

**Simcoe County District School Board
Consolidated Financial Statements
For the year ended August 31, 2011**

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Simcoe County District School Board

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Management Report

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 compliance with legislation, and based on the financial reporting provisions described in the summary of significant accounting policies attached to the consolidated financial statements.

A summary of the significant accounting policies are 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 Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their 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.



Kathryn Wallace
Director of Education



Brian Jeffs
Superintendent of Business

November 9, 2011

Independent Auditor's Report

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, 2011, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions described in the summary of significant accounting policies attached to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Simcoe County District School Board for the year ended August 31, 2011 present fairly, in all material respects, the consolidated financial position of the Simcoe County District School Board as at August 31, 2011 and its consolidated results of operations and change in its consolidated net debt and consolidated cash flows for the year then ended in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

Basis of Accounting

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. The consolidated financial statements are prepared to assist the Simcoe County District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants


Barrie, Ontario
November 9, 2011

**Simcoe County District School Board
Consolidated Statement of Financial Position**

August 31	2011	2010
		Restated (note 1)
Financial Assets		
Cash and cash equivalents	\$ 2,706,611	\$ 7,568,853
Accounts receivable	25,713,161	24,732,742
Accounts receivable - Government of Ontario (note 2)	238,151,293	209,781,039
Assets held for sale (note 3)	2,708	-
	266,573,773	242,082,634
Financial Liabilities		
Temporary borrowing (note 4)	21,670,000	10,360,000
Accounts payable and accrued liabilities	33,344,710	27,629,974
Deferred revenue (note 5)	8,558,410	8,038,452
Deferred capital contributions (note 6)	430,951,140	395,442,642
Employee future benefits liability (note 7)	96,918,203	91,964,877
Long-term debt (note 8)	201,987,591	201,348,208
	793,430,054	734,784,153
Net Debt	(526,856,281)	(492,701,519)
Non-Financial Assets		
Prepaid expenses	1,364,098	1,125,142
Tangible capital assets (note 9)	486,270,365	446,266,759
	487,634,463	447,391,901
Accumulated Deficit (note 10)	\$ (39,221,818)	\$ (45,309,618)

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

For the year ended August 31	Budget 2011	Actual 2011	Actual 2010
	(note 11)		Restated (note 1)
Revenues			
Provincial grants			
Grants for student needs	\$ 326,345,354	\$ 327,292,198	\$ 285,941,900
Other	6,962,900	11,810,950	10,268,653
Local taxation	149,312,206	156,235,376	151,576,000
School generated funds	16,316,700	15,452,161	15,904,909
Federal grants and fees	1,030,900	1,037,065	957,326
Investment income	310,000	1,669,469	641,138
Other revenues - school boards	1,709,500	1,802,616	1,777,318
Other fees and revenues	3,266,200	6,363,673	8,909,863
Amortization of deferred capital contributions	20,237,568	21,212,302	20,826,124
	<u>525,491,328</u>	<u>542,875,810</u>	<u>496,803,231</u>
Expenses			
Instruction	407,589,141	408,905,809	398,715,835
Administration	12,520,978	14,005,142	12,515,615
Transportation	20,392,100	21,037,116	20,190,244
Pupil accommodation	76,424,239	76,775,348	75,606,429
School generated funds	16,316,700	15,471,053	16,010,603
Other	-	593,542	25,000
	<u>533,243,158</u>	<u>536,788,010</u>	<u>523,063,726</u>
Annual surplus (deficit)	<u>(7,751,830)</u>	<u>6,087,800</u>	<u>(26,260,495)</u>
Accumulated surplus, beginning of year, as previously reported	350,389,085	350,389,085	142,982,906
Change in accounting policy (note 1)	<u>(395,698,703)</u>	<u>(395,698,703)</u>	<u>(162,032,029)</u>
Accumulated deficit, beginning of year, as restated	<u>(45,309,618)</u>	<u>(45,309,618)</u>	<u>(19,049,123)</u>
Accumulated deficit, end of year	<u>\$ (53,061,448)</u>	<u>\$ (39,221,818)</u>	<u>\$ (45,309,618)</u>

