

**Simcoe County District School Board  
Consolidated Financial Statements  
For the year ended August 31, 2018**

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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.

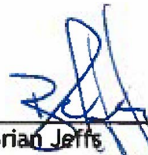
The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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.



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Steve Blake  
Director of Education



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Brian Jeffs  
Superintendent of Business

November 14, 2018

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Simcoe County District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in 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.

#### Auditor's 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements of the Simcoe County District School Board as at and for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

#### Emphasis of Matter

Without modifying our opinion, 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
November 14, 2018


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

| August 31  | 2018             | 2017             |
|--|------------------|------------------|
| <b>Financial Assets</b>                              |                  |                  |
| Cash and cash equivalents (note 2)                   | \$ 51,447        | \$ 41,125        |
| Accounts receivable                                  | 30,523           | 29,660           |
| Accounts receivable - Government of Ontario (note 1) | 198,637          | 207,050          |
|  | <b>280,607</b>   | <b>277,835</b>   |
| <b>Financial Liabilities</b>                         |                  |                  |
| Accounts payable and accrued liabilities             | 26,369           | 29,308           |
| Deferred revenue (note 3)                            | 33,956           | 22,615           |
| Deferred capital contributions (note 4)              | 526,938          | 508,624          |
| Employee future benefits liability (note 5)          | 46,492           | 48,135           |
| Net long-term debt (note 6)                          | 192,265          | 207,157          |
|  | <b>826,020</b>   | <b>815,839</b>   |
| <b>Net Debt</b>                                      | <b>(545,413)</b> | <b>(538,004)</b> |
| <b>Non-Financial Assets</b>                          |                  |                  |
| Prepaid expenses                                     | 7,828            | 1,743            |
| Tangible capital assets (note 7)                     | 610,565          | 592,435          |
|  | <b>618,393</b>   | <b>594,178</b>   |
| <b>Accumulated surplus (note 8)</b>                  | <b>\$ 72,980</b> | <b>\$ 56,174</b> |


**Contingent Liabilities and Contractual Obligations (notes 14 and 15)**

Signed on behalf of the Board


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Director of Education


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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<br/>2018</b> | <b>Actual<br/>2018</b> | <b>Actual<br/>2017</b> |
|--|------------------------|------------------------|------------------------|
|  | (note 9)               |                        |                        |
| <b>Revenues</b>                                |                        |                        |                        |
| Provincial grants                              |                        |                        |                        |
| Grants for student needs                       | \$ 403,330             | \$ 402,863             | \$ 383,864             |
| Other  | 6,350                  | 12,175                 | 7,826                  |
| Local taxation                                 | 165,329                | 164,293                | 161,414                |
| School generated funds                         | 13,674                 | 15,066                 | 14,915                 |
| Federal grants and fees                        | 848                    | 879                    | 845                    |
| Investment income                              | 1,290                  | 1,745                  | 1,223                  |
| Other revenues - school boards                 | -                      | 147                    | 68                     |
| Other fees and revenues                        | 11,268                 | 8,547                  | 12,759                 |
| Amortization of deferred capital contributions | 34,493                 | 33,103                 | 32,405                 |
|  | <b>636,582</b>         | <b>638,818</b>         | 615,319                |
| <b>Expenses (note 10)</b>                      |                        |                        |                        |
| Instruction                                    | 486,445                | 477,625                | 460,443                |
| Administration                                 | 13,261                 | 14,114                 | 13,300                 |
| Transportation                                 | 18,825                 | 19,365                 | 18,547                 |
| Pupil accommodation                            | 94,584                 | 92,948                 | 90,990                 |
| School generated funds                         | 14,076                 | 14,890                 | 14,618                 |
| Other  | -                      | 3,070                  | 514                    |
|  | <b>627,191</b>         | <b>622,012</b>         | 598,412                |
| <b>Annual surplus</b>                          | <b>9,391</b>           | <b>16,806</b>          | 16,907                 |
| <b>Accumulated surplus, beginning of year</b>  | <b>56,174</b>          | <b>56,174</b>          | 39,267                 |
| <b>Accumulated surplus, end of year</b>        | <b>\$ 65,565</b>       | <b>\$ 72,980</b>       | \$ 56,174              |

