

Grand Erie District School Board
Consolidated Financial Statements
August 31, 2018



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August 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the Grand Erie District School Board (Board) are the responsibility of the Board's 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, except for the qualified opinion regarding the completeness of revenue with respect to the school fundraising activities.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, 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 Board policies 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 Millard, Rouse and Rosebrugh 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.



Brenda Blancher, Director of Education



Rafal Wyszynski, Superintendent of Business

Brantford, Ontario
December 04, 2018



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Grand Erie District School Board

We have audited the accompanying consolidated financial statements of Grand Erie District School Board, which comprise the consolidated statement of financial position as at August 31, 2018 and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and 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 the auditor's 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, the auditor considers 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether any adjustments might be necessary to school fundraising revenue, annual surplus, and cash flows from operating activities for the year ended August 31, 2018, and financial assets as at August 31, 2018 and accumulated surplus as at September 1, 2017 and August 31, 2018. Our audit opinion on the financial statements for the year ended August 31, 2017 was modified accordingly, because of the possible effects of this scope limitation.

(continues)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of Grand Erie District School Board as at and for the year ended August 31, 2018, are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

Millard, Reuss & Rosebrugh LLP

December 4, 2018
Simcoe, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Grand Erie District School Board
Consolidated Statement of Financial Position
As at August 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	\$ 4,849,520	\$ 3,901,633
Accounts receivable (Note 2)	16,451,597	22,160,714
Accounts receivable - Government of Ontario (Note 3)	92,146,894	88,836,445
Assets held for sale (Note 4)	476,997	-
	\$113,925,008	\$114,898,792
Financial liabilities		
Temporary borrowing (Note 5)	\$ 15,047,274	\$ 20,483,382
Accounts payable and accrued liabilities (Note 6)	14,494,361	13,566,354
Deferred revenue (Note 7)	3,438,579	4,217,120
Deferred capital contributions (Note 8)	192,485,419	182,131,866
Long term debt (Note 9)	83,273,045	87,274,136
Retirement and other employee future benefits (Note 10)	26,029,789	27,762,729
	334,768,467	335,435,587
Net debt	(220,843,459)	(220,536,795)
Non-financial assets		
Prepaid expenses	1,623,098	1,399,377
Inventories of supplies	250,000	250,000
Tangible capital assets (Note 11)	212,208,143	205,300,219
	214,081,241	206,949,596
Accumulated surplus (deficit) (Note 13)	\$ (6,762,218)	\$ (13,587,199)

ON BEHALF OF THE BOARD


 _____ Chair of the Board

 _____ Vice-Chair of the Board

See accompanying notes



Grand Erie District School Board
Consolidated Statement of Operations
Year ended August 31, 2018

	2018 Budget	2018	2017
REVENUE			
Provincial grants - grants for student needs	\$ 308,193,211	\$ 308,410,230	\$ 296,231,047
Provincial grants - other	3,944,107	8,689,552	5,706,727
Federal grants and fees	7,531,474	7,659,190	7,584,972
Other revenue - school boards	210,000	207,736	209,347
Other fees and revenue	1,107,553	2,908,559	2,351,798
School fundraising	7,041,840	7,958,953	7,812,296
	328,028,185	335,834,220	319,896,187
Expenses (Note 14)			
Instruction	248,688,943	251,260,196	241,209,625
Administration	8,024,885	8,023,326	8,075,278
Transportation	11,996,662	11,908,870	11,350,019
Pupil accommodation	40,646,467	45,195,377	44,095,836
Other	5,296,284	5,137,202	2,999,913
School funded activities	6,831,965	7,484,268	7,957,500
	321,485,206	329,009,239	315,688,171
ANNUAL SURPLUS	6,542,979	6,824,981	4,208,016
Deficit - beginning of year	(11,351,847)	(13,587,199)	(17,795,215)
DEFICIT - END OF YEAR	\$ (4,808,868)	\$ (6,762,218)	\$ (13,587,199)

