Consolidated Financial Statements of

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Year ended August 31, 2016

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Greater Essex County District School Board, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations and accumulated deficit, net debt and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of Greater Essex County District School Board as at and for the year ended August 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

[redacted]

Emphasis of Matter

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 15, 2016

Windsor, Canada

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Deficit

Year ended August 31, 2016, with comparative information for 2015

	Budget	2016 Actual	2015 Actual
Revenues:			
Municipal grants	$ 74,494,708	$ 73,171,888	$ 72,697,552
Provincial grants - Grants for students needs	323,298,533	327,310,933	321,368,053
Provincial grants - Other	8,074,675	8,341,875	8,344,631
Ministry of Training, Colleges and Universities - Ontario Youth Apprenticeship Program	-	157,943	158,055
Federal grants and fees	-	210,573	256,281
Other fees and revenues	981,000	3,318,652	3,336,074
Investment income	-	591,782	666,252
School fundraising and other activities	8,500,000	9,544,290	10,201,032
	415,348,916	422,647,936	417,027,930
Expenses			
Instruction	314,089,950	320,100,414	314,311,666
Administration	9,311,018	8,874,597	10,069,890
Transp			

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus	$ 10,445,243	$ 5,929,019
Acquisition of tangible capital assets	(34,765,219)	(28,116,162)
Amortization of tangible capital assets	18,303,311	17,090,965
Deferred gain on disposal of restricted assets	(60,284)	-
Proceeds on sale of tangible capital assets	1,346,670	-
Transfer of assets held for sale	(110,818)	(541,350)
	(4,841,097)	(5,637,528)
Acquisition of inventories of supplies	(932)	-
Acquisition of prepaid expenses	(554,028)	(12,787)
Consumption of inventories of supplies	827	1,213
Use of prepaid expenses	369,773	126,256
Change in net debt		

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

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

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

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

1. Significant accounting policies (continued):

(c) Cash and short-term investments:

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

(d) Deferred revenue:

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

(e) Deferred capital contributions:

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

Government transfers received or receivable for capital purpose

Other restricted contributions received or receivable for capital purpose

Property taxation revenues which were historically used to fund capital assets

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to employees of certain employee groups. These benefits include life insurance and health care benefits, dental benefits, retirement/sick plan gratuities, workers' compensation benefits and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

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

Assets	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture and equipment	5 - 15
Computer hardware	5
Computer software	1 - 5
Playground equipment	15
Vehicles	5 - 10
Leasehold improvements	Over the lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

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

1. Significant accounting policies (continued):

(h) Government transfers:

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

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

(i) Investment income:

Investment income is reported as revenue in the period earned.

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

(j) Budget figures:

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

(k) Use of estimates:

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

1. Significant accounting policies (continued):

(l) Property tax revenue:

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

(m) Contaminated sites:

The Board has implemented Public Sector Accounting Board ("PSAB") section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil,

2. Cash and short-term investments:

Cash and short-term investments include the following:

	2016	2015
Non-restricted funds	$ 49,090,683	$ 31,780,465
Held in trust:		
Four/five deferred salary plans	1,603,280	1,641,091
School funds	4,500,263	4,202,393
	$ 55,194,226	$ 37,623,949

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 $181,815,000 as at August 31, 2016 (2015 - $180,473,481) with respect to these capital grants.

4. Assets held for sale:

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

7. Net long-term debt (continued):

	2016	2015
Debenture Bylaw #29 due March 15, 2041, bearing interest at 3.242% per annum. Blended payments of $593,510 due semi-annually	20,137,367	-
	$ 182,091,664	$ 168,240,223

Principal and interest payments relating to net long-term debt outstanding as at August 31, 2016 are due as follows:

	Principal payment	Interest	Total
2016/17	$ 7,137,657	$ 8,244,699	$ 15,382,356
2017/18	7,482,688	7,899,668	15,382,356
2018/19	7,844,971	7,537,400	15,382,371
2019/20	8,224,213	7,158,139	15,382,352
2020/21	8,624,821	6,757,539	15,382,360
Thereafter	142,777,314	48,323,840	191,101,154
Total payments in respect of long-term liabilities	$ 182,091,664	$ 85,921,285	$ 268,012,949

Interest expense on net long-term debt amounted to $8,364,881 (2015 - $8,148,895).