**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>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| <b>Annual surplus</b>  | <b>\$ 16,806</b>    | <b>\$ 16,907</b>    |
| <b>Tangible capital asset activity</b>                                       |                     |                     |
| Acquisition of tangible capital assets                                       | (53,154)            | (47,977)            |
| Amortization of tangible capital assets                                      | 34,962              | 34,060              |
| Proceeds on sale of tangible capital assets                                  | 4,307               | -                   |
| Proceeds on sale of tangible capital assets<br>allocated to deferred revenue | (4,245)             | -                   |
| <b>Total tangible capital asset activity</b>                                 | <b>(18,130)</b>     | <b>(13,917)</b>     |
| <b>Other non-financial asset activity</b>                                    |                     |                     |
| Change in prepaid expenses   | (6,085)             | 153                 |
| <b>Change in net debt</b>  | <b>(7,409)</b>      | <b>3,143</b>        |
| <b>Net debt, beginning of year</b>   | <b>(538,004)</b>    | <b>(541,147)</b>    |
| <b>Net debt, end of year</b>   | <b>\$ (545,413)</b> | <b>\$ (538,004)</b> |

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

| <b>For the year ended August 31</b>   | <b>2018</b>      | <b>2017</b>      |
|---|------------------|------------------|
| <b>Operating transactions</b>   |                  |                  |
| Annual surplus  | \$ 16,806        | \$ 16,907        |
| Change in non-cash items including:   |                  |                  |
| Amortization, writedowns and gain/loss on disposal of tangible capital assets | 34,962           | 34,060           |
| Gain on disposal of tangible capital assets                                   | (4,245)          | (5,400)          |
| Amortization of deferred capital contributions                                | (33,109)         | (32,405)         |
| Changes in non-cash operating balances  |                  |                  |
| Accounts receivable   | (863)            | (4,950)          |
| Accounts payable and accrued liabilities                                      | (2,939)          | (7,065)          |
| Deferred revenue  | 11,341           | 13,128           |
| Employee future benefits liability  | (1,643)          | (2,429)          |
| Prepaid expenses  | (6,085)          | 153              |
| <b>Cash provided by operating transactions</b>                                | <b>14,225</b>    | <b>11,999</b>    |
| <b>Capital transactions</b>   |                  |                  |
| Cash used to acquire tangible capital assets                                  | (53,154)         | (47,977)         |
| Proceeds on disposal of tangible capital assets                               | 4,307            | 5,400            |
| <b>Cash applied to capital transactions</b>                                   | <b>(48,847)</b>  | <b>(42,577)</b>  |
| <b>Financing transactions</b>   |                  |                  |
| Long-term debt repaid   | (6,012)          | (5,752)          |
| Increase in sinking fund assets   | (8,880)          | (4,337)          |
| Government of Ontario payments received for capital grants                    | 40,305           | 29,057           |
| Government of Ontario debt support payments received for debt support         | 9,560            | 9,300            |
| Deferred capital contributions received                                       | 9,971            | 7,729            |
| <b>Cash provided by financing transactions</b>                                | <b>44,944</b>    | <b>35,997</b>    |
| <b>Net change in cash and cash equivalents</b>                                | <b>10,322</b>    | <b>5,419</b>     |
| <b>Cash and cash equivalents, beginning of year</b>                           | <b>41,125</b>    | <b>35,706</b>    |
| <b>Cash and cash equivalents, end of year</b>                                 | <b>\$ 51,447</b> | <b>\$ 41,125</b> |

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

**For the year ended August 31, 2018**

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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 services 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, 2018

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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.