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 Change in Net Debt**

For the year ended August 31	2011	2010
		Restated (note 1)
Annual surplus (deficit)	\$ 6,087,800	\$ (26,260,495)
Tangible capital asset activity		
Acquisition of tangible capital assets	(62,102,247)	(53,502,961)
Amortization of tangible capital assets	22,067,235	20,954,525
Proceeds on sale of tangible capital assets	1,040,494	1,662,557
Proceeds on sale allocated to deferred revenue	(1,011,796)	(1,406,496)
Transfer to assets held for sale	2,708	-
Total tangible capital asset activity	(40,003,606)	(32,292,375)
Other non-financial asset activity		
Use (acquisition) of prepaid expenses	(238,956)	105,747
Decrease in net debt	(34,154,762)	(58,447,123)
Net debt, beginning of year, as previously reported	(97,002,816)	(272,222,367)
Change in accounting policy (note 1)	(395,698,703)	(162,032,029)
Net debt, beginning of year, as restated	(492,701,519)	(434,254,396)
Net debt, end of year	\$ (526,856,281)	\$ (492,701,519)

Simcoe County District School Board Consolidated Statement of Cash Flows

For the year ended August 31	2011	2010
		Restated (note 1)
Operating transactions		
Annual surplus (deficit)	\$ 6,087,800	\$ (26,260,495)
Change in non-cash items including:		
Amortization, writedowns and gain/loss on disposal of tangible capital assets	21,055,439	19,548,029
Amortization of deferred capital contributions	(21,212,302)	(20,826,124)
Changes in non-cash operating balances		
Accounts receivable	(980,419)	1,857,092
Accounts payable and accrued liabilities	5,714,736	3,465,774
Deferred revenue	519,958	1,500,564
Employee future benefits liability	4,953,326	6,089,894
Prepaid expenses	(238,956)	105,747
Cash provided by (applied to) operating transactions	15,899,582	(14,519,519)
Capital transactions		
Proceeds on sale of tangible capital assets	1,040,494	1,662,557
Cash used to acquire tangible capital assets	(62,102,247)	(53,502,961)
Cash provided by (applied to) capital transactions	(61,061,753)	(51,840,404)
Financing transactions		
Long-term debt issued	8,426,739	19,396,620
Increase in temporary borrowing	11,310,000	8,860,000
Long-term debt repaid	(7,787,356)	(7,025,306)
Government of Ontario debt support payments received	7,787,356	-
Deferred capital contributions received	20,563,190	44,455,698
Cash provided by (applied to) financing transactions	40,299,929	65,687,012
Net change in cash and cash equivalents	(4,862,242)	(672,911)
Cash and cash equivalents, beginning of year	7,568,853	8,241,764
Cash and cash equivalents, end of year	\$ 2,706,611	\$ 7,568,853

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

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

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Ontario Regulation 196/10 which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". The Ontario Ministry of Education provided direction on the adoption of this new standard in memorandum 2011:B08. The Ontario Ministry of Education required the implementation of this Government Transfers standard on a retroactive basis as described in note 1 to the financial statements.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset as disclosed in note 1. Under the Public Sector Accounting Standards property tax revenue should be recorded as revenue when received or receivable in accordance with Public Sector Accounting Standard PS 3510 "Tax Revenue".

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

(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 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 operations 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.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

(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 and demand deposits.

(e) Deferred Revenue

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

(f) 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. 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.

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

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.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

g) Tangible Capital Assets

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

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	5 - 15
Leasehold improvements	Over the lease term

Assets under construction 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.

(h) Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

(i) Investment Income

Investment income is reported as revenue in the period earned.

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

(j) Long-term Debt

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

(k) 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 school 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.

(l) 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.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

1. Change in Accounting Policy

In fiscal 2011, the Board early adopted Public Sector Accounting Handbook Section 3410 Government Transfers as described in the summary of significant accounting policies. This change has been applied retroactively and prior periods have been restated. Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

At the direction of the Ministry, the Board has calculated the opening DCC balance as at September 1, 2010 as the value of the depreciable tangible capital assets less the unsupported capital debt, both at August 31, 2010. The unsupported capital debt is the portion of the Board's outstanding debt that is not supported by Ministry funding. This calculation provides a cost effective solution to determine the opening balance, allowing for the standard to be implemented retroactively. Retroactive implementation results in a set of consolidated financial statements that is relevant, understandable to the user, and comparable over periods and amongst school boards in Ontario.