See accompanying notes



Grand Erie District School Board

Consolidated Statement of Cash Flow

Year ended August 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ 6,824,981	\$ 4,208,016
Items not affecting cash:		
Amortization of tangible capital assets	15,917,097	15,312,409
Revenue recognized from deferred capital contributions	(15,118,136)	(14,164,461)
Gain on disposal of tangible capital assets	(69,189)	(2,590,390)
	7,554,753	2,765,574
Sources and (uses):		
Accounts receivable	5,709,117	(6,066,712)
Accounts payable and accrued liabilities	928,009	(787,255)
Deferred revenue - operating	(157,201)	301,723
Retirement and other employee future benefits	(1,732,940)	(1,640,829)
Prepaid expenses	(223,721)	(828,661)
	4,523,264	(9,021,734)
Cash flow from (used by) operating activities	12,078,017	(6,256,160)
INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	70,702	3,141,989
Cash used to acquire tangible capital assets	(23,303,531)	(15,523,517)
Cash flow used by investing activities	(23,232,829)	(12,381,528)
FINANCING ACTIVITIES		
Accounts receivable - Government of Ontario	(3,310,449)	1,897,806
Increase (decrease) in temporary borrowing	(5,436,108)	2,218,912
Increase (decrease) in deferred revenue - capital	(621,340)	3,244,037
Additions to deferred capital contributions	25,471,689	14,987,289
Debt repayments	(4,001,093)	(3,838,675)
Cash flow from financing activities	12,102,699	18,509,369
Net change in cash and cash equivalents during the year	947,887	(128,319)
Cash and cash equivalents - beginning of year	3,901,633	4,029,952
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,849,520	\$ 3,901,633

See accompanying notes

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Grand Erie District School Board
Consolidated Statement of Change in Net Debt
Year ended August 31, 2018

	Budget 2018	2018	2017
Annual surplus	\$ 6,542,979	\$ 6,824,981	\$ 4,208,016
TANGIBLE CAPITAL ASSET ACTIVITY			
Acquisition of tangible capital assets	(34,751,501)	(23,303,531)	(15,523,517)
Amortization of tangible capital assets	16,725,660	15,917,097	15,312,409
Proceeds on disposal of property and equipment	-	70,702	3,141,989
Gain on disposal of tangible capital assets	-	(69,189)	(2,590,390)
Transfer to assets held for sale	-	476,997	-
	(18,025,841)	(6,907,924)	340,491
OTHER NON-FINANCIAL ASSET ACTIVITY			
Acquisition of prepaid expenses	-	(1,567,428)	(1,954,838)
Use of prepaid expenses	-	1,343,707	1,126,177
	-	(223,721)	(828,661)
(Decrease) increase in net debt	(11,482,862)	(306,664)	3,719,846
Net debt at beginning of year	(220,536,795)	(220,536,795)	(224,256,641)
Net debt at end of year	\$ (232,019,657)	\$ (220,843,459)	\$ (220,536,795)

See accompanying notes



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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;
- 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.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reporting entity

The 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 Board and which are controlled by the Board.

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

Transportation consortium, which include the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium which are controlled unilaterally by the participating Boards are reflected in the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise 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.

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 expenditures are incurred or services performed.

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 contributions 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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, and health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits (long-term disability is available, however premiums are paid by employees).

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 2016-17, ETFO and OSSTF. The following were established in 2017-18, CUPE and ONE-T for non-unionized employees including principals and vice-principals.

The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to August 31, 2019. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to ETFO, OSSTF and CUPE, Non-union including principals and vice-principals effective June 1, 2018.

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

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

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

- (a) 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 and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method pro-rated 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 worker's 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.

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

Trust funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which the 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.

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.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 provincial grants.

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, are amortized on a straight line basis over their estimated useful lives as follows:

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Furniture and equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Capital leased assets	10 years
Vehicles	5 years

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 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.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described earlier in this note 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. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

	2018	2017
Municipalities	\$ 9,284,455	\$ 8,467,030
Province of Ontario	539,523	235,442
Government of Canada	3,621,583	10,693,292
Other school boards	935,101	503,320
Other	2,070,935	2,261,630
	\$ 16,451,597	\$ 22,160,714

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Grand Erie District School 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 \$92,146,894 as at August 31, 2018, (2017 - \$88,836,445) with respect to capital grants.

4. ASSETS HELD FOR SALE

As of August 31, 2018, \$476,997 related to a building was recorded as assets held for sale. During the year net proceeds of \$70,702 were received on land that was sold, resulting in a net gain of \$69,189.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

5. TEMPORARY BORROWING

Temporary borrowing is comprised of bank overdraft and short term bank loans as follows:

	2018	2017
Bank overdraft	\$ 7,647,274	\$ 20,483,382
Bankers' acceptances	7,400,000	-
	\$ 15,047,274	\$ 20,483,382

The organization has credit facility agreement consisting of revolving demand term facility with a limit of \$35,000,000 and additional credit facility agreements by way of bankers' acceptance or loans with a limit of \$11,500,000. The bank overdraft bears interest at prime minus 0.75%. The bankers' acceptances bear interest at the banker's prime minus 0.75%, plus an acceptance fee of 0.75%.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade	\$ 14,169,709	\$ 13,168,362
Teachers wage deferral plan payable	324,652	397,992
	\$ 14,494,361	\$ 13,566,354

7. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue. Deferred revenue for specific purposes by legislation, regulation or agreement as at August 31, 2018 is comprised of:

	Balance as at August 31, 2017	Revenue received and interest earned	Revenue recognized in the period	Transfer to deferred capital contributions	Balance as at August 31, 2018
Provincial - operating	\$ 501,118	\$ 45,848,232	\$ (46,019,092)	\$ -	\$ 330,258
Third Party - operating	43,232	646,630	(632,971)	-	56,891
Provincial - capital	530,781	17,338,445	(13,376,376)	(2,935,210)	1,557,640
Third party - capital	3,141,989	678,819	-	(2,327,018)	1,493,790
	\$ 4,217,120	\$ 64,512,126	\$ (60,028,439)	\$ (5,262,228)	\$ 3,438,579



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2018	2017
Balance - beginning of year	\$182,131,866	\$181,309,038
Additions	25,948,686	15,523,517
Revenue recognized	(15,118,136)	(14,164,461)
Transfers to deferred revenue	(476,997)	(536,228)
Balance - end of year	\$192,485,419	\$182,131,866

9. LONG TERM DEBT

	2018	2017
Demand loan payable to Royal Bank of Canada, bearing interest at 3.31%, repayable in blended monthly principal and interest payments of \$22,073, due January 10, 2025.	\$ 1,513,769	\$ 1,724,724
Demand loan payable to Royal Bank of Canada, bearing interest at 3.18%, repayable in blended monthly principal and interest payments of \$22,042, due July 8, 2025.	1,640,231	1,848,952
Demand loan payable to Royal Bank of Canada, bearing interest at 3.39%, repayable in blended monthly principal and interest payment of \$22,390, due December 23, 2025.	1,742,361	1,948,164
Loan payable to Royal Bank of Canada, bearing interest at 2.64%, repayable in the following blended monthly principal and interest payments of \$17,882, due June 24, 2019.	176,775	383,722
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.76%, repayable in blended semi-annual principal and interest payments of \$529,236, due November 15, 2029.	9,290,149	9,884,900
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.56%, repayable in blended semi-annual principal and interest payments of \$399,470, due November 15, 2031.	7,988,270	8,408,519

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

9. LONG TERM DEBT (continued)

	2018	2017
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.9%, repayable in blended semi-annual principal and interest payments of \$331,482, due March 3, 2033.	6,919,503	7,231,884
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 5.23%, repayable in blended semi-annual principal and interest payments of \$659,390, due April 13, 2035.	14,680,313	15,210,136
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.83%, repayable in blended semi-annual principal and interest payments of \$129,343, due March 11, 2036.	3,067,119	3,173,694
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive To Repair and Capital Priorities expenditures, bearing interest at 3.799%, repayable in blended semi-annual principal and interest payments of \$1,290,173, due March 19, 2038.	35,729,866	36,918,851
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive To Repair and Capital Priorities expenditures, bearing interest at 4.003% repayable in blended semi-annual principal and interest payments of \$18,692, due March 11, 2039.	524,689	540,590
	\$ 83,273,045	\$ 87,274,136

Principal repayment terms are approximately:

2019	\$ 4,134,930
2020	4,129,425
2021	4,308,260
2022	4,495,020
2023	4,690,090
Thereafter	<u>61,515,320</u>
	<u>\$ 83,273,045</u>



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and other employee future benefit liabilities:

	2018	2017
Accrued employee future benefit obligations		
Retirement gratuity plan	\$ 21,644,056	\$ 23,037,281
Retirement life insurance and health care benefits	1,158,852	1,307,938
Workplace Safety and Insurance Board obligations	3,046,830	3,243,441
Sick leave top-up benefits	180,051	174,069
Total employee future benefit liability at August 31	26,029,789	27,762,729

Retirement and other employee future benefit expenses:

Current year benefit cost		
Sick leave top-up benefits	180,051	174,069
Workplace Safety and Insurance Board obligations	271,729	516,657
	451,780	690,726
Interest on accrued benefit obligation		
Retirement gratuity plan	576,762	511,361
Retirement life insurance and health care benefits	31,661	29,650
Workplace Safety and Insurance Board obligations	79,191	64,956
	687,614	605,967
Recognition of unamortized actuarial (gain) loss		
Retirement gratuity plan	87,201	186,778
Retirement life insurance and health care benefits	(48,141)	(77,819)
Sick leave top-up benefits	(4,771)	58,952
	34,289	167,911
Total employee future benefit expenses	\$ 1,173,683	\$ 1,464,604

