

**Simcoe County District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2023**

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**Management Report**

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**Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Simcoe County District School Board are the responsibility of the board management and have been prepared in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

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 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 of Trustee's approval of the consolidated financial statements.

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

  
\_\_\_\_\_  
John Dance  
Director of Education  
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Corry Van Nispen  
Superintendent of Business and Facility Services

November 23, 2023

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## Independent Auditor's Report

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### To the Board of Trustees of the Simcoe County District School Board

#### Opinion

We have audited the consolidated financial statements of the Simcoe County District School Board and its controlled entities (the group), which comprise the consolidated statement of financial position as at August 31, 2023, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

#### 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 - Basis of Accounting

We draw attention to the summary of significant accounting policies attached 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. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the basis of accounting described in the summary of significant accounting policies attached 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.

In preparing the consolidated financial statements, management is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
November 23, 2023

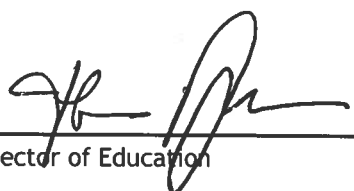
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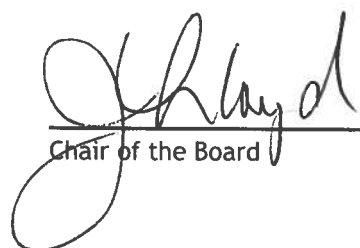
**Simcoe County District School Board**  
**Consolidated Statement of Financial Position**  
(in thousands of dollars)

August 31	2023	2022
		Restated (note 1)
<b>Financial Assets</b>		
Cash and cash equivalents (note 3)	\$ 50,083	\$ 34,603
Accounts receivable	45,893	45,600
Accounts receivable - Government of Ontario (note 2)	<u>201,114</u>	<u>216,743</u>
	<u>297,090</u>	<u>296,946</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	44,745	39,731
Deferred revenue (note 4)	53,331	48,486
Deferred capital contributions (note 5)	568,384	569,374
Employee future benefits liability (note 7)	36,071	38,674
Net long-term debt (note 8)	130,166	142,974
Asset retirement obligation (note 6)	<u>22,819</u>	<u>20,097</u>
	<u>855,516</u>	<u>859,336</u>
<b>Net Debt</b>	<u>(558,426)</u>	<u>(562,390)</u>
<b>Non-Financial Assets</b>		
Inventory (note 19)	230	569
Prepaid expenses	6,286	5,241
Tangible capital assets (note 9)	<u>702,773</u>	<u>694,256</u>
	<u>709,289</u>	<u>700,066</u>
<b>Accumulated Surplus (note 10)</b>	<u>\$ 150,863</u>	<u>\$ 137,676</u>

**Contingent Liabilities and Contractual Obligations (notes 17 and 18)**

Signed on behalf of the Board

  
\_\_\_\_\_  
Director of Education

  
\_\_\_\_\_  
Chair of the Board

**Simcoe County District School Board**  
**Consolidated Statement of Operations**  
(in thousands of dollars)

<b>For the year ended August 31</b>	<b>Budget 2023</b>	<b>Actual 2023</b>	<b>Actual 2022</b>
	(note 12)		Restated (note 1)
<b>Revenues</b>			
Grants for student needs (note 11)			
Provincial legislative grants	\$ 484,183	\$ 486,258	\$ 454,519
Education property tax	164,759	167,995	164,174
Provincial grants - other	9,419	15,494	29,124
School generated funds	8,400	11,168	5,429
Federal grants and fees	691	809	1,302
Investment income	1,880	4,303	1,964
Other revenues - school boards	220	218	215
Other fees and revenues	24,778	14,709	21,585
Amortization of deferred capital contributions	40,332	39,773	37,907
	<b>734,662</b>	<b>740,727</b>	<b>716,219</b>
<b>Expenses (note 13)</b>			
Instruction	554,536	555,276	535,441
Administration	16,840	16,380	15,720
Transportation	26,624	23,532	25,576
Pupil accommodation	105,874	109,831	101,743
School generated funds	7,175	10,306	5,275
Other	6,929	12,215	10,837
	<b>717,978</b>	<b>727,540</b>	<b>694,592</b>
<b>Annual surplus</b>	<b>16,684</b>	<b>13,187</b>	<b>21,627</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>137,676</b>	<b>137,676</b>	<b>130,168</b>
<b>Accumulated surplus PSAS adjustment (note 1)</b>	<b>-</b>	<b>-</b>	<b>(14,119)</b>
<b>Accumulated surplus, beginning of year, as restated</b>	<b>-</b>	<b>-</b>	<b>116,049</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 154,360</b>	<b>\$ 150,863</b>	<b>\$ 137,676</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Simcoe County District School Board**  
**Consolidated Statement of Changes in Net Debt**  
(in thousands of dollars)