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) Cash and Cash Equivalents**

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

### **(e) 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.

### **(f) 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 purpose
- 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, 2018

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### (g) 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 being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board is no longer responsible to provide certain benefits to all employee groups as of June 1, 2018. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution, as well as 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, 2018

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**(g) 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, life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to 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.

**(h) Tangible Capital Assets**

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

Leases which transfer substantially all 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:

| <b>Asset</b>                                | <b>Estimated Useful Life in Years</b> |
|---|---------------------------------------|
| Land improvements with finite lives         | 15                                    |
| Buildings and building improvements         | 40                                    |
| Portable structures                         | 20                                    |
| Furniture, equipment and computer equipment | 5 - 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, 2018**

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**(i) 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.

**(j) 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.

**(k) Long-term Debt**

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

**(l) 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. Given differences between the funding model and the basis of accounting used by the Board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

**(m) 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 and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

**For the year ended August 31, 2018**

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**(n) 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, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

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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, 2018**

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**1. 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 \$198,637,442 as at August 31, 2018 (2017 - \$207,050,200) with respect to capital grants.

During the year ended August 31, 2018, the Board received payments from the Province of Ontario of \$49,865,160 (2017 - \$38,357,686), of which \$40,305,118 (2017 - \$29,057,047) is related to capital grants and \$9,560,042 (2017 - \$9,300,639) is related to debt support funding.

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**2. 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, 2018 was \$NIL (2017 - \$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.
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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, 2018**

**3. 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, 2018 is comprised of:

|                                | Balance as at<br>August 31, 2017 | Externally<br>Restricted<br>Revenue and<br>Investment<br>Income | Transfer to<br>Deferred<br>Capital<br>Contributions | Revenue<br>Recognized<br>in the<br>Period | Balance as at<br>August 31,<br>2018 |
|--------------------------------|----------------------------------|---|---|---|-------------------------------------|
| Legislative grants - operating | \$ 1,641                         | \$ 77,131   | \$ -  | \$ (76,736)                               | \$ 2,036                            |
| Legislative grants - capital   | 7,538                            | 37,718  | (8,704)   | (26,017)                                  | 10,535                              |
| EPO grants                     | 290                              | 8,919   | -   | (8,534)                                   | 675                                 |
| Proceeds of disposition        | 8,165                            | 4,307   | (896)   | -   | 11,576                              |
| Education charges              | 3,057                            | 4,431   | -   | (1,056)                                   | 6,432                               |
| Other                          | 1,924                            | 2,075   | (371)   | (926)                                     | 2,702                               |
|                                | <b>\$ 22,615</b>                 | <b>\$ 134,581</b>   | <b>\$ (9,971)</b>                                   | <b>\$ (113,269)</b>                       | <b>\$ 33,956</b>                    |

**4. Deferred Capital Contributions**

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

|   | 2018              | 2017              |
|---|-------------------|-------------------|
| Balance, beginning of year                  | \$ 508,624        | \$ 501,200        |
| Additions to deferred capital contributions | 51,423            | 39,829            |
| Disposals of financial assets               | (6)               | -                 |
| Revenue recognized in the year              | (33,103)          | (32,405)          |
| Balance, end of year                        | <b>\$ 526,938</b> | <b>\$ 508,624</b> |

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

**For the year ended August 31, 2018**

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

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

|  | <b>2018</b>            |                           |   |   | <b>2017</b>                             |   |
|--|------------------------|---------------------------|---|---|---|---|
|  | Retirement<br>Benefits | Sick<br>Leave<br>Benefits | Other<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits |
| Accrued employee future benefit obligations at August 31 | \$ 43,857              | \$ 290                    | \$ 6,143                                | \$ 50,290                               | \$                                      | 53,612                                  |
| Unamortized actuarial losses at August 31                | (3,800)                | 2                         | -                                       | (3,798)                                 | (5,477)                                 | (5,477)                                 |
| Employee future benefit liability at August 31           | \$ 40,057              | \$ 292                    | \$ 6,143                                | \$ 46,492                               | \$                                      | 48,135                                  |

