

Consolidated Financial Statements of

**GREATER ESSEX COUNTY
DISTRICT SCHOOL BOARD**

And Independent Auditors' Report thereon

Year ended August 31, 2019



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.

Handwritten signature of Erin Kelly in cursive script.

Erin Kelly
Director of Education

Handwritten signature of Shelley Armstrong in cursive script.

Shelley Armstrong
Superintendent of Business & Treasurer



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the consolidated statement of financial position as at August 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Board as at end of August 31, 2019, and its consolidated results of operations, its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

November 19, 2019

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

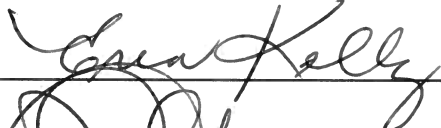
Year ended August 31, 2019, with comparative information for 2018

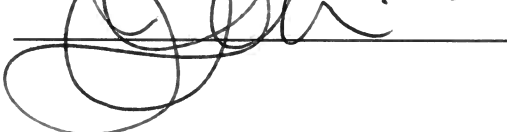
| | 2019 | 2018 |
|--|----------------------|----------------------|
| Financial assets: | | |
| Cash and short-term investments (note 2) | \$ 50,994,522 | \$ 47,069,856 |
| Accounts receivable | 20,136,157 | 14,040,920 |
| Accounts receivable - Government of Ontario (note 3) | 174,226,085 | 188,968,838 |
| Assets held for sale (note 4) | 635,000 | 1,176,350 |
| Total financial assets | 245,991,764 | 251,255,964 |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 29,975,665 | 30,077,933 |
| Amounts held in trust (note 5) | 4,353,498 | 4,795,393 |
| Net long-term debt (note 6) | 159,626,349 | 167,471,320 |
| Deferred revenue (note 7) | 13,767,049 | 17,108,803 |
| Employee future benefits (note 8) | 59,638,191 | 56,835,878 |
| Deferred capital contributions (note 9) | 407,485,580 | 391,684,596 |
| Total financial liabilities | 674,846,332 | 667,973,923 |
| Net debt | (428,854,568) | (416,717,959) |
| Non-financial assets: | | |
| Prepaid expenses | 2,544,968 | 477,552 |
| Inventories of supplies | 1,998 | 21,113 |
| Tangible capital assets (note 10) | 442,932,227 | 423,340,596 |
| Total non-financial assets | 445,479,193 | 423,839,261 |
| Accumulated surplus (note 11) | \$ 16,624,625 | \$ 7,121,302 |

Commitments and contingencies (notes 13, 14 and 15)

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 Surplus (Deficit)

Year ended August 31, 2019, with comparative information for 2018

| | Budget | 2019 Actual | 2018 Actual |
|--|--------------------|--------------------|--------------------|
| Revenues: | | | |
| Municipal grants | \$ 70,125,626 | \$ 74,606,182 | \$ 71,978,396 |
| Provincial grants - Grants for students needs | 374,164,148 | 369,838,570 | 362,969,247 |
| Provincial grants - Other | 7,594,339 | 8,629,696 | 12,661,738 |
| Ministry of Training, Colleges and Universities - Ontario Youth Apprenticeship Program | 174,000 | 174,220 | 135,160 |
| Federal grants and fees | - | 241,583 | 254,873 |
| Other fees and revenues | 3,255,664 | 6,797,739 | 5,146,360 |
| Investment income | - | 1,193,360 | 1,196,704 |
| School fundraising and other activities | 10,000,000 | 9,484,512 | 9,624,534 |
| | <u>465,313,777</u> | <u>470,965,862</u> | <u>463,967,012</u> |
| Expenses | | | |
| Instruction | 350,382,917 | 354,310,501 | 342,129,826 |
| Administration | 10,983,670 | 10,699,360 | 9,336,134 |
| Transportation | 13,370,643 | 13,807,476 | 11,664,637 |
| Pupil accommodation | 68,536,204 | 63,559,242 | 67,325,010 |
| Other | 6,403,201 | 9,781,226 | 7,992,715 |
| School funded activities | 10,000,000 | 9,304,734 | 9,400,962 |
| | <u>459,676,635</u> | <u>461,462,539</u> | <u>447,849,284</u> |
| Annual surplus | 5,637,142 | 9,503,323 | 16,117,728 |
| Accumulated surplus (deficit), beginning of year | 7,121,302 | 7,121,302 | (8,996,426) |
| Accumulated surplus, end of year | \$ 12,758,444 | \$ 16,624,625 | \$ 7,121,302 |