This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus (deficit) at August 31, 2010	
Accumulated surplus, as previously reported	<u>\$ 350,389,085</u>
Transfer to deferred revenue	(256,061)
Transfer to deferred capital contributions	<u>(395,442,642)</u>
	<u>(395,698,703)</u>
Accumulated deficit, as restated	<u>\$ (45,309,618)</u>
Annual surplus (deficit) for the year ended August 31, 2010	
Annual surplus, as previously reported	<u>\$ 207,406,179</u>
Plus: Amortization of deferred capital contributions	20,826,124
Less: In-year Provincial capital contributions included in grants for student needs and deferred revenue included in other fees and revenues	(44,711,759)
In-year Provincial debt support grant	<u>(209,781,039)</u>
	<u>(233,666,674)</u>
Annual deficit, as restated	<u>\$ (26,260,495)</u>
Accumulated surplus (deficit) at August 31, 2009	
Accumulated surplus, as previously reported	\$ 142,982,906
Transfer to deferred capital contributions	<u>(162,032,029)</u>
Accumulated deficit, as restated	<u>\$ (19,049,123)</u>

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

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 \$238,151,293 as at August 31, 2011 (2010 - \$209,781,039) with respect to capital grants.

3. Assets Held for Sale

As of August 31, 2011, \$1 (2010 - \$NIL) related to buildings and \$2,707 (2010 - \$NIL) related to land were recorded as assets held for sale as a result of one school property with a net book value of \$2,708 being reclassified during the year. During the year 2 school properties were sold. Net proceeds of \$1,040,494 (2010 - \$1,662,557) were received on the sale of these properties, which had a carrying value of \$28,698 (2010 - \$256,061), resulting in a gain of \$1,011,796 (2010 - \$1,406,496). \$1,011,796 of that gain was deferred for future capital purchases according to Ontario Regulation 193/10.

4. 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, 2011 was \$21,670,000 (2010 - \$10,360,000).

The agreement covering the line of credit sets out the following covenants to be maintained by the Board:

- (i) borrowings not to exceed unreceived balance of estimated current year revenue/grants; and
- (ii) maintain a debt service coverage ratio of debt payments to total revenues of less than 10%.

The Board has met these requirements as at August 31, 2011.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

5. 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, 2011 is comprised of:

	Balance as at August 31, 2010	Externally Restricted Revenue and Investment Income	Transfer to Deferred Capital Contributions	Revenue Recognized in the Period	Balance as at August 31, 2011
Legislative grants	\$ 420,129	\$ 95,135,725	\$ (11,102,502)	\$ (83,161,894)	\$ 1,291,458
EPO grants	1,966,058	315,811	-	(1,108,456)	1,173,413
Energy efficient schools	3,005,342	7,312,219	(7,691,690)	-	2,625,871
Proceeds of disposition	1,662,557	1,041,679	-	-	2,704,236
Education charges	-	2,157,802	-	(2,157,802)	-
Other	984,366	(195,361)	195,844	(221,417)	763,432
	\$ 8,038,452	\$ 105,767,875	\$ (18,598,348)	\$ (86,649,569)	\$ 8,558,410

As stated in note 1, as a result of the change in accounting policy related to deferred capital contributions, the opening balance reported for deferred revenue under proceeds of disposition increased by \$256,061.

6. Deferred Capital Contributions

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. The Ministry provided direction to the school boards in the establishment of the opening balance of the deferred capital contributions as disclosed in note 1.