<b>For the year ended August 31</b>	<b>2023</b>	<b>2022</b>
		Restated (note 1)
<b>Annual surplus</b>	<b>\$ 13,187</b>	<b>\$ 21,627</b>
<b>Tangible capital asset activity</b>		
Acquisition of tangible capital assets	(48,431)	(67,870)
Amortization and transfers of tangible capital assets	42,636	40,369
Change in estimate of TCA - ARO (note 6)	(2,722)	-
Proceeds on sale of tangible capital assets	-	1,708
Gain on disposal of tangible capital assets allocated to deferred revenue	-	(1,708)
<b>Total tangible capital asset activity</b>	<b>(8,517)</b>	<b>(27,501)</b>
<b>Other non-financial asset activity</b>		
Change in inventory	339	61
Change in prepaid expenses	(1,045)	178
<b>Total other non-financial asset activity</b>	<b>(706)</b>	<b>239</b>
<b>Change in net debt</b>	<b>3,964</b>	<b>(5,635)</b>
<b>Net debt, beginning of year, as previously stated</b>	<b>(562,390)</b>	<b>(536,658)</b>
<b>Net debt PSAS adjustment (note 1)</b>	<b>-</b>	<b>(20,097)</b>
<b>Net debt, beginning of year, as restated</b>	<b>-</b>	<b>(556,755)</b>
<b>Net debt, end of year</b>	<b>\$ (558,426)</b>	<b>\$ (562,390)</b>

**Simcoe County District School Board**  
**Consolidated Statement of Cash Flows**  
(in thousands of dollars)

<b>For the year ended August 31</b>	<b>2023</b>	<b>2022</b>
<b>Operating transactions</b>		
Annual surplus	\$ 13,187	\$ 21,627
Change in non-cash items including:		
Amortization and transfers of tangible capital assets	42,636	40,369
Gain on disposal of tangible capital assets	-	(1,708)
Amortization of deferred capital contributions	(39,773)	(37,907)
Disposals and transfers to financial assets	-	138
Changes in non-cash operating balances		
Accounts receivable	(292)	(10,681)
Accounts payable and accrued liabilities	5,014	(11,798)
Deferred revenue	4,845	6,470
Employee future benefits liability	(2,603)	(3,119)
Inventory	339	61
Prepaid expenses	(1,045)	178
<b>Cash provided by operating transactions</b>	<b>22,308</b>	<b>3,630</b>
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(48,431)	(67,870)
Proceeds on disposal of tangible capital assets	-	1,708
<b>Cash applied to capital transactions</b>	<b>(48,431)</b>	<b>(66,162)</b>
<b>Financing transactions</b>		
Long-term debt repaid	(7,499)	(7,175)
Increase in sinking fund assets	(5,309)	(7,871)
Government of Ontario payments received for capital grants	28,232	37,720
Government of Ontario debt support payments received for debt support	11,047	10,722
Government of Ontario delayed grant	(3,219)	(10,148)
Deferred capital contributions received	18,351	15,558
<b>Cash provided by financing transactions</b>	<b>41,603</b>	<b>38,806</b>
<b>Net change in cash and cash equivalents</b>	<b>15,480</b>	<b>(23,726)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>34,603</b>	<b>58,329</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 50,083</b>	<b>\$ 34,603</b>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.



