

**Simcoe County District School Board
Consolidated Financial Statements
For the year ended August 31, 2022**

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Management Report

Management's Responsibility for the Consolidated Financial Statements

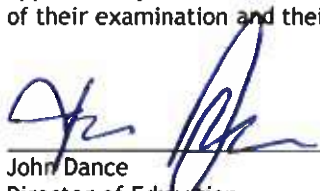
The accompanying consolidated financial statements of the Simcoe County District School Board are the responsibility of the board management and have been prepared in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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



John Dance
Director of Education



Corry Van Nijpen
Superintendent of Business and Facility Services

November 9, 2022



Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Simcoe County District School Board and its controlled entities (the group), which comprise the consolidated statement of financial position as at August 31, 2022, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group as at and for the year ended August 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in the summary of significant accounting policies attached to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to the summary of significant accounting policies attached to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
November 9, 2022

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

August 31	2022	2021
Financial Assets		
Cash and cash equivalents (note 2)	\$ 34,603	\$ 58,329
Accounts receivable	45,600	34,919
Accounts receivable - Government of Ontario (note 1)	<u>216,743</u>	<u>217,954</u>
	<u>296,946</u>	<u>311,202</u>
Financial Liabilities		
Accounts payable and accrued liabilities	39,731	51,529
Deferred revenue (note 3)	48,486	42,016
Deferred capital contributions (note 4)	569,374	554,502
Employee future benefits liability (note 5)	38,674	41,793
Net long-term debt (note 6)	<u>142,974</u>	<u>158,020</u>
	<u>839,239</u>	<u>847,860</u>
Net Debt	<u>(542,293)</u>	<u>(536,658)</u>
Non-Financial Assets		
Inventory (note 18)	569	630
Prepaid expenses	5,241	5,419
Tangible capital assets (note 7)	<u>688,278</u>	<u>660,777</u>
	<u>694,088</u>	<u>666,826</u>
Accumulated surplus (note 8)	<u>\$ 151,795</u>	<u>\$ 130,168</u>

Contingent Liabilities and Contractual Obligations (notes 15 and 16)

Signed on behalf of the Board



Director of Education



Chair of the Board

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

For the year ended August 31	Budget 2022	Actual 2022	Actual 2021
	(note 10)		
Revenues			
Grants for student needs (note 9)			
Provincial legislative grants	\$ 442,659	\$ 454,519	\$ 436,192
Education property tax	171,142	164,174	165,760
Provincial grants - other	11,889	29,124	20,398
School generated funds	8,463	5,429	1,932
Federal grants and fees	778	1,302	823
Investment income	2,086	1,964	1,891
Other revenues - school boards	100	215	218
Other fees and revenues	25,147	21,585	16,940
Amortization of deferred capital contributions	36,837	37,907	37,820
	699,101	716,219	681,974
Expenses (note 11)			
Instruction	528,842	535,441	517,828
Administration	16,490	15,720	15,151
Transportation	22,810	25,576	21,599
Pupil accommodation	101,798	101,743	101,471
School generated funds	8,463	5,275	2,776
Other	-	10,837	1,729
	678,403	694,592	660,554
Annual surplus	20,698	21,627	21,420
Accumulated surplus, beginning of year	130,168	130,168	108,748
Accumulated surplus, end of year	\$ 150,866	\$ 151,795	\$ 130,168

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

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

For the year ended August 31	2022	2021
Annual surplus	\$ 21,627	\$ 21,420
Tangible capital asset activity		
Acquisition of tangible capital assets	(67,870)	(53,782)
Amortization and transfers of tangible capital assets	40,369	38,268
Proceeds on sale of tangible capital assets	1,708	6,649
Gain on disposal of tangible capital assets allocated to deferred revenue	(1,708)	(4,558)
Total tangible capital asset activity	(27,501)	(13,423)
Other non-financial asset activity		
Change in inventory	61	(630)
Change in prepaid expenses	178	(946)
Total other non-financial asset activity	239	(1,576)
Change in net debt	(5,635)	6,421
Net debt, beginning of year	(536,658)	(543,079)
Net debt, end of year	\$ (542,293)	\$ (536,658)