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-------------------------|-------------------------|
| Annual surplus | \$ 9,503,323 | \$ 16,117,728 |
| Acquisition of tangible capital assets | (40,697,520) | (55,170,083) |
| Amortization of tangible capital assets | 21,105,546 | 23,182,899 |
| Gain on sale of capital assets | (6,093) | - |
| Proceeds on sale of capital assets | 6,436 | - |
| Transfer of assets held for sale | - | 37,229 |
| | (10,088,308) | (15,832,227) |
| Acquisition of inventories of supplies | (1,201) | - |
| Acquisition of prepaid expenses | (2,544,968) | (257,733) |
| Consumption of inventories of supplies | 20,316 | 1,562 |
| Use of prepaid expenses | 477,552 | 235,144 |
| Change in net debt | (12,136,609) | (15,853,254) |
| Net debt, beginning of year | (416,717,959) | (400,864,705) |
| Net debt, end of year | \$ (428,854,568) | \$ (416,717,959) |

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|---------------|---------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 9,503,323 | \$ 16,117,728 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 21,105,546 | 23,182,899 |
| Deferred net proceeds on disposal of restricted assets | (1,047,902) | (3,417,612) |
| Transfer to financial assets | - | 37,229 |
| Net proceeds on sale of assets held for sale | 1,047,902 | 3,417,612 |
| Gain on sale of capital assets | (6,093) | - |
| Increase (decrease) in employee future benefits | 2,802,313 | (1,739,712) |
| Change in non-cash assets and liabilities: | | |
| Decrease in accounts receivable | 8,647,516 | 6,665,106 |
| Decrease in assets held for sale | 541,350 | 1,836,334 |
| Decrease in inventories of supplies | 19,115 | 1,562 |
| Increase in prepaid expenses | (2,067,416) | (22,589) |
| Decrease in accounts payable and accrued liabilities | (102,268) | (1,097,573) |
| (Decrease) increase in amounts held in trust | (441,895) | 786,042 |
| (Decrease) increase in deferred revenue | (3,341,754) | 7,168,675 |
| Increase in deferred capital contributions | 15,800,984 | 28,825,632 |
| Net change in cash from operating activities | 52,460,721 | 81,761,333 |
| Financing activities: | | |
| Decrease in temporary borrowing | - | (20,000,000) |
| Debt repayments | (7,844,971) | (7,482,689) |
| Net change in cash from financing activities | (7,844,971) | (27,482,689) |
| Capital activities: | | |
| Proceeds on sale of capital assets | 6,436 | - |
| Purchase of tangible capital assets | (40,697,520) | (55,170,083) |
| Net change in cash from capital activities | (40,691,084) | (55,170,083) |
| Net change in cash and short-term investments | 3,924,666 | (891,439) |
| Cash and short-term investments, beginning of year | 47,069,856 | 47,961,295 |
| Cash and short-term investments, end of year | \$ 50,994,522 | \$ 47,069,856 |

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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, 2019

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, 2019

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

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

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

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

The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance, health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

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

- (ii) The costs of multi-employer defined pension plans, such as the Ontario Municipal Employees Retirement System pension, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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 |

During 2019, the Board revised its estimate of the remaining service life of tangible capital assets due to significant betterments and additions over the last five years. These changes were made at the direction of the Ministry of Education and have been applied prospectively. The change in the basis of amortization has had the effect of decreasing amortization expense by \$5,894,753 in 2019.

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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

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

(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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(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.

(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:

| | 2019 | 2018 |
|---------------------------------|----------------------|----------------------|
| Non-restricted funds | \$ 43,279,470 | \$ 39,216,492 |
| Held in trust: | | |
| Four/five deferred salary plans | 2,458,079 | 2,893,546 |
| School funds | 5,147,360 | 4,959,818 |
| Other | 109,613 | - |
| | <u>\$ 50,994,522</u> | <u>\$ 47,069,856</u> |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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 \$167,528,356 as at August 31, 2019 (2018 - \$188,968,838) with respect to these capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$6,697,729 (2018 - \$Nil).

4. Assets held for sale:

As of August 31, 2019, \$635,000 (2018 - \$1,176,350) relating to Harrow District High School is recorded as assets held for sale. During the year, J.E. Benson Public School was sold. Net proceeds of \$1,047,902 (2018 - \$3,417,612) were received on the sale, which had a carrying value of \$541,350 (2018 - \$1,873,563), resulting in a gain of \$506,552 (2018 - \$1,544,049) that is deferred for future capital asset purchases according to Ontario Regulation 193/10.