	2011	2010 Restated
Balance, beginning of year	\$ 395,442,642	\$ 162,032,029
Increase in amount due from Province of Ontario related to deferred capital contributions	28,370,254	209,781,039
Cash received during the year	28,350,546	44,455,698
Revenue recognized in the year	(21,212,302)	(20,826,124)
Balance, end of year	\$ 430,951,140	\$ 395,442,642

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

	2011			2010	
	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	\$65,360,839	\$32,506,903	\$ 4,301,124	\$102,168,866	\$ 97,553,928
Unamortized actuarial losses at August 31	(4,105,200)	(1,145,463)	-	(5,250,663)	(5,589,051)
Employee future benefit liability at August 31	<u>\$61,255,639</u>	<u>\$31,361,440</u>	<u>\$ 4,301,124</u>	<u>\$96,918,203</u>	<u>\$ 91,964,877</u>

(b) Retirement and Other Employee Future Benefit Expense

	2011			2010	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ 5,096,912	\$ 2,278,267	\$ 1,118,936	\$ 8,494,115	\$ 8,629,260
Interest on accrued benefit obligation	2,492,468	1,257,129	-	3,749,597	4,009,124
Amortization of actuarial losses	516,562	117,621	-	634,183	896,201
Adjustment to amortization of previous years	(571,456)	-	-	(571,456)	-
Employee future benefit expense	<u>\$ 7,534,486</u>	<u>\$ 3,653,017</u>	<u>\$ 1,118,936</u>	<u>\$12,306,439</u>	<u>\$ 13,534,585</u>

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

(c) Retirement Benefits

(i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teacher's 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 400,000 active and retired members and approximately 931 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, 2010. The results of this valuation disclosed total actuarial liabilities of \$60,035 million in respect of benefits accrued for service with actuarial assets at that date of \$55,568 million indicating an actuarial deficit of \$4,467 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. During the year ended August 31, 2011, the Board contributed \$4,204,131 (2010 - \$3,581,370) to the plan.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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.

During the year ended August 31, 2011, the Board contributed \$3,918,479 (2010 - \$3,975,414) related to retirement gratuities.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

(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 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.

During the year ended August 31, 2011, the Board contributed \$65,075 (2010 - \$42,059) related to these benefits.

(d) Other Employee Future Benefits

(i) Sick Leave Benefits

The Board provides compensated absences from sick leave accumulations through an unfunded defined benefit plan.

During the year ended August 31, 2011, the Board contributed \$2,635,144 (2010 - \$2,555,357) related to sick leave benefits.

(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, 2011, the Board contributed \$65,979 (2010 - \$71,286) related to these benefits.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

The accrued benefit obligations as at August 31, 2011 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 31, 2010. 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:

	2011	2010
Inflation	2.00 %	2.00 %
Wage and salary escalation	3.00 %	3.00 %
Health care cost escalation	10.00 %	10.50 %
Dental cost escalation	6.00 %	6.50 %
Discount rate on accrued benefit obligations	4.00 %	4.50 %

The Board has restricted a portion of its accumulated surplus for certain of these employee future benefits in the amount of \$96,918,203 as at August 31, 2011 (2010 - \$91,964,877).

(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.

During the year ended August 31, 2011, the Board contributed \$668,436 (2010 - \$800,576) related to workplace safety and insurance board obligations.

The workplace safety and insurance board obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2011. 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:

	2011	2010
Inflation	2.00 %	2.00 %
Insurance and health care cost escalation	6.50 %	6.50 %
Discount on accrued benefit obligations	3.00 %	4.25 %

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

8. Long-term Debt

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

	<u>2011</u>	<u>2010</u>
Sinking fund debenture payable - Bylaw #2001-01A for permanent improvements, 6.4% per annum, interest payable semi-annually, principal due on maturity, June 2011	\$ -	\$ 2,980,000
Sinking fund debenture payable - Bylaw #2001-01B for permanent improvements, 6.8% per annum, interest payable semi-annually, principal due on maturity, June 2026	76,565,000	76,565,000
Royal Bank of Canada loan payable - Bylaw #2005-1 for permanent improvements, 4.51% per annum, repayable \$207,388 monthly blended principal and interest, due January 2015	7,866,524	9,949,175
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1 for permanent improvements, 4.56% per annum, repayable \$979,027 semi-annually blended principal and interest, due November 2031	25,900,941	26,652,126
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for permanent improvements, 4.9% per annum, repayable \$898,315 semi-annually blended principal and interest, due March 2033	23,900,735	24,503,971
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-2 for permanent improvements, 4.86% per annum, repayable \$1,079,291 semi-annually blended principal and interest, due June 2033	29,059,203	29,779,160
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	11,264,252	11,522,156
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	19,004,197	19,396,620
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	8,426,739	-
	<u>\$ 201,987,591</u>	<u>\$ 201,348,208</u>

