in cash from financing activities	(7,137,655)	13,851,441
Capital activities:		
Purchase of tangible capital assets	(57,172,919)	(34,765,219)
Proceeds on sale of tangible capital assets	-	1,346,670
Net change in cash from capital activities	(57,172,919)	(33,418,549)
Net change in cash and short-term investments	(7,232,931)	17,570,277
Cash and short-term investments, beginning of year	55,194,226	37,623,949
Cash and short-term investments, end of year	\$ 47,961,295	\$ 55,194,226

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

(b) Reporting entity:

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

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

(c) Cash and short-term investments:

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

(d) Deferred revenue:

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

(e) Deferred capital contributions:

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for Elementary Teachers' Federation of Ontario (ETFO) and the Ontario Secondary School Teachers' Federation (OSSTF). The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting April 1, 2017, the Board is no longer responsible to provide certain benefits to ETFO and OSSTF. Beginning in the 2016-17 school year, school boards whose employee groups transitioned their health, dental and life benefits to the ELHT 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) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for eligible retired individuals that have not yet transferred into an ELHT, and continues to have a liability for payment of benefits for those who are on long-term disability and for some 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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

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

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.

(g) Tangible capital assets:

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

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

Assets	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

(h) Government transfers:

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

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

(i) Investment income:

Investment income is reported as revenue in the period earned.

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

(j) Budget figures:

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

(k) Use of estimates:

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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:

	2017	2016
Non-restricted funds	\$ 41,178,311	\$ 49,090,683
Held in trust:		
Four/five deferred salary plans	2,123,536	1,603,280
School funds	4,659,448	4,500,263
	<u>\$ 47,961,295</u>	<u>\$ 55,194,226</u>

3. Accounts receivable – Government of Ontario:

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

The Board has an account receivable from the Province of Ontario of \$194,406,073 as at August 31, 2017 (2016 - \$181,815,000) with respect to these capital grants.

4. Assets held for sale:

As of August 31, 2017, \$3,012,684 (2016 - \$Nil) relates to buildings recorded as assets held for sale and includes Victoria Public School, J.E. Benson Public School, Gordon McGregor Public School, Harrow District High School and the Board's share of the Essex Civic Centre.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

5. Temporary borrowing:

Temporary borrowing consists of:

	2017	2016
Bankers' Acceptance: Royal Bank of Canada, due October 12, 2017, bearing interest at the Bankers' Acceptance rate plus a 0.50% stamping fee	\$ 20,000,000	\$ 20,000,000
	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

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

6. Amounts held in trust:

Amounts held in trust consist of:

	2017	2016
Bequests for scholarships and bursaries	\$ 1,885,815	\$ 1,961,671
Employee four/five plans	2,123,536	1,603,280
	<u>\$ 4,009,351</u>	<u>\$ 3,564,951</u>

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

7. Net long-term debt:

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

	2017	2016
Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of \$253,216 due semi-annually	\$ 2,664,741	\$ 2,987,110
Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of \$92,987 due semi-annually	1,496,189	1,581,957
Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of \$122,412 due monthly	10,219,744	11,109,486
Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of \$678,717 due semi-annually	14,286,443	14,968,985
Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of \$332,485 due semi-annually	6,777,881	7,065,292
Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of \$717,054 due semi-annually	15,643,829	16,287,634
Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of \$447,710 due semi-annually	8,605,390	9,035,588
Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of \$689,939 due semi-annually	15,503,039	16,076,300
Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of \$1,363,757 due semi-annually	30,128,299	31,190,620
Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of \$462,075 due semi-annually	5,329,357	5,505,652
Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of \$56,278 due semi-annually	1,380,901	1,425,110
Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of \$374,246 due semi-annually	10,094,169	10,431,836
Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of \$449,733 due semi-annually	12,703,631	13,138,677
Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of \$394,992 due semi-annually	11,302,869	11,653,437
Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of \$6,557 due semi-annually	189,622	194,983
Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of \$274,485 due semi-annually	9,029,033	9,301,630

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

7. Net long-term debt (continued):

	2017	2016
Debtenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of \$593,510 due semi-annually	19,598,872	20,137,367
	\$ 174,954,009	\$ 182,091,664

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2017 are due as follows:

	Principal Payment	Interest	Total
2017/18	\$ 7,482,688	\$ 7,899,668	\$ 15,382,356
2018/19	7,844,971	7,537,400	15,382,371
2019/20	8,224,214	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
Thereafter	133,732,950	41,985,849	175,718,799
Total payments in respect of long-term debt	\$ 174,954,009	\$ 77,676,582	\$ 252,630,591

Interest expense on net long-term debt amounted to \$8,250,185 (2016 - \$8,364,881).