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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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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 Administrative 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 require 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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## Simcoe County District School Board Summary of Significant Accounting Policies

**For the year ended August 31, 2023**

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**(b) 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 Simcoe County District School Board ("the board") and which are controlled by the Board of Trustees.

School generated funds, which include the assets, liabilities, revenues 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.

The assets, liabilities, revenues and expenses of the Simcoe County Student Transportation Consortium are reflected in these consolidated financial statements.

Inter-departmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

**(c) 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.

**(d) Financial Instruments**

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument held by the board.

<b>Financial Instrument</b>	<b>Measurement Method</b>
Cash and cash equivalents	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Long-term debt	Cost
Guaranteed investment certificates	Amortized Cost

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and line of credit.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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### (f) Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

The board has guaranteed investment certificates, which are recorded at amortized cost using the effective interest rate method and are included in sinking fund assets related to long-term debt (note 8).

### (g) Deferred Revenue

Certain revenue amounts are received pursuant to legislation, regulation or agreement and may only be used in 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 performed.

### (h) 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 capital 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 purposes;
- Property taxation revenues which were historically used to fund capital assets.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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### (i) 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, dental, health care, retirement gratuity, sick leave, workplace insurance 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: ETFO, OSSTF, CUPE, and a trust 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 a school board's participation date into the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Effective November 1, 2016, the board is no longer responsible to provide certain benefits to ETFO, OSSTF and ETFO EW. The remaining groups transitioned to their respective Trusts throughout the 2017-18 year. This includes non-unionized employees, principals and vice principals, EWAO (APSSP), OCEW (OPSEU) and CUPE. School boards whose employee groups transitioned their health, dental and life benefits to the ELHT are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and a Stabilization Adjustment.

As a result of these agreements, employees who retire after August 31, 2013 are no longer eligible for board subsidized post-retirement benefits. For those who retired prior to August 31, 2013 and are grandfathered under the MOU, the board continues to provide health, dental and life insurance benefits for retired individuals and all employee groups, and continues to have a liability for payment of benefits for those who are on long-term disability or for some retirees who are retired under these plans.

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance 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 (if applicable) 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, 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. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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**(i) Retirement and Other Employee Future Benefits - continued**

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

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

**(j) 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 and legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all 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:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Furniture, equipment and computer equipment	3 - 15
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.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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### **(k) 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.

### **(l) 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.

### **(m) Long-term Debt**

Long-term debt is recorded net of related sinking fund asset balances.

### **(n) Budget Figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees. The budget approved by the Board of 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. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements.

### **(o) Use of Estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits, the estimated useful life of tangible capital assets and asset retirement obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

With regards to the measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$23 million, these estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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**(p) Education Property Tax Revenue**

Under Canadian 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, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**1. Change in Accounting Policies - Adoption of New Accounting Standards**

The board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

As the board has not experienced any unrealized gains or losses arising from foreign currency changes or from changes in fair value, a Statement of Remeasurement Gains and Losses has not been included in the consolidated financial statements.



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## Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2023

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### 1. Change in Accounting Policies - Adoption of New Accounting Standards - continued

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a tangible capital asset.

The board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

## Simcoe County District School Board Summary of Significant Accounting Policies

**For the year ended August 31, 2023**

### 1. Change in Accounting Policies - Adoption of New Accounting Standards - continued

Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability of those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific.

As a result of applying this accounting standard, an asset retirement obligation of \$22,818,697 (2022 - \$20,096,754) was recognized as a liability in the consolidated statement of financial position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated TCA amortization expense was not restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
<u>Consolidated Statement of Financial Position</u>			
Tangible capital assets	\$ 688,278	5,978	\$ 694,256
Asset retirement obligation	\$ -	20,097	\$ 20,097
Accumulated surplus	\$ 151,795	(14,119)	\$ 137,676
<u>Consolidated Statement of Change in Net Debt</u>			
Net debt, beginning of year	\$ (536,658)	(20,097)	\$ (556,755)
Net debt, end of year	\$ (542,293)	(20,097)	\$ (562,390)
<u>Consolidated Statement of Operations</u>			
Accumulated surplus, end of year	\$ 151,795	(14,119)	\$ 137,676

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**2. Accounts Receivable - Government of Ontario**

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. The Simcoe County 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 \$140,558,406 as at August 31, 2023 (2022 - \$159,406,033) with respect to capital grants.