5. Amounts held in trust:

Amounts held in trust consist of:

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Bequests for scholarships and bursaries | \$ 1,895,420 | \$ 1,901,847 |
| Employee four/five plans | 2,458,078 | 2,893,546 |
| | <u>\$ 4,353,498</u> | <u>\$ 4,795,393</u> |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

6. Net long-term debt:

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

| | 2019 | 2018 |
|---|--------------|--------------|
| Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of \$253,216 due semi-annually | \$ 1,956,482 | \$ 2,321,642 |
| Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of \$92,987 due semi-annually | 1,307,505 | 1,404,827 |
| Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of \$122,412 due monthly | 8,289,483 | 9,280,655 |
| Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of \$678,717 due semi-annually | 12,825,470 | 13,572,422 |
| Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of \$332,485 due semi-annually | 6,155,026 | 6,474,746 |
| Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of \$717,054 due semi-annually | 14,258,839 | 14,968,092 |
| Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of \$447,710 due semi-annually | 7,675,680 | 8,152,487 |
| Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of \$689,939 due semi-annually | 14,266,854 | 14,900,393 |
| Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of \$1,363,757 due semi-annually | 27,826,599 | 29,008,013 |
| Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of \$462,075 due semi-annually | 4,948,237 | 5,143,717 |
| Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of \$56,278 due semi-annually | 1,285,889 | 1,334,529 |
| Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of \$374,246 due semi-annually | 9,377,678 | 9,742,964 |
| Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of \$449,733 due semi-annually | 11,786,046 | 12,252,941 |
| Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of \$394,992 due semi-annually | 10,560,882 | 10,938,855 |
| Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of \$6,557 due semi-annually | 178,240 | 184,044 |
| Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of \$274,485 due semi-annually | 8,458,932 | 8,748,216 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

6. Net long-term debt (continued):

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of \$593,510 due semi-annually | 18,468,507 | 19,042,777 |
| | \$ 159,626,349 | \$ 167,471,320 |

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2019 are due as follows:

| | Principal Payment | Interest | Total |
|---|-----------------------|----------------------|-----------------------|
| 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 |
| 2023/24 | 9,694,122 | 5,435,014 | 15,129,136 |
| Thereafter | 114,553,829 | 30,653,474 | 145,207,303 |
| Total payments in respect of long-term debt | \$ 159,626,349 | \$ 62,239,515 | \$ 221,865,864 |

Interest expense on net long-term debt amounted to \$7,438,412 (2018 - \$8,332,631).

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

7. 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, 2019 consists of:

| | Balance as at August 31, 2018 | Externally restricted additions (dispositions) | Transferred to DCC | Revenue recognized in the period | Balance as at August 31, 2019 |
|-------------------------------------|-------------------------------------|---|-----------------------|--|-------------------------------------|
| Proceeds of Disposition | \$ 2,901,819 | \$ 1,047,902 | \$ 2,901,819 | \$ - | \$ 1,047,902 |
| Assets held for Sale | 1,176,350 | (541,350) | - | - | 635,000 |
| Education development charges | 40,650 | 497,014 | - | 494,183 | 43,481 |
| Restricted grants | 12,989,984 | 88,643,469 | 9,378,201 | 80,214,586 | 12,040,666 |
| | \$17,108,803 | \$89,647,035 | \$12,280,020 | \$ 80,708,769 | \$ 13,767,049 |

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 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

8. Retirement and other employee future benefits:

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

| | Retirement health benefits | Retirement gratuities | Sick leave/top-up benefits | Workers' Compensation benefit | 2019 Total employee future benefits |
|------------------------------|----------------------------|-----------------------|----------------------------|-------------------------------|-------------------------------------|
| Balance at August 31 | \$ 23,159,329 | \$ 23,281,787 | \$ 193,895 | \$ 10,200,867 | \$ 56,835,878 |
| Loss for year ⁽¹⁾ | 5,895,440 | 798,086 | 193,009 | 2,032,030 | 8,918,565 |
| Less: benefit payments | (1,299,410) | (3,188,797) | (178,433) | (1,449,612) | (6,116,252) |
| Balance at August 31 | \$ 27,755,359 | \$ 20,891,076 | \$ 208,471 | \$ 10,783,285 | \$ 59,638,191 |

| | 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 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