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

|  | <b>2018</b>            |                           |   |   | <b>2017</b>                             |   |
|--|------------------------|---------------------------|---|---|---|---|
|  | Retirement<br>Benefits | Sick<br>Leave<br>Benefits | Other<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits | Total<br>Employee<br>Future<br>Benefits |
| Current year benefit cost                    | \$ -                   | \$ 292                    | \$ 1,765                                | \$ 2,057                                | \$                                      | 1,319                                   |
| Interest on accrued benefit obligation       | 1,168                  | 2                         | 145                                     | 1,315                                   | 1,315                                   | 1,151                                   |
| Amortization of actuarial losses (gains)     | 554                    | 59                        | -                                       | 613                                     | 613                                     | 840                                     |
| Employee future benefit expense <sup>1</sup> | \$ 1,722               | \$ 353                    | \$ 1,910                                | \$ 3,985                                | \$                                      | 3,310                                   |

<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**  
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**For the year ended August 31, 2018**

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**5. 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. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

**(ii) Ontario Municipal Employees Retirement System**

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan 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 more than 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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, 2018, the Board contributed \$6,723,882 (2017 - \$6,493,902) to the plan.

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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, 2018**

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**5. 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 at August 31, 2012.

During the year ended August 31, 2018, the Board contributed \$3,938,052 (2017 - \$4,535,154) 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, 2018, the Board contributed \$48,805 (2017 - \$54,794) related to these benefits.

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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, 2018**

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

**(d) Other Employee Future Benefits**

(i) Sick Leave Benefits

During the year ended August 31, 2018, the Board contributed \$294,820 (2017 - \$301,980) 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 financial statements are \$351,393 (2017 - \$348,214).

(ii) 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 for a period of two years after the date of disability. The insurance carrier waives the life insurance premium for employees on long-term disability, however, the Board is responsible for the payment of the costs of health care benefits under this plan. The Board provides these through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability are fully insured and not included in this plan.

During the year ended August 31, 2018, the Board contributed \$34,057 (2017 - \$42,709) related to these benefits.

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**Simcoe County District School Board**  
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**For the year ended August 31, 2018**

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

The accrued benefit obligations as at August 31, 2018 for the employee future benefit plans detailed above in paragraphs (c)(iii), (c)(iv), (d)(i), and (d)(ii) are based on actuarial valuations for accounting purposes as at August 30, 2016. These actuarial valuations were based on assumptions about future events and based on updated average daily salary and banked sick days at August 31, 2018. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

|  | <b>2018</b>   | <b>2017</b> |
|--|---------------|-------------|
| Inflation                                    | <b>1.50 %</b> | 1.50 %      |
| Wage and salary escalation                   | <b>NIL %</b>  | NIL %       |
| Health care cost escalation                  | <b>7.75 %</b> | 8.00 %      |
| Dental cost escalation                       | <b>3.75 %</b> | 4.00 %      |
| Discount rate on accrued benefit obligations | <b>2.90 %</b> | 2.55 %      |

The Board has restricted a portion of its accumulated surplus for certain of these employee future benefits in the amount of \$38,596,867 as at August 31, 2018 (2017 - \$43,803,478).

(iii) 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, 2018, the Board contributed \$1,287,536 (2017 - \$795,741) related to Workplace Safety and Insurance Board obligations.