During the year ended August 31, 2023, the board received payments from the Province of Ontario of \$39,278,720 (2022 - \$48,442,468), of which \$28,231,363 (2022 - \$37,719,937) is related to capital grants and \$11,047,357 (2022 - \$10,722,531) is related to debt support funding.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As a 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, 2023 is \$60,555,919 (2022 - \$57,336,868).

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**3. Temporary Borrowing**

The board has a line of credit available to the maximum of \$35,000,000 to address operating requirements and to bridge capital expenditures.

Interest on the line of credit is the bank's prime lending rate less 0.35%. The line of credit is due on demand and is secured by a current Borrowing By-law. The amount drawn on the line of credit as at August 31, 2023 was \$NIL (2022 - \$NIL). This amount has been included in cash and cash equivalents on the Consolidated Statement of Financial Position.

The agreement covering the line of credit sets out the following covenant to be maintained by the board:

- (i) aggregate borrowings for current expenditures and sums required to meet debt charges in a fiscal year not to exceed the unreceived balance of estimated current year revenues.

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

**4. Deferred Revenue**

Revenues received and 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, 2023 is comprised of:

	Balance as at August 31, 2022	Externally Restricted Revenue and Investment Income	Transfer to Deferred Capital Contributions	Revenue Recognized in the Period	Balance as at August 31, 2023
Legislative grants - operating	\$ 16,223	\$ 97,933	\$ -	\$ (94,030)	\$ 20,126
Legislative grants - capital	12,398	40,502	(16,372)	(23,277)	13,251
EPO grants	277	11,378	-	(11,251)	404
Proceeds of disposition	13,323	-	(1,792)	-	11,531
Education charges	2,766	10,392	-	(7,580)	5,578
Other	3,499	4,440	(199)	(5,299)	2,441
	<b>\$ 48,486</b>	<b>\$ 164,645</b>	<b>\$ (18,363)</b>	<b>\$ (141,437)</b>	<b>\$ 53,331</b>

**5. 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.

	2023	2022
Balance, beginning of year	\$ 569,374	\$ 554,502
Additions to deferred capital contributions	38,783	52,641
Disposals and transfers to financial assets	-	138
Revenue recognized in the year	(39,773)	(37,907)
Balance, end of year	<b>\$ 568,384</b>	<b>\$ 569,374</b>

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2023**

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**6. Asset Retirement Obligation**

The board has recorded ARO as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	<u>2023</u>	<u>2022</u>
Liability for asset retirement obligations, beginning of year	\$ 20,097	\$ -
Opening adjustments for PSAS adjustment	-	20,097
Increase in liabilities reflecting changes in the estimate of liabilities	<u>2,722</u>	<u>-</u>
Liability for asset retirement obligations, end of year	<u>\$ 22,819</u>	<u>\$ 20,097</u>

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

**7. Retirement and Other Employee Future Benefits**

**(a) Retirement and Other Employee Future Benefit Liabilities**

	2023		2022		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations at August 31	\$ 28,048	\$ 685	\$ 7,760	\$ 36,493	\$ 39,994
Unamortized actuarial losses at August 31	(437)	15	-	(422)	(1,320)
Employee future benefit liability at August 31	<u>\$ 27,611</u>	<u>\$ 700</u>	<u>\$ 7,760</u>	<u>\$ 36,071</u>	<u>\$ 38,674</u>