8. 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 | Workers' Compensation benefits | 2019 Total employee future benefits |
|---|--------------------------------|--------------------------|-----------------------------------|--------------------------------------|---|
| Current year benefit cost ⁽²⁾ | \$ (716,900) | \$ - | \$ 208,471 | \$ 1,732,109 | \$ 1,223,680 |
| Interest on accrued benefit obligation | 631,989 (84,911) | 657,910 657,910 | - 208,471 | 299,921 2,032,030 | 1,589,820 2,813,500 |
| Amortization of actuarial loss (gain) | 5,980,351 | 140,176 | (15,462) | - | 6,105,065 |
| Net expense for the year ⁽¹⁾ | \$ 5,895,440 | \$ 798,086 | \$ 193,009 | \$ 2,032,030 | \$ 8,918,565 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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

| | 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 |

⁽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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019 and based on updated average daily salary and banked sick days as at August 31, 2019. 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:

| | 2019 | 2018 |
|---|------|------|
| Inflation (excluding health care and dental expenses) | 1.5% | 1.5% |
| Wage and salary escalation | 0.0% | 0.0% |
| Discount on accrued benefit obligations | 2.0% | 2.9% |

Health care costs are assumed to increase by 7.25% for 2019-20 and 7.0% for 2020-21, reducing by ¼% in each subsequent year to an ultimate rate of increase of 4.5%. Dental costs are assumed to increase by 4.0% for 2016-17, 3.75% for 2017-18 and 3.5% for 2018-10, reducing by ¼% in each subsequent year to an ultimate rate of increase of 3.0%.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

8. 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 up to 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 \$193,009 (2018 - \$178,104).

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, 2019 and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

8. 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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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

Other benefits

(i) Ontario Teachers' Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$5,620,968 (2018 - \$5,257,243) 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.

9. 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.

| | 2019 | 2018 |
|---|----------------|----------------|
| Balance, beginning of year | \$ 391,684,596 | \$ 362,858,964 |
| Additions to deferred capital contributions | 35,963,252 | 51,154,708 |
| Revenue recognized in the period | (20,161,925) | (22,291,848) |
| Transfers to deferred revenue | - | (37,228) |
| Disposals | (343) | - |
| Balance, end of year | \$ 407,485,580 | \$ 391,684,596 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

10. Tangible Capital Assets:

| | Cost | | | | | Accumulated Amortization | | | | | Net Book Value | |
|---|----------------------------|----------------------|-------------------|---|----------------------------|----------------------------|----------------------|-------------------|---|----------------------------|----------------------------|--|
| | Balance at August 31, 2018 | Additions | Transfers/Reclass | Disposals/Deemed Disposals/Written Down | Balance at August 31, 2019 | Balance at August 31, 2018 | Amortization Expense | Transfers/Reclass | Disposals/Deemed Disposals/Written Down | Balance at August 31, 2019 | Balance at August 31, 2019 | |
| Land | \$ 18,984,178 | \$ 4,486,639 | \$ - | \$ - | \$ 23,470,817 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,470,817 | |
| Land improvements | 20,433,517 | 3,335,778 | - | - | 23,769,295 | 7,437,965 | 1,456,003 | - | - | 8,893,968 | 14,875,327 | |
| Buildings | 558,958,468 | 26,157,123 | - | - | 585,115,591 | 185,005,755 | 16,299,361 | - | - | 201,305,116 | 383,810,475 | |
| Portable structures | 9,147,698 | 3,095,149 | - | (2,437,914) | 9,804,933 | 4,817,074 | 412,868 | - | (2,437,914) | 2,792,028 | 7,012,905 | |
| Pre-acquisition costs | 489,119 | 942,051 | - | - | 1,431,170 | - | - | - | - | - | 1,431,170 | |
| Furniture and equipment | 1,906,637 | 209,074 | - | (15,596) | 2,100,115 | 1,203,430 | 163,461 | - | (15,596) | 1,351,295 | 748,820 | |
| First time equipping | 10,281,320 | 8,305 | - | - | 10,289,625 | 6,026,613 | 780,256 | - | - | 6,806,869 | 3,482,756 | |
| Computer hardware | 7,936,508 | 2,331,023 | - | (1,491,700) | 8,775,831 | 3,660,028 | 1,790,570 | - | (1,491,700) | 3,958,898 | 4,816,933 | |
| Computer software | 648,702 | 40,829 | - | (169,067) | 520,464 | 122,374 | 150,525 | - | (169,067) | 103,832 | 416,632 | |
| Vehicles | 1,162,006 | 91,549 | - | (20,577) | 1,232,978 | 1,025,707 | 52,502 | - | (20,234) | 1,057,975 | 175,003 | |
| Assets Permanently Removed from Service | 7,574,546 | - | - | - | 7,574,546 | 4,883,157 | - | - | - | 4,883,157 | 2,691,389 | |
| Total | \$ 637,522,699 | \$ 40,697,520 | \$ - | \$ (4,134,854) | \$ 674,085,365 | \$ 214,182,103 | \$ 21,105,546 | \$ - | \$ (4,134,511) | \$ 231,153,138 | \$ 442,932,227 | |