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

For the year ended August 31	2022	2021
Operating transactions		
Annual surplus	\$ 21,627	\$ 21,420
Change in non-cash items including:		
Amortization and transfers of tangible capital assets	40,369	38,268
Gain on disposal of tangible capital assets	(1,708)	(4,558)
Amortization of deferred capital contributions	(37,907)	(37,820)
Disposals and transfers to financial assets	138	(2,127)
Changes in non-cash operating balances		
Accounts receivable	(10,681)	36,831
Accounts payable and accrued liabilities	(11,798)	(38,942)
Deferred revenue	6,470	11,522
Employee future benefits liability	(3,119)	(3,456)
Inventory	61	(630)
Prepaid expenses	178	(946)
Cash provided by operating transactions	3,630	19,562
Capital transactions		
Cash used to acquire tangible capital assets	(67,870)	(53,782)
Proceeds on disposal of tangible capital assets	1,708	6,649
Cash applied to capital transactions	(66,162)	(47,133)
Financing transactions		
Long-term debt repaid	(7,175)	(6,864)
Increase in sinking fund assets	(7,871)	(4,944)
Government of Ontario payments received for capital grants	37,720	24,074
Government of Ontario debt support payments received for debt support	10,722	10,413
Government of Ontario delayed grant	(10,148)	(8,363)
Deferred capital contributions received	15,558	15,416
Cash provided by financing transactions	38,806	29,732
Net change in cash and cash equivalents	(23,726)	2,161
Cash and cash equivalents, beginning of year	58,329	56,168
Cash and cash equivalents, end of year	\$ 34,603	\$ 58,329

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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

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

(a) Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and,
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Simcoe County District School Board ("the board") and which are controlled by the Board of Trustees.

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

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

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

(c) Trust Funds

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

(d) 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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

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

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

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

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

(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, 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:

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

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

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

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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

(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 Board of Trustees. The budget approved by the Board of Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. 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.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2022

(n) Education Property Tax Revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the board, is the Province of Ontario. As a result, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.

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

For the year ended August 31, 2022

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 \$159,406,033 as at August 31, 2022 (2021 - \$170,765,547) with respect to capital grants.

During the year ended August 31, 2022, the board received payments from the Province of Ontario of \$48,442,468 (2021 - \$34,486,255), of which \$37,719,937 (2021 - \$24,074,244) is related to capital grants and \$10,722,531 (2021 - \$10,412,011) is related to debt support funding.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As a part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2022 is \$57,336,868 (2021 - \$47,189,106).

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, 2022 was \$NIL (2021 - \$NIL). This amount has been included in cash and cash equivalents on the Consolidated Statement of Financial Position.

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

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

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

For the year ended August 31, 2022

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, 2022 is comprised of:

	Balance as at August 31, 2021	Externally Restricted Revenue and Investment Income	Transfer to Deferred Capital Contributions	Revenue Recognized in the Period	Balance as at August 31, 2022
Legislative grants - operating	\$ 11,661	\$ 91,001	\$ -	\$ (86,439)	\$ 16,223
Legislative grants - capital	12,270	39,420	(14,659)	(24,633)	12,398
EPO grants	475	15,370	-	(15,568)	277
Proceeds of disposition	12,319	1,708	(704)	-	13,323
Education charges	2,787	14,513	-	(14,534)	2,766
Other	2,504	14,758	(414)	(13,349)	3,499
	\$ 42,016	\$ 176,770	\$ (15,777)	\$ (154,523)	\$ 48,486

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.

	2022	2021
Balance, beginning of year	\$ 554,502	\$ 550,400
Additions to deferred capital contributions	52,641	44,049
Disposals and transfers to (from) financial assets	138	(2,127)
Revenue recognized in the year	(37,907)	(37,820)
Balance, end of year	\$ 569,374	\$ 554,502

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

For the year ended August 31, 2022

5. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

	2022		2021		
	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	\$ 32,198	\$ 718	\$ 7,078	\$ 39,994	\$ 48,506
Unamortized actuarial losses at August 31	(1,318)	(2)	-	(1,320)	(6,713)
Employee future benefit liability at August 31	<u>\$ 30,880</u>	<u>\$ 716</u>	<u>\$ 7,078</u>	<u>\$ 38,674</u>	<u>\$ 41,793</u>

(b) Retirement and Other Employee Future Benefit Expense

	2022		2021		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 677	\$ 1,965	\$ 2,642	\$ 1,582
Interest on accrued benefit obligation	695	1	104	800	701
Amortization of actuarial losses	889	92	-	981	1,209
Employee future benefit expense ¹	<u>\$ 1,584</u>	<u>\$ 770</u>	<u>\$ 2,069</u>	<u>\$ 4,423</u>	<u>\$ 3,492</u>

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

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

For the year ended August 31, 2022

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 member of the Ontario Teachers' Pension Plan. Pro-rata matching contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to the pension plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to the pension plan are included in the board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to 541,000 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 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, 2022, the board contributed \$7,790,098 (2021 - \$7,547,195) to the plan.

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

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 up to August 31, 2012.

During the year ended August 31, 2022, the board contributed \$5,140,277 (2021 - \$4,662,122) 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, 2022, the board contributed \$127,411 (2021 - \$116,742) related to these benefits.