**(b) Retirement and Other Employee Future Benefit Expense**

	2023		2022		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 609	\$ 2,551	\$ 3,160	\$ 2,642
Interest on accrued benefit obligation	1,159	4	235	1,398	800
Amortization of actuarial losses	476	(228)	-	248	981
Employee future benefit expense <sup>1</sup>	<u>\$ 1,635</u>	<u>\$ 385</u>	<u>\$ 2,786</u>	<u>\$ 4,806</u>	<u>\$ 4,423</u>

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan described below.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**7. Retirement and Other Employee Future Benefits - continued**

**(c) Retirement Benefits**

**(i) Ontario Teachers' Pension Plan**

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Pro-rata matching contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to the pension plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to the pension 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 is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to 559,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. As a result, the board does not recognize any share of the OMERS pension surplus or deficit. During the year ended August 31, 2023, the board contributed \$8,320,481 (2022 - \$7,790,098) to the plan.

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**7. Retirement and Other Employee Future Benefits - continued**

(iii) 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.

During the year ended August 31, 2023, the board contributed \$4,785,772 (2022 - \$5,140,277) related to retirement gratuities.

(iv) Retirement Life Insurance and Health Care Benefits

The board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums may be 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.

During the year ended August 31, 2023, the board contributed \$117,892 (2022 - \$127,411) related to these benefits.

**(d) Other Employee Future Benefits**

(i) Sick Leave Benefits

During the year ended August 31, 2023, the board contributed \$386,243 (2022 - \$692,467) related to sick leave benefits.

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 consolidated financial statements are \$371,051 (2022 - \$706,345).



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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**7. Retirement and Other Employee Future Benefits - continued**

The accrued benefit obligations as at August 31, 2023 for the employee future benefit plans detailed above in paragraphs (c)(iii), (c)(iv), and (d)(i) are based on actuarial valuations for accounting purposes as at August 31, 2023. These actuarial valuations were based on assumptions about future events and based on updated average daily salary and banked sick days at August 31, 2023. The economic assumptions used in these valuations are the board's best estimates of expected rates of:

	2023	2022
Inflation	2.00 %	2.00 %
Wage and salary escalation	NIL %	NIL %
Health care cost escalation	5.00 %	5.00 %
Dental cost escalation	5.00 %	5.00 %
Discount rate on accrued benefit obligations	4.40 %	3.90 %

The board has restricted a portion of its accumulated surplus for certain of these employee future benefits in the amount of \$12,627,321 as at August 31, 2023 (2022 - \$17,770,421).

(ii) 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. School boards are required 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 collective agreement negotiated prior to 2012 included such a provision.

During the year ended August 31, 2023, the board contributed \$2,106,713 (2022 - \$1,574,142) related to Workplace Safety and Insurance Board obligations.

The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2023 are based on actuarial valuations for accounting purposes as at August 31, 2023. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the board's best estimates of expected rates of:

	2023	2022
Inflation	2.50 %	2.70 %
Insurance and health care cost escalation	4.00 %	4.00 %
Discount on accrued benefit obligations	4.40 %	3.90 %

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

**8. Net Long-term Debt**

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	<u>2023</u>	<u>2022</u>
Sinking fund debenture payable - Bylaw #2001-01B for permanent improvements, 6.800% per annum, interest payable semi-annually, principal due on maturity, June 2026	\$ 76,565	\$ 76,565
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1 for permanent improvements, 4.560% per annum, repayable \$979,027 semi-annually blended principal and interest, due November 2031	13,670	14,960
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for permanent improvements, 4.900% per annum, repayable \$898,315 semi-annually blended principal and interest, due March 2033	13,846	14,924
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-2 for permanent improvements, 4.860% per annum, repayable \$1,079,291 semi-annually blended principal and interest, due June 2033	17,092	18,373
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for permanent improvements, 5.062% per annum, repayable \$418,966 semi-annually blended principal and interest, due March 2034	6,917	7,387
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for permanent improvements, 5.182% per annum, repayable \$701,094 semi-annually blended principal and interest, due April 2035	12,311	13,041
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-1 for permanent improvements, 4.833% per annum, repayable \$293,270 semi-annually blended principal and interest, due March 2036	5,557	5,864
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-2A for permanent improvements, 3.970% per annum, repayable \$52,029 semi-annually blended principal and interest, due November 2036	1,079	1,139