(a) Pre-acquisition costs:

Pre-acquisition costs having a value of \$1,431,170 (2018 - \$489,119) have not been amortized. Amortization of these assets will commence when the asset is put into service.

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

The disposal of tangible capital assets during the year was \$343 (2018 - \$Nil).

(c) 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, 2019

10. Tangible Capital Assets (continued):

| | Cost | | | | | Accumulated Amortization | | | | | Net Book Value | |
|---|----------------------------|----------------------|---------------------|---|----------------------------|----------------------------|----------------------|---------------------|---|----------------------------|----------------------------|--|
| | Balance at August 31, 2017 | Additions | Transfers/Reclass | Disposals/Deemed Disposals/Written Down | Balance at August 31, 2018 | Balance at August 31, 2017 | Amortization Expense | Transfers/Reclass | Disposals/Deemed Disposals/Written Down | 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 | |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

11. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|--|----------------------|---------------------|
| Surplus: | | |
| Operating | \$ 19,741,013 | \$ 19,668,165 |
| Employee future benefits | (41,124,066) | (45,992,676) |
| Interest accruals | (1,753,740) | (1,852,728) |
| School generated funds | 4,843,340 | 4,663,562 |
| Revenues recognized for land | 22,466,982 | 17,620,193 |
| Amounts restricted for future use by board motion: | | |
| School budgets | 475,265 | 342,960 |
| Campbell Public School | 854,466 | 881,592 |
| Administrative buildings – capitalized assets | 1,561,360 | 1,437,316 |
| LaSalle Public School | 2,583,654 | 2,716,149 |
| Better Places | 6,976,351 | 7,636,769 |
| | \$ 16,624,625 | \$ 7,121,302 |

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.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

12. Expenses by object:

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

| | 2019 Budget | 2019 Actual | 2018 Actual |
|--|-----------------------|-----------------------|-----------------------|
| Current expenses: | | | |
| Salary and wages | \$ 312,057,468 | \$ 314,745,089 | \$ 302,626,980 |
| Employee benefits | 51,255,635 | 57,449,254 | 48,119,359 |
| Staff development | 878,753 | 1,973,332 | 1,026,639 |
| Supplies and services | 40,297,249 | 37,587,108 | 42,409,498 |
| Interest | 8,246,043 | 7,799,199 | 8,332,631 |
| Rental expenses | 139,224 | 355,707 | 388,134 |
| Fees and contract services | 18,453,657 | 18,839,843 | 17,102,713 |
| Other | 2,065,682 | 1,607,462 | 4,513,959 |
| Amortization and write downs of tangible capital assets | 26,282,924 | 21,105,545 | 23,329,371 |
| | <u>\$ 459,676,635</u> | <u>\$ 461,462,539</u> | <u>\$ 447,849,284</u> |

13. 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.

14. Commitments:

At August 31, 2019, the Board is committed to capital expenditures in the amount of \$10,929,451 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, 2019

15. 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, 2019 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.

16. 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, 2019

16. 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:

| | 2019 | | 2018 | |
|-------------------------------|--------------|---------------|------------|---------------|
| | Total | Board Portion | Total | Board Portion |
| Financial Position : | | | | |
| Financial assets | \$ 5,064,984 | \$ 4,720,168 | \$ 560,154 | \$ 297,309 |
| Liabilities | 5,064,984 | 4,939,818 | 560,154 | 317,358 |
| <hr/> | | | | |
| Accumulated (deficit) surplus | - | (219,650) | - | (20,049) |
| <hr/> | | | | |
| Operations: | | | | |
| Revenues | 26,161,980 | 14,111,145 | 22,446,712 | 11,986,019 |
| Expenses | 26,161,980 | 14,111,145 | 22,446,712 | 11,986,019 |
| <hr/> | | | | |
| Annual surplus | \$ - | \$ - | \$ - | \$ - |

17. 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.