(continues)



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial assumptions

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

	2018	2017
	%	%
Inflation		
Retirement gratuity plan	1.5	1.5
Retirement life insurance and health care benefits	1.5	1.5
Workplace Safety and Insurance Board obligations	2	2
Wage and salary escalation		
Retirement gratuity plan	0	0
Insurance and health care cost escalation		
Health costs	7.75	8
Dental costs	3.75	4
Discount on accrued benefit obligations		
Retirement gratuity plan	2.90	2.55
Retirement life insurance and health care benefits	2.90	2.55
Workplace Safety and Insurance Board obligations	2.90	2.55

Retirement benefits

Ontario Teachers' Pension Plan

Teachers are eligible to be members of the 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 financial statements.

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 contributions equal the employee contributions to the plan. During the year ended August 31, 2018, the Board contributed \$4,288,269 (2017 - \$3,797,420) to the plan. These contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Retirement gratuities

The Board provides retirement gratuities to certain groups of employees 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.

Life insurance benefits

The Board sponsors a separate plan for retirees to provide life insurance benefits. The Board is responsible for the payment of life insurance premiums under this plan, however all or a portion of the cost are recovered from the employees as specified in their collective agreement. 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, will no longer qualify for Board subsidized premiums or contributions.

Health care and dental benefits

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The Board is responsible for the payment of health care premiums under this plan, however all or a portion of the cost is recovered from the employees as specified in their collective agreement once a certain time period has been reached. Benefits provided by the Board are provided through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

Other employee future benefits

Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance 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 payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

(continues)



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Long-term disability life insurance and dental and health care benefits

The Board may provide life insurance, dental and health care benefits to employees on long-term disability leave to employees who are not yet members of an ELHT, at their request. The Board is responsible for the payment of life insurance premiums and the cost of health care benefits under this plan, however, all or a portion of the cost is recovered from the employees as specified in their collective agreement once a certain time period has been reached. Benefits provided by the Board are provided 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.

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 \$175,280 (2017 – \$233,021).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2018 and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

11. TANGIBLE CAPITAL ASSETS

COST	2017	Additions and transfers	Disposals and transfers	2018
Land	\$ 4,132,661	\$ -	\$ 1,514	\$ 4,131,147
Land improvements	9,379,935	3,020,112	44,998	12,355,049
Buildings	313,333,650	9,874,449	1,005,157	322,202,942
Portable structures	10,550,265	195,827	2,294,800	8,451,292
Furniture and equipment	4,546,515	690,663	701,455	4,535,723
Computer hardware	11,540,836	1,118,260	1,829,091	10,830,005
Computer software	89,079	-	-	89,079
Assets under construction	616,610	8,404,220	-	9,020,830
Capital leased assets	534,779	-	-	534,779
Vehicles	646,819	-	-	646,819
	\$355,371,149	\$ 23,303,531	\$ 5,877,015	\$372,797,665



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

AMORTIZATION	2017	Amortization and write downs	Disposals, transfers, adjustments	2018
Land improvements	\$ 3,149,286	\$ 937,072	\$ 34,122	\$ 4,052,236
Buildings	129,516,490	11,704,044	539,037	140,681,497
Portable structures	7,846,186	480,940	2,294,800	6,032,326
Furniture and equipment	2,550,900	450,588	701,455	2,300,033
Computer hardware	6,045,430	2,237,084	1,829,091	6,453,423
Computer software	62,357	17,816	-	80,173
Capital leased assets	513,053	14,484	-	527,537
Vehicles	387,228	75,069	-	462,297
	\$ 150,070,930	\$ 15,917,097	\$ 5,398,505	\$ 160,589,522

NET BOOK VALUE	2018	2017
Land	\$ 4,131,147	\$ 4,132,661
Land improvements	8,302,813	6,230,649
Buildings	181,521,445	183,817,160
Portable structures	2,418,966	2,704,079
Furniture and equipment	2,235,690	1,995,615
Computer hardware	4,376,582	5,495,406
Computer software	8,906	26,722
Assets under construction	9,020,830	616,610
Capital leased assets	7,242	21,726
Vehicles	184,522	259,591
	\$ 212,208,143	\$ 205,300,219

Assets under construction having a value of \$9,020,830 (2017 - \$616,610) have not been amortized. Amortization of these assets will commence when the asset is put into service.