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

**8. Net Long-term Debt - continued**

	2023	2022
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-2B for permanent improvements, 3.970% per annum, repayable \$15,089 semi-annually blended principal and interest, due November 2036	313	330
Ontario Financing Authority (OFA) loan payable - Bylaw #2012-1 for permanent improvements, 3.564% per annum, repayable \$1,206,935 semi-annually blended principal and interest, due March 2037	26,153	27,595
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for permanent improvements, 3.663% per annum, repayable \$570,731 semi-annually blended principal and interest, due June 2038	13,157	13,799
Ontario Financing Authority (OFA) loan payable - Bylaw #2014-1 for permanent improvements, 4.003% per annum, repayable \$175,081 semi-annually blended principal and interest, due March 2039	4,074	4,256
	<b>190,734</b>	<b>198,233</b>
Less: Sinking fund assets	<b>(60,568)</b>	<b>(55,259)</b>
	<b>\$ 130,166</b>	<b>\$ 142,974</b>

Payments relating to net long-term debt outstanding as at August 31, 2023 are due as follows:

	Sinking Funds	Principal	Interest	Total
2024	\$ 3,548	\$ 7,839	\$ 10,147	\$ 21,534
2025	3,548	8,194	9,792	21,534
2026	26,891	8,566	9,420	44,877
2027	-	8,955	3,824	12,779
2028	-	9,362	3,422	12,784
Thereafter	-	71,253	12,147	83,400
	<b>\$ 33,987</b>	<b>\$ 114,169</b>	<b>\$ 48,752</b>	<b>\$ 196,908</b>

Interest on long-term debt amounted to \$10,487,048 (2022 - \$10,811,875).

Included in net long-term debt are outstanding sinking fund debentures of \$76,565,000 (2022 - \$76,565,000) secured by sinking fund assets with a carrying value of \$60,568,434 (2022 - \$55,259,271) and a market value of \$60,187,559 (2022 - \$55,246,568). Sinking fund assets are comprised of cash of \$4,126,048 (2022 - \$NIL) and 26 (2022 - 25) guaranteed investment certificates with cost of \$56,442,386 (2022 - \$55,259,271), market value of \$56,061,511 (2022 - \$55,246,568) bearing interest from 1.00% to 5.10% (2022 - 1.00% to 4.86%) and maturing between September 17, 2024 and June 2, 2026 (2022 - August 28, 2023 and June 2, 2026). During the year, interest earned on the sinking fund assets amounted to \$1,760,966 (2022 - \$1,552,875).

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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
(tabular amounts in thousands of dollars)

**For the year ended August 31, 2023**

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**9. Tangible Capital Assets**

a) Assets under construction

Assets under construction having a value of \$3,774,877 (2022 - \$22,683,642) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

There were no write-downs of tangible capital assets during the year or in the previous year.

c) Asset inventories for resale (assets permanently removed from service)

The board has identified \$2,903,703 (2022 - \$2,903,703) of building properties that qualify as "assets permanently removed from service"; \$NIL (2022 - \$2) related to buildings has been included in the net book value ending balance as at August 31, 2023.

d) School properties sold during the year

During the year, no school properties (2022 - two school properties) were sold. Net proceeds of \$NIL (2022 - \$1,708,507) was received on the sale of the properties in 2023, which had a carrying value of \$NIL (2022 - \$NIL), resulting in a gain of \$NIL (2022 - \$1,708,507). The entire gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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For the year ended August 31, 2023