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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, 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	\$ -	\$ -	\$ -	\$ 1,751,000
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	9,049,240	86,299,286	5,153,499
	<u>\$ 7,622,251</u>	<u>\$ 98,160,589</u>	<u>\$ 9,049,240</u>	<u>\$ 86,793,472</u>	<u>\$ 9,940,128</u>

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2016 consists of:

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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	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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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	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)

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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

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

⁽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.

Total gain reported in the consolidated statement of operations and accumulated deficit due to plan changes and amortization of actuarial gains is \$982,603 (2016 - \$2,155,703).

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2017, 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, 2017. 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:

	2017	2016
Inflation (excluding health care and dental expenses)	1.5%	1.5%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	2.55%	2.05%

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%.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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 \$218,873 (2016 - \$141,288).

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, 2017 and is based on the average daily salary and banked sick days of employees as at August 31, 2017.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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, 2017, the Board contributed \$5,007,472 (2016 - \$4,764,201) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for these arrangements is included in the Board's consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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.

	2017	2016
Balance, beginning of year	\$ 330,285,489	\$ 314,864,802
Additions to deferred capital contributions	54,513,348	33,937,070
Revenue recognized in the period	(20,577,367)	(17,340,815)
Transfers to deferred revenue	(1,362,506)	(1,175,568)
Balance, end of year	\$ 362,858,964	\$ 330,285,489

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

11. Tangible Capital Assets:

	Cost					Accumulated Amortization					Net Book Value	
	Balance at August 31, 2016	Additions	Transfers/Reclass	Disposals/Deemed Disposals/Written down	Balance at August 31, 2017	Balance at August 31, 2016	Amortization Expense	Transfers/Reclass	Disposals/Deemed Disposals/Written down	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	

(a) Assets under construction and pre-acquisition costs:

Assets under construction and pre-acquisition costs having a value of \$214,221 (2016 - \$5,843,247) 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 \$3,012,684 and relates to Harrow District High School, Gordon McGregor Public School, J.E. Benson Public School, Victoria Public School and the Board's share of the Essex Civic Centre. (2016 - \$Nil)

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

The write-down of tangible capital assets during the year was \$1,306,834 (2016 - \$Nil).
The disposal of tangible capital assets during the year was \$Nil (2016 - \$1,175,568).

(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).

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

11. Tangible Capital Assets:

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

12. Accumulated deficit:

Accumulated deficit consists of the following:

	2017	2016
Surplus:		
Operating	\$ 16,684,164	\$ 16,684,164
Employee future benefits	(50,861,285)	(55,729,894)
Interest and vacation accruals	(1,947,034)	(2,017,616)
School generated funds	4,439,991	4,303,423
Revenues recognized for land	14,327,627	11,215,202
Amounts restricted for future use by board motion:		
School budgets	412,561	203,916
Campbell Public School	908,718	935,844
Administrative buildings – capitalized assets	439,324	470,744
Benefit plan	-	126,568
Internal capital	-	420,869
Internally funded capital	6,599,508	-
	\$ (8,996,426)	\$ (23,386,780)

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

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

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

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

Amounts restricted for future use by board motion – Internally funded capital represents amounts used to pay for the capital costs of Better Places renewal initiative and LaSalle Public School construction costs. This amount will be applied against the operating surplus on the same basis as the related assets are amortized.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

13. Expenses by object:

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

	2017 Budget	2017 Actual	2016 Actual
Current expenses:			
Salary and wages	\$ 288,156,992	\$ 287,558,633	\$ 284,078,775
Employee benefits	44,188,921	55,606,017	43,677,511
Staff development	758,705	1,046,477	607,380
Supplies and services	39,357,245	40,472,805	39,777,423
Interest	8,290,735	8,250,185	8,364,881
Rental expenses	131,913	330,717	213,246
Fees and contract services	16,154,932	15,748,011	15,260,342
Other	2,065,682	1,840,689	1,874,269
Amortization and write downs of tangible capital assets	18,974,187	21,470,153	18,348,866
	\$ 418,079,312	\$ 432,323,687	\$ 412,202,693

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, 2017, the Board is committed to capital expenditures in the amount of \$3,865,886 to be funded by Ministry of Education capital grant programs.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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, 2017 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

17. Transportation consortium:

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2017

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:

	2017		2016	
	Total	Board Portion	Total	Board Portion
Financial Position :				
Financial assets	\$ 175,444	\$ 69,160	\$ 252,350	\$ 81,422
Liabilities	175,444	38,684	252,350	112,584
Accumulated surplus (deficit)				
	-	30,476	-	(31,162)
Operations:				
Revenues	21,159,946	11,061,046	20,952,956	10,774,986
Expenses	21,159,946	11,061,046	20,952,956	10,774,986
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.