12. DEBT CHARGES AND CAPITAL LOAN INTEREST

The debt charges and capital loan interest charges includes principal and interest payments as follows:

	2018	2017
Principal payments on long term debt	\$ 4,001,093	\$ 3,838,675
Interest payments on long term debt	3,726,789	3,889,565
	\$ 7,727,882	\$ 7,728,240



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

13. ACCUMULATED SURPLUS (DEFICIT)

Accumulated surplus (deficit) consists of the following:

	2018	2017
Surplus(deficit):		
Invested in non-depreciable tangible capital assets	\$ 4,098,051	\$ 4,099,565
Employee future benefits	(16,463,836)	(21,296,957)
School generated funds	3,686,991	3,212,306
Accumulated surplus	1,916,576	397,887
	\$ (6,762,218)	\$ (13,587,199)

The Board has approved a Multi-Year Financial Recovery Plan, which is executed over a 3 year period from 2017-18 to 2019-20. The purpose of the Multi-Year Plan is to provide the framework for achieving these goals. As part of the plan, the Board has adopted an improved budget monitoring and reporting model during the year. The Board is on track to achieve the 1% target for accumulated surplus for fiscal 2018-19, based on current year estimates.

14. EXPENSES BY OBJECT

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

	2018 Budget	2018 Actual	2017 Actual
Salary and wages	\$220,153,374	\$221,184,433	\$213,770,229
Employee benefits	34,056,822	35,736,553	33,541,546
Staff development	1,022,145	1,748,376	1,575,894
Supplies and services	24,606,262	30,538,576	31,288,046
Interest charges on capital	3,942,409	4,154,572	4,078,822
Rental expenses	112,128	251,090	267,785
Fees and contract services	17,671,512	16,808,253	15,495,669
Amortization and write downs of tangible capital assets	16,725,660	15,917,096	15,315,890
Remedy payments	2,541,946	2,277,130	-
Other	652,948	393,160	354,290
	\$321,485,206	\$329,009,239	\$315,688,171

15. TRUST FUNDS

Trust funds administered by the Board amounting to \$1,041,611 (2017 - \$1,092,544) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

16. CONTRACTUAL OBLIGATIONS

The Board has ongoing commitments under operating leases. Anticipated lease payments over the next five years are as follows:

2019	\$ 3,135,900
2020	2,950,000
2021	3,010,100
2022	2,971,500
2023	2,882,100

\$ 14,949,600

The Board had no letters of credit outstanding with the bank as at August 31, 2018 (2017 - \$577,524), which were required for security on some of the construction projects.

17. EDUCATIONAL SERVICES TRANSFERS

Grand Erie District School Board has education services agreements with Indigenous Services Canada (ISC) and The Mississaugas of the New Credit First Nations (MNCFN). The agreements provide accommodation, instruction and special services for Indigenous pupils. Revenues earned by the Board during the year are as follows:

	2018	2017
Indigenous Services Canada		
Educational services - secondary	\$ 5,512,537	\$ 5,629,133
Special services agreement - educational counsellor/native advisor	444,168	474,546
Special services agreement - high cost special secondary	600,000	380,153
Other	219,295	358,535
	6,776,000	6,842,367
The Mississaugas of the New Credit First Nations		
Educational services - secondary	538,967	472,326
Special services agreements	102,078	98,353
	641,045	570,679
Total	\$ 7,417,045	\$ 7,413,046

18. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2018

19. PARTNERSHIP IN TRANSPORTATION CONSORTIUM

	2018		2017	
	Total	Board portion	Total	Board portion
Financial position:				
Financial assets	\$ 29,117	\$ 29,117	\$ 91,576	\$ (91,576)
Liabilities	(29,117)	(29,117)	(91,576)	91,576
Accumulated surplus(deficit)	-	-	-	-
Operations:				
Revenues	17,074,190	11,903,076	16,011,611	(11,110,043)
Expenses	(17,074,190)	(11,903,076)	(16,011,611)	11,110,043
Annual surplus(deficit)	\$ -	\$ -	\$ -	\$ -

Transportation consortium

On October 14, 2010, Student Transportation Services of Brant Haldimand Norfolk was incorporated. On September 1, 2009, the Board entered into an agreement with Brant Haldimand Norfolk Catholic District School Board and CSC MonAvenir in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Brant Haldimand Norfolk are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. The above provides condensed financial information, which is reported net of harmonized sales tax.

20. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the Board received \$3,520,453 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.

21. CONTINGENT LIABILITY

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2018, no provision has been made in the consolidated financial statements.