**9. Tangible Capital Assets - continued**

	Cost				Accumulated Amortization				Net Book Value 2023	Net Book Value 2022 Restated (note 1)
	Opening Restated (note 1)	Additions/ Transfers	Disposals	Closing	Opening Restated (note 1)	Additions/ Transfers	Disposals	Closing		
Land	\$ 93,811	\$ 7,158	\$ -	\$ 100,969	\$ -	\$ -	\$ -	\$ -	\$ 100,969	\$ 93,811
Land improvements	42,835	3,137	-	45,972	21,495	2,400	-	23,895	22,077	21,340
Buildings	917,346	48,551	-	965,897	391,092	33,647	-	424,739	541,158	526,254
Portable structures	12,418	1,649	-	14,067	1,484	608	-	2,092	11,975	10,934
Assets permanently removed from service	2,903	-	-	2,903	2,903	-	-	2,903	-	-
Construction in progress	22,684	(18,909)	-	3,775	-	-	-	-	3,775	22,684
Pre-acquisition costs	336	336	-	672	-	-	-	-	672	336
Leasehold improvements	2,673	-	-	2,673	1,850	139	-	1,989	684	823
Furniture, equipment and computer equipment	25,471	6,509	(3,723)	28,257	13,375	5,194	(3,723)	14,846	13,411	12,096
Land improvements (ARO)	6,199	871	-	7,070	4,217	205	-	4,422	2,648	1,982
Buildings (ARO)	13,174	1,851	-	15,025	9,178	443	-	9,621	5,404	3,996
	<b>\$ 1,139,850</b>	<b>\$ 51,153</b>	<b>\$ (3,723)</b>	<b>\$ 1,187,280</b>	<b>\$ 445,594</b>	<b>\$ 42,636</b>	<b>\$ (3,723)</b>	<b>\$ 484,507</b>	<b>\$ 702,773</b>	<b>\$ 694,256</b>

**Simcoe County District School Board**  
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**For the year ended August 31, 2023**

**10. Accumulated Surplus**

Accumulated surplus consists of the following:

	2023	2022
		Restated (note 1)
<b>Available for Compliance - Unappropriated</b>		
Operating accumulated surplus	\$ 17,231	\$ 16,159
 <b>Available for Compliance - Internally Appropriated</b>		
Facility renewal	4,235	5,235
Program renewal	481	614
Other board appropriated	24,562	23,875
Committed sinking fund interest earned	8,591	7,553
Committed capital projects	19,022	20,443
Total Internally Appropriated	56,891	57,720
 <b>Unavailable for Compliance</b>		
Revenues recognized for land	101,641	94,146
School generated funds	5,008	4,147
Amounts to be recovered	(15,141)	(20,377)
Asset retirement obligation	(14,767)	(14,119)
Total Externally Appropriated	76,741	63,797
 <b>Total Accumulated Surplus</b>	\$ 150,863	\$ 137,676

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2023**

**11. Grants for Student Needs**

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rates. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 88% (2022 - 86%) of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial Legislative Grants	\$ 486,258	\$ 454,519
Education Property Tax	167,995	164,174
Grants for Student Needs	\$ 654,253	\$ 618,693

**12. Budget Data**

The budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Board of Trustees on May 25, 2022. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2023 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the Consolidated Statement of Operations, the budget figures in the Consolidated Statement of Changes in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable.

	2023
Budget deficit for the year, as approved	\$ (5,123)
Add:	
Budget surplus - School Generated Funds	1,225
Employee future benefits	5,298
Education development charge revenues	17,421
Less:	
Budget deficit - Simcoe County Student Transportation Consortium	(1,826)
Adjustment to budget	(311)
Budget surplus per consolidated statement of operations	\$ 16,684

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**Simcoe County District School Board**  
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**13. Expenses by Object**

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	Budget 2023	Actual 2023	Actual 2022
<b>Expenses</b>			
Salary and wages	\$ 482,137	\$ 485,091	\$ 471,225
Employee benefits	87,029	86,695	81,345
Staff development	1,322	1,386	1,313
Supplies and services	36,821	34,387	30,797
Interest charges on capital	10,396	10,395	10,723
Rental expenses	3,082	2,713	2,596
Fees and contract services	40,619	41,284	39,941
Other	6,978	12,647	11,401
	668,384	674,598	649,341
School generated funds	7,175	10,306	5,275
Amortization - TCA and TCA-ARO	42,419	42,636	39,976
	\$ 717,978	\$ 727,540	\$ 694,592