The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2018 are based on actuarial valuations for accounting purposes as at August 31, 2018. 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:

|   | <b>2018</b>   | <b>2017</b> |
|---|---------------|-------------|
| Inflation                                 | <b>2.00 %</b> | 2.00 %      |
| Insurance and health care cost escalation | <b>4.00 %</b> | 4.00 %      |
| Discount on accrued benefit obligations   | <b>2.90 %</b> | 2.55 %      |

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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, 2018**

**6. Net Long-term Debt**

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

|  | <u>2018</u> | <u>2017</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 | 19,578      | 20,608      |
| 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    | 18,752      | 19,598      |
| 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   | 22,924      | 23,932      |
| 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    | 9,048       | 9,414       |
| 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    | 15,609      | 16,172      |
| 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    | 6,954       | 7,196       |
| 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 | 1,355       | 1,404       |

**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**For the year ended August 31, 2018**

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

|  | 2018       | 2017       |
|--|------------|------------|
| 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 | 393        | 407        |
| 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  | 32,885     | 34,094     |
| 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     | 16,145     | 16,681     |
| 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    | 4,914      | 5,063      |
|  | 225,122    | 231,134    |
| Less: Sinking fund assets  | (32,857)   | (23,977)   |
|  | \$ 192,265 | \$ 207,157 |

Payments relating to net long-term debt outstanding as at August 31, 2018 are due as follows:

|            | Sinking Funds | Principal  | Interest   | Total      |
|------------|---------------|------------|------------|------------|
| 2019       | \$ 3,548      | \$ 6,283   | \$ 11,703  | \$ 21,534  |
| 2020       | 3,548         | 6,567      | 11,419     | 21,534     |
| 2021       | 3,548         | 6,864      | 11,122     | 21,534     |
| 2022       | 3,548         | 7,174      | 10,812     | 21,534     |
| 2023       | 3,548         | 7,499      | 10,487     | 21,534     |
| Thereafter | 33,987        | 114,170    | 48,751     | 196,908    |
|            | \$ 51,727     | \$ 148,557 | \$ 104,294 | \$ 304,578 |

Interest on long-term debt amounted to \$11,974,363 (2017 - \$12,233,766).

Included in net long-term debt are outstanding sinking fund debentures of \$76,565,000 (2017 - \$76,565,000) secured by sinking fund assets with a carrying value of \$32,857,208 (2017 - \$23,976,644) and a market value of \$37,958,206 (2017 - \$25,987,581). Sinking fund assets are comprised of four guaranteed investment certificates bearing interest from 2.643% to 4.350% and maturing between April 1, 2026 and June 2, 2026. During the year, interest earned on the sinking fund assets amounted to \$1,039,851 (2017 - \$743,829).

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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, 2018**

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**7. Tangible Capital Assets**

a) Assets under construction

Assets under construction having a value of \$35,687,543 (2017 - \$17,141,981) 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 \$2,371,275 (2017 - \$6,127,545) of building properties that qualify as "assets permanently removed from service"; \$2 (2017 - \$6) related to buildings has been included in the net book value ending balance as at August 31, 2018.

During the year, two school properties were sold. Net proceeds of \$4,307,411 (2017 - \$5,399,896) were received on the sale of these properties, which had a carrying value of \$61,404 (2017 - \$7,371), resulting in a gain of \$4,246,007 (2017 - \$5,392,525). The entire gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

**Simcoe County District School Board**  
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For the year ended August 31, 2018