8. Deferred revenue:

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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

	Balance as at August 31, 2015	Externally restricted additions	Transferred to DCC	Revenue recognized in the period	Balance as at August 31, 2016
Proceeds of disposition	$ 404,330	$ 1,392,228	$ -	$ 45,558	$1,751,000
Assets held for sale	110,818	(110,818)	-	-	-
Education development charges	-	390,057	-	390,057	-
Restricted Grants	4,706,922	82,460,779			

9. Retirement and other employee future benefits:

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

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

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

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

	Post retirement benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefits	2016 Total employee future benefits
Current year benefit cost	$ -	$ -	$ 170,266	$ 1,056,050	$ 2,007,618	$ 3,233,934
Change due to voluntary early payout	-	(887,300)	-	-	-	(887,300)
Interest on accrued benefit obligation	645,463	775,812	-	75,572	278,600	1,775,447
	645,463	(111,488)	170,266	1,131,622	2,286,218	4,122,081
Amortization of actuarial (gain) loss	(2,266,393)	139,668	(28,978)	-	6(18Ri6luntary)182	139 TD2.0

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

	Post retirement benefits	Retirement gratuities	Sick leave/ top-up benefits	Long-term disability	Workers' Compensation benefits	2015 Total employee future benefits
Current year benefit cost	$ -	$ -	$ 176,393	$ 56,293	$ 367,775	$ 600,461
Interest on accrued benefit obligation	740,194	919,760	-	80,109	322,645	2,062,708
	740,194	919,760	176,393	136,402	690,420	2,663,169
Amortization of actuarial loss	859,018	35,502	37,302	-	-	931,822
Net expense for the year [1]	$ 1,599,212	$ 955,262	$ 213,695	$ 136,402	$ 690,420	$ 3,594,991

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

Total gain reported in the consolidated statement of operations and accumulated deficit due to plan changes and amortization of actuarial gains is $2,155,703 (2015 – loss of $931,822).

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

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2016, are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2013 and based on updated average daily salary and banked sick days as at August 31, 2016. 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:

	2016	2015
Inflation (excluding health care and dental expenses)	1.5%	1.5%
Wage and salary escalation	0.0%	0.0%
Discount on accrued benefit obligations	2.05%	2.45%

Health care costs are assumed to increase by 8.0% for 2016-17, the rate then falling by 1/4% per annum thereafter until it reaches 4.0%. Dental costs are assumed to increase by 4.0% for 2016-17, the rate then falling by 1/4% per annum thereafter until it reaches 3.0%.

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

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

(a) Retirement Life Insurance and Health Care Benefits

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

In 2012-13 the Board agreed to implement a change to post-retirement benefits in order to be compliant with the requirements of the Education Act. Effective September 1, 2014 access to post-retirement benefits was to terminate at age 65. Those retirees who were over the age of 65 and receiving benefits would continue to have access to coverage under the same terms until August 31, 2014.

Subsequent to this decision, a policy grievance was filed by CUPE 27 against the Board on behalf of its members. The grievance was upheld in 2014 through arbitration and the Board was directed to continue to comply with the provisions of the collective agreement. As a result, the Board continues to subsidize the cost of health, dental and life insurance benefits, after the age of 65 for those employees, regardless of employee group or union affiliation, who had retired by August 31, 2013 and who were previously entitled to that benefit.

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

(c) Sick Leave Top-Up Benefits:

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are $141,288 (2015 - $213,695).

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, 2016 and is based on the average daily salary and banked sick days of employees as at August 31, 2016.

(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. 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.