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**14. Trust Funds**

Trust funds administered by the board amounting to \$5,868,055 (2022 - \$6,895,923) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

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**Simcoe County District School Board**  
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**15. Partnership in the Simcoe County Student Transportation Consortium**

The board and the Simcoe Muskoka Catholic District School Board (SMCDSB) jointly operate the Simcoe County Student Transportation Consortium (SCSTC) to provide common administration of student transportation in the County. The agreement related to the operation of the SCSTC was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the SCSTC are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through SCSTC. 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. Inter-entity transactions and balances have been eliminated on consolidation.

The following provides condensed financial information:

	2023 Total	2023 SCDSB Portion (60%)	2022 Total	2022 SCDSB Portion (60%)
<b>Financial Position</b>				
Financial assets	\$ 1,104	\$ 662	\$ 866	\$ 520
Liabilities	(302)	(181)	(524)	(315)
Non-financial assets	128	77	313	188
Accumulated surplus	<b>\$ 930</b>	<b>\$ 558</b>	<b>\$ 655</b>	<b>\$ 393</b>
<b>Results of Operations</b>				
Revenues	\$ 41,630	\$ 24,978	\$ 39,652	\$ 23,791
Expenses	41,355	24,813	40,137	24,082
Annual surplus (deficit)	<b>\$ 275</b>	<b>\$ 165</b>	<b>\$ (485)</b>	<b>\$ (291)</b>

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**Simcoe County District School Board**  
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**16. Repayment of "55 School Board Trust" Funding**

On June 1, 2003, the board received \$27,129,972 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. The flow-through of \$2,021,201 (2022 - \$2,021,201) in grants in respect of the above agreement for the year ended August 31, 2023, is recorded in these consolidated financial statements.

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**17. Contingent Liabilities**

- a) During the normal course of operations, various proceedings and claims are filed against the board. The board reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the consolidated financial position or future consolidated results of operations of the board. Accordingly, no provision has been made in these consolidated financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year that the related litigation is settled.
  
  - b) The board had letters of credit outstanding with the bank as at August 31, 2023 of \$3,055,684 (2022 - \$3,631,453), which were required from the municipalities for security on some of the construction projects.
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**18. Contractual Obligations**

- a) The board has ongoing commitments under operating leases for premises rent and maintenance vehicles.

The sum of \$3,852,540 is payable with respect to these operating leases as follows:

2024	\$	1,671
2025		911
2026		512
2027		382
2028		176
Thereafter		201
		<hr/>
	\$	3,853

- b) During the year the board had work performed on several major projects related to the construction and upgrading of certain permanent facilities under the terms of various contracts. Approximately \$27,562,848 related to these contracts has not been expended as at August 31, 2023 (2022 - \$12,148,404).

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**19. In-Kind Transfers from the Ministry of Public and Business Service Delivery**

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of Personal Protective Equipment (PPE) and Critical Supplies and Equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$315,073 (2022 - \$9,764,094) with expenses based on use of \$654,453 (2022 - \$9,824,783) for a net impact of \$229,694 (2022 - \$569,075). This amount has been recorded as inventory on the consolidated statement of financial position.

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**20. Financial Instrument Risks**

Risks arising from financial instruments and risk management

The board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

Credit risk

The board's principal financial assets are cash, accounts receivable and guaranteed investment certificates, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the board's maximum credit exposure as at the Statement of Financial Position date.

Liquidity risk

Liquidity risk is the risk that the school board will encounter difficulty in meeting obligations associated with financial liabilities. The board is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term debt. The board manages its liquidity risk by monitoring expected outflows through budgeting.

Market risk

The board is exposed to interest rate risk with regard to its guaranteed investment certificates and interest rate risk on its long-term debt, all of which are regularly monitored.

The board's financial instruments consist of cash, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

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**Simcoe County District School Board**  
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**21. Future Accounting Standard Adoption**

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board for as of September 1, 2023 for the year ending August 1, 2024):

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

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