**7. Tangible Capital Assets - continued**

|   | Cost              |                         |                    |                   | Accumulated Amortization |                         |                    |                   | Net Book Value 2018 | Net Book Value 2017 |
|---|-------------------|-------------------------|--------------------|-------------------|--------------------------|-------------------------|--------------------|-------------------|---------------------|---------------------|
|   | Opening           | Additions/<br>Transfers | Disposals          | Closing           | Opening                  | Additions/<br>Transfers | Disposals          | Closing           |                     |                     |
| Land  | \$ 55,853         | \$ 872                  | \$ (53)            | \$ 56,672         | \$ -                     | \$ -                    | \$ -               | \$ -              | \$ 56,672           | \$ 55,853           |
| Land improvements                           | 20,898            | 3,511                   | -                  | 24,409            | 9,112                    | 1,796                   | -                  | 10,908            | 13,501              | 11,786              |
| Buildings                                   | 755,271           | 26,885                  | -                  | 782,156           | 265,822                  | 26,963                  | -                  | 292,785           | 489,371             | 489,449             |
| Portable structures                         | 3,551             | -                       | (1,108)            | 2,443             | 2,215                    | 145                     | (1,108)            | 1,252             | 1,191               | 1,336               |
| Assets permanently removed from service     | 6,128             | 1,211                   | (4,968)            | 2,371             | 6,128                    | 1,211                   | (4,968)            | 2,371             | -                   | -                   |
| Construction in progress                    | 17,141            | 18,547                  | -                  | 35,688            | -                        | -                       | -                  | -                 | 35,688              | 17,141              |
| Pre-acquisition costs                       | 1,448             | (1,316)                 | -                  | 132               | -                        | -                       | -                  | -                 | 132                 | 1,448               |
| Leasehold improvements                      | 1,672             | -                       | -                  | 1,672             | 1,508                    | 107                     | -                  | 1,615             | 57                  | 164                 |
| Furniture, equipment and computer equipment | 33,030            | 3,444                   | (5,570)            | 30,904            | 17,772                   | 4,740                   | (5,561)            | 16,951            | 13,953              | 15,258              |
|   | <b>\$ 894,992</b> | <b>\$ 53,154</b>        | <b>\$ (11,699)</b> | <b>\$ 936,447</b> | <b>\$ 302,557</b>        | <b>\$ 34,962</b>        | <b>\$ (11,637)</b> | <b>\$ 325,882</b> | <b>\$ 610,565</b>   | <b>\$ 592,435</b>   |



**Simcoe County District School Board**  
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**For the year ended August 31, 2018**

**8. Accumulated Surplus**

Accumulated surplus consists of the following:

|   | 2018      | 2017      |
|---|-----------|-----------|
| <b>Available for Compliance - Unappropriated</b>              |           |           |
| Operating accumulated surplus                                 | \$ 10,269 | \$ 9,251  |
| <br><b>Available for Compliance - Internally Appropriated</b> |           |           |
| Facility renewal  | 3,966     | 3,137     |
| Program renewal   | 70        | 174       |
| Other Board appropriated                                      | 15,094    | 14,394    |
| Committed sinking fund interest earned                        | 2,236     | (2,372)   |
| Committed capital projects                                    | 21,236    | 17,857    |
| Total Internally Appropriated                                 | 42,602    | 33,190    |
| <br><b>Unavailable for Compliance</b>                         |           |           |
| Revenues recognized for land                                  | 56,804    | 55,890    |
| School generated funds  | 4,867     | 4,691     |
| Amounts to be recovered                                       | (41,562)  | (46,848)  |
| Total Externally Appropriated                                 | 20,109    | 13,733    |
| <br><b>Total Accumulated Surplus</b>                          | \$ 72,980 | \$ 56,174 |

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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, 2018**

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**9. Budget Data**

The unaudited budget data presented in these consolidated financial statements is based upon the 2018 budgets approved by the Board on May 24, 2017. 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 2018 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.

|  | <u>2018</u>     |
|--|-----------------|
| Budget deficit for the year, as approved                         | \$ (1,196)      |
| Add:   |                 |
| Budget deficit - School Generated Funds                          | (402)           |
| Budget deficit - Simcoe County Student Transportation Consortium | (289)           |
| Employee future benefits   | 5,275           |
| Education development charge revenues                            | <u>6,003</u>    |
| Budget surplus per consolidated statement of operations          | <u>\$ 9,391</u> |

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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, 2018**