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

8. Long-Term Debt - continued

Payments relating to net long-term debt outstanding as at August 31, 2011 are due as follows:

	Sinking Funds	Principal	Interest	Total
2012	\$ 3,548,197	\$ 5,218,693	\$ 11,225,765	\$ 19,992,655
2013	3,548,197	5,468,482	10,975,767	19,992,446
2014	3,548,197	5,730,254	10,713,774	19,992,225
2015	3,548,197	4,536,392	10,455,682	18,540,271
2016	3,548,197	3,683,730	10,271,166	17,503,093
Thereafter	58,824,015	100,785,040	101,913,835	261,522,890
	<u>\$ 76,565,000</u>	<u>\$ 125,422,591</u>	<u>\$ 155,555,989</u>	<u>\$ 357,543,580</u>

Interest on long-term debt amounted to \$11,301,379 (2010 - \$10,651,443).

9. Tangible Capital Assets

a) Assets under construction

Assets under construction having a value of \$Nil (2010 - \$24,341,858) 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 \$609,800 of building properties that qualify as "assets permanently removed from service". \$3 related to building have been included in the net book value ending balance as at August 31, 2011.

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

9. Tangible Capital Assets - continued

	Cost				Accumulated Amortization				Net Book Value 2011	Net Book Value 2010
	Opening	Additions/ Transfers	Disposals	Closing	Opening	Additions/ Transfers	Disposals	Closing		
Land	\$ 28,646,597	\$ 2,415,631	\$ (28,700)	\$ 31,033,528	\$ -	\$ -	\$ -	\$ -	\$ 31,033,528	\$ 28,646,597
Land improvements	7,808,129	2,567,896	-	10,376,025	1,638,947	666,718	-	2,305,665	8,070,360	6,169,182
Buildings	514,971,561	74,927,499	-	589,899,060	141,394,001	16,823,886	-	158,217,887	431,681,173	373,577,560
Portable structures	12,003,857	-	(7,961,177)	4,042,680	10,608,277	408,891	(7,961,177)	3,055,991	986,689	1,395,580
Assets permanently removed from service	2,269,043	(531,400)	(1,127,843)	609,800	2,269,037	(531,399)	(1,127,841)	609,797	3	6
Construction in progress	24,341,858	(24,341,858)	-	-	-	-	-	-	-	24,341,858
Pre-acquisition costs	33,212	52,576	-	85,788	-	-	-	-	85,788	33,212
Leasehold improvements	899,453	473,400	-	1,372,853	463,799	266,898	-	730,697	642,156	435,654
Furniture, equipment and computer equipment	25,845,037	6,004,400	(5,084,610)	26,764,827	14,177,927	3,900,842	(5,084,610)	12,994,159	13,770,668	11,667,110
	\$ 616,818,747	\$ 61,568,144	\$ (14,202,330)	\$ 664,184,561	\$ 170,551,988	\$ 21,535,836	\$ (14,173,628)	\$ 177,914,196	\$ 486,270,365	\$ 446,266,759

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

10. Accumulated Surplus (Deficit)

Accumulated surplus consists of the following:

	2011	2010 Restated
		(note 1)
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 5,702,978	\$ 1,071,494
 Available for Compliance - Internally Appropriated		
Pupil accommodation	5,161,904	8,103,235
Retirement gratuities	5,745,577	5,308,194
Proceeds of disposition	66,551	66,551
Other Board appropriated	8,818,142	5,234,209
Committed sinking fund interest earned	(722,985)	-
Committed capital projects	4,018,201	-
Total Internally Appropriated	23,087,390	18,712,189
 Unavailable for Compliance		
Revenues recognized for land	27,540,778	25,411,676
School generated funds	4,441,958	4,460,850
Amounts to be recovered	(99,994,922)	(94,965,827)
Total Externally Appropriated	(68,012,186)	(65,093,301)
 Total Accumulated Surplus	\$ (39,221,818)	\$ (45,309,618)

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

11. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 23, 2010. The budget was prepared in June 2010, prior to the release of the Government Transfer standard, which was released in March 2011. As a result, there are some changes in how the Deferred Capital Contributions (DCC) taken into revenue is calculated for the consolidated financial statements, versus for the budget. This includes the treatment of sinking fund interest and other components. 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 2011 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.