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

Benefit Plan Future Changes

Currently, the Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) will be established in 2016-17 for the following employee groups: ETFO, OSSTF, OSSTF – Education Workers, CUPE, OCEW, and non-unionized employees including principals and vice-principals. The ELHTs will provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff)

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

11. Tangible Capital Assets:

	Cost							Accumulated Amortization		Net Book Value
	Balance at August 31, 2015	Additions	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2016	Balance at August 31, 2015	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2016	Balance at August 31, 2016
Land	$ 12,591,420	$ 828,149	$	$	$ 13,419,569	$ -	$ -	$ -	$ -	$ -	$ 13,419,569
Land											

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2016

11. Tangible Capital Assets (continued):

	Cost								Accumulated Amortization		Net Book Value
	Balance at August 31, 2014	Additions	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2015	Balance at August 31, 2014	Amortization Expense	Transfers/ Reclass	Disposals/ Deemed Disposals/ Writedown	Balance at August 31, 2015	Balance at August 31, 2015
Land	$ 12,357,859	$ 233,561	$	$	$ 12,591,420	$ -	$ -	$ -	$ -	$ -	$ 12,591,420
Land improvements	14,063,642	306,247			14,369,889	3,142,810	947,953			4,090,763	10,279,126
Buildings	409,762,454	12,531,902	20,585,230		442,879,586	130,517,870	13,118,086			143,635,956	299,243,630
Portable structures	7,189,047	60,229			7,249,276	3,724,909	275,470			4,000,379	3,248,897
Assets under construction	13,783,684	12,360,183	(20,585,230)		5,558,637	-				-	5,558,637
Pre-acquisition costs	242,792	403,043			645,835	-				-	645,835
Furniture and equipment	4,304,454	21,775		(473,030)	3,853,199	2,776,497	349,122		(473,030)	2,652,589	1,200,610
First time equipping	7,043,340	866,616			7,909,956	2,792,831	690,344			3,483,175	4,426,781
Computer hardware	7,094,990	1,332,606		(1,152,391)	7,275,205	3,319,848	1,437,019		(1,152,391)	3,604,476	3,670,729
Computer software	819,982			(27,764)	792,218	422,190	179,986		(27,764)	574,412	217,806
Vehicles	1,028,638				1,028,638	857,094	92,985			950,079	78,559
Assets Permanently Removed from Service	5,053,498	-	1,487,600		6,541,098	3,342,658		946,250		4,288,908	2,252,190
Total	$ 482,744,380	$ 28,116,162	$ 1,487,600	$ (1,653,185)	$ 510,694,957	$ 150,896,707					

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

12. Accumulated deficit:

Accumulated deficit consists of the following:

	2016	2015
Surplus:		
Operating	$ 16,684,164	$ 13,942,058
Employee future benefits	(A5d5m,7i2n0i,s8t9r4a)pevtuitbiileilt3y,a8s129,oE2–,729,894)capita	

13. Expenses by object:

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

	2016 Budget	2016 Actual	2015 Actual
Current expenses:			
Salary and wages	$ 282,244,088	$ 284,078,775	$ 281,211,494
Employee benefits	42,189,836	43,677,511	44,498,121
Staff development	797,983	607,380	684,254
Supplies and services	37,886,789	39,777,423	41,615,130
Interest	8,603,011	8,364,881	8,148,895
Rental expenses	112,408	213,246	144,451
Fees and contract services	15,550,182	15,260,342	15,155,783
Other	2,075,682	1,874,269	2,507,166
Amortization and write downs of tangible capital assets	18,037,719	18,348,866	17,133,617
	$ 407,497,698	$ 412,202,693	$ 411,098,911

14. Ontario School Board Insurance Exchange (OSBIE):

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

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

15. Commitments:

At August 31, 2016, the Board is committed to capital expenditures in the amount of $21,981,531 to be funded by Ministry of Education capital grant programs.

17. Transportation consortium (continued):

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

The following provides condensed financial information:

	2016 Total	2016 Board Portion	2015 Total	2015 Board Portion
Financial Position :				
Financial assets	$ 252,350	$ 81,422	$ 248,453	$ 129,735
Liabilities	252,350	112,584	248,453	118,053
Accumulated surplus (deficit)	-	(31,162)	-	11,682
Operations:				
Revenues	20,952,956	10,774,986	20,191,759	10,821,000
Expenses	20,952,956	10,774,986	20,191,759	10,821,000
Annual surplus	$ -	$ -	$ -	$ -

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

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

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