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**10. Expenses by Object**

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

|   | Budget<br>2018 |    | Actual<br>2018 | Actual<br>2017 |
|---|----------------|----|----------------|----------------|
| <b>Expenses</b>                         |                |    |                |                |
| Salary and wages                        | \$ 427,116     | \$ | <b>428,477</b> | \$ 412,526     |
| Employee benefits                       | 69,005         |    | <b>65,481</b>  | 61,045         |
| Staff development                       | 5,112          |    | <b>1,085</b>   | 1,130          |
| Supplies and services                   | 34,702         |    | <b>30,560</b>  | 32,281         |
| Interest charges on capital             | 11,907         |    | <b>11,896</b>  | 12,168         |
| Rental expenses                         | 4,491          |    | <b>2,118</b>   | 1,929          |
| Fees and contract services              | 24,593         |    | <b>29,457</b>  | 28,142         |
| Other                                   | 178            |    | <b>3,087</b>   | 524            |
|   | 577,104        |    | <b>572,161</b> | 549,745        |
| School generated funds                  | 14,076         |    | <b>14,890</b>  | 14,618         |
| Amortization of tangible capital assets | 36,011         |    | <b>34,961</b>  | 34,049         |
|   | \$ 627,191     | \$ | <b>622,012</b> | \$ 598,412     |

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**11. Trust Funds**

Trust funds administered by the Board amounting to \$6,108,302 (2017 - \$5,164,837) 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**  
**Notes to the Consolidated Financial Statements**  
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**12. Partnership in the Simcoe County Student Transportation Consortium**

In 2000, the Board entered into an agreement with the Simcoe Muskoka Catholic District School Board (SMCDSB) and formed the Simcoe County Student Transportation Consortium (SCSTC) to provide common administration of student transportation in the County. The agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the SCSTC are shared. No partner is in a position to exercise unilateral control.

Effective September 1, 2011, the accounting for the operations of the SCSTC has been transferred to the incorporated entity owned equally by the Board and SMCDSB.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro rata share of assets, liabilities, revenues and expenses of the SCSTC are included in the Board's consolidated financial statements. Inter-entity transactions and balances have been eliminated on consolidation.

The following provides condensed financial information:

|                              | <b>2018</b>  | <b>2018</b>    | <b>2017</b>  | <b>2017</b>    |
|------------------------------|--------------|----------------|--------------|----------------|
|                              | <b>Total</b> | <b>SCDSB</b>   | <b>Total</b> | <b>SCDSB</b>   |
|                              |              | <b>Portion</b> |              | <b>Portion</b> |
| <b>Financial Position</b>    |              |                |              |                |
| Financial assets             | \$ 1,070     | \$ 642         | \$ 1,010     | \$ 606         |
| Liabilities                  | (171)        | (102)          | (188)        | (113)          |
| Non-financial assets         | 30           | 18             | 44           | 27             |
| Accumulated surplus          | \$ 929       | \$ 558         | \$ 866       | \$ 520         |
| <b>Results of Operations</b> |              |                |              |                |
| Revenues                     | \$ 32,050    | \$ 19,230      | \$ 30,807    | \$ 18,484      |
| Expenses                     | 31,987       | 19,192         | 30,774       | 18,464         |
| Annual surplus               | \$ 63        | \$ 38          | \$ 33        | \$ 20          |

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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, 2018**

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**13. 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 consolidated statement of financial position and the flow-through of \$2,021,201 (2017 - \$2,021,201) in respect of the above agreement is not recorded in these consolidated financial statements.

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**14. 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, 2018 of \$5,527,455 (2017 - \$3,533,872), which were required from the municipalities for security on some of the construction projects.
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**Simcoe County District School Board**  
**Notes to the Consolidated Financial Statements**  
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**15. Contractual Obligations**

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

The sum of \$3,650,205 is payable with respect to these operating leases as follows:

|            |    |       |
|------------|----|-------|
| 2019       | \$ | 1,524 |
| 2020       |    | 642   |
| 2021       |    | 409   |
| 2022       |    | 338   |
| 2023       |    | 149   |
| Thereafter |    | 588   |
|            |    | <hr/> |
|            | \$ | 3,650 |

- 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 \$48,232,657 related to these contracts has not been expended as at August 31, 2018 (2017 - \$27,103,977).
-