Consolidated Statement of Operations For the year ended August 31

	<u>2011 Budget</u>	<u>Change</u>	<u>Restated 2011 Budget</u>
Revenues			
Total revenues as in the 2010-11 Budget	\$ 530,669,928	\$ -	\$ 530,669,928
Reallocation of capital funding	-	1,669,200	1,669,200
Adjustment due to adoption of government transfer standard (note 1)	-	(6,847,800)	(6,847,800)
Total revenues	<u>530,669,928</u>	<u>(5,178,600)</u>	<u>525,491,328</u>
Expenses			
Total expenses as in the 2010-11 Budget	538,537,058	-	538,537,058
Reallocation of capital expenses	-	(5,293,900)	(5,293,900)
Total expenses	<u>538,537,058</u>	<u>(5,293,900)</u>	<u>533,243,158</u>
Annual Surplus (Deficit)	(7,867,130)	115,300	(7,751,830)
Accumulated Surplus (Deficit), beginning of year (note 1)	<u>350,389,085</u>	<u>(395,698,703)</u>	<u>(45,309,618)</u>
Accumulated Surplus (Deficit), end of year	<u>\$ 342,521,955</u>	<u>\$ (395,583,403)</u>	<u>\$ (53,061,448)</u>

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

12. Expenses by Object

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

	Budget 2011	Actual 2011	Actual 2010
Expenses			
Salary and wages	\$ 362,823,920	\$ 366,793,776	\$ 354,855,606
Employee benefits	59,468,324	56,495,045	55,251,925
Staff development	1,149,400	1,482,685	2,099,782
Supplies and services	32,990,900	33,292,877	34,804,206
Interest charges on capital	11,569,014	12,764,459	11,464,873
Rental expenses	2,332,700	2,519,292	2,729,079
Fees and contract services	26,106,900	25,637,190	24,739,776
Other	185,300	264,398	153,351
	<hr/>	<hr/>	<hr/>
	496,626,458	499,249,722	486,098,598
School generated funds	16,316,700	15,471,053	16,010,603
Amortization of tangible capital assets	20,300,000	22,067,235	20,954,525
	<hr/>	<hr/>	<hr/>
	\$ 533,243,158	\$ 536,788,010	\$ 523,063,726
	<hr/>	<hr/>	<hr/>

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

13. 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.

Under the terms of the agreement, the accounting for the operations of the SCSTC is maintained by SMCDSB and the SCSTC has no separate accounting for assets or liabilities. As a result, these consolidated financial statements only reflect the net transportation expense of the Board.

Expenses are shared on the basis of student ridership for transportation costs and a pro-rata sharing of administrative costs.

The following provides condensed financial information:

	2011 Total	2011 SCDSB Portion	2010 Total	2010 SCDSB Portion
Net Transportation Expense	<u>\$ 31,365,767</u>	<u>\$ 19,137,182</u>	<u>\$ 30,321,712</u>	<u>\$ 18,469,853</u>

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

14. Trust Funds

Trust funds administered by the Board amounting to \$5,316,396 (2010 - \$5,012,038) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

15. Ontario School Board Insurance Exchange (OSBIE)

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

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2011.

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 consolidated statement of financial position and the flow-through of \$2,021,201 (2010 - \$2,021,201) in respect of the above agreement is not recorded in these consolidated financial statements.

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, 2011 of \$305,604 (2010 - \$2,268,076), which were required from the municipalities for security on some of the construction projects.

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

18. Contractual Obligations

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

The sum of \$4,286,038 is payable with respect to these operating leases as follows:

2012	\$ 1,230,627
2013	1,453,156
2014	945,807
2015	300,082
2016	178,183
Thereafter	<u>178,183</u>
	<u>\$ 4,286,038</u>

- 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 \$6,576,883 related to these contracts has not been expended as at August 31, 2011 (2010 - \$33,051,800).
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