(d) Other Employee Future Benefits

(i) Sick Leave Benefits

During the year ended August 31, 2022, the board contributed \$692,467 (2021 - \$620,043) related to sick leave benefits.

Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$706,345 (2021 - \$863,449).

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

For the year ended August 31, 2022

5. Retirement and Other Employee Future Benefits - continued

The accrued benefit obligations as at August 31, 2022 for the employee future benefit plans detailed above in paragraphs (c)(iii), (c)(iv), and (d)(i) are based on actuarial valuations for accounting purposes as at August 31, 2022. These actuarial valuations were based on assumptions about future events and based on updated average daily salary and banked sick days at August 31, 2022. The economic assumptions used in these valuations are the board's best estimates of expected rates of:

	2022	2021
Inflation	2.00 %	1.50 %
Wage and salary escalation	NIL %	NIL %
Health care cost escalation	5.00 %	5.00 %
Dental cost escalation	5.00 %	5.00 %
Discount rate on accrued benefit obligations	3.90 %	1.80 %

The board has restricted a portion of its accumulated surplus for certain of these employee future benefits in the amount of \$17,770,421 as at August 31, 2022 (2021 - \$22,977,032).

(ii) Workplace Safety and Insurance Board Obligations

The board is a Schedule 2 employer under the *Workplace Safety and Insurance Act* and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the board's consolidated financial statements. School boards are required to provide salary top-up, to a maximum of 4 1/2 years, for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

During the year ended August 31, 2022, the board contributed \$1,574,142 (2021 - \$1,539,558) related to Workplace Safety and Insurance Board obligations.

The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2022 are based on actuarial valuations for accounting purposes as at August 31, 2022. 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:

	2022	2021
Inflation	2.70 %	2.00 %
Insurance and health care cost escalation	4.00 %	4.00 %
Discount on accrued benefit obligations	3.90 %	1.80 %

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

6. Net Long-term Debt

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

	<u>2022</u>	<u>2021</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	14,960	16,194
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	14,924	15,952
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	18,373	19,594
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	7,387	7,834
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	13,041	13,733
Ontario Financing Authority (OFA) loan payable - Bylaw #2011-1 for permanent improvements, 4.833% per annum, repayable \$293,270 semi-annually blended principal and interest, due March 2036	5,864	6,156
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	1,139	1,196

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

6. Net Long-term Debt - continued

	2022	2021
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	330	347
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	27,595	28,989
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for permanent improvements, 3.663% per annum, repayable \$570,731 semi-annually blended principal and interest, due June 2038	13,799	14,418
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	4,256	4,430
	198,233	205,408
Less: Sinking fund assets	(55,259)	(47,388)
	\$ 142,974	\$ 158,020

Payments relating to net long-term debt outstanding as at August 31, 2022 are due as follows:

	Sinking Funds	Principal	Interest	Total
2023	\$ 3,548	\$ 7,499	\$ 10,487	\$ 21,534
2024	3,548	7,839	10,147	21,534
2025	3,548	8,194	9,792	21,534
2026	26,891	8,566	9,420	44,877
2027	-	8,955	3,824	12,779
Thereafter	-	80,615	15,569	96,184
	\$ 37,535	\$ 121,668	\$ 59,239	\$ 218,442

Interest on long-term debt amounted to \$10,811,875 (2021 - \$11,077,958).

Included in net long-term debt are outstanding sinking fund debentures of \$76,565,000 (2021 - \$76,565,000) secured by sinking fund assets with a carrying value of \$55,259,271 (2021 - \$47,387,543) and a market value of \$55,246,568 (2021 - \$52,057,851). Sinking fund assets are comprised of 25 guaranteed investment certificates bearing interest from 1.00% to 4.86% (2021 - 1.26% to 4.35%) and maturing between August 28, 2023 and June 2, 2026 (2021 - August 28, 2023 and June 2, 2026). During the year, interest earned on the sinking fund assets amounted to \$1,552,875 (2021 - \$1,395,506).

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

7. Tangible Capital Assets

a) Assets under construction

Assets under construction having a value of \$22,683,642 (2021 - \$37,217,591) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

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

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

The board has identified \$2,903,703 (2021 - \$2,903,703) of building properties that qualify as "assets permanently removed from service"; \$2 (2021 - \$2) related to buildings has been included in the net book value ending balance as at August 31, 2022.

d) School properties sold during the year

During the year, two school properties (2021 - three school properties) were sold. Net proceeds of \$1,708,507 (2021 - \$6,648,520) was received on the sale of the properties in 2022, which had a carrying value of \$NIL (2021 - \$2,090,299), resulting in a gain of \$1,708,507 (2021 - \$4,558,221). The entire gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

Simcoe County District
Notes to the Consolidated Financial Statements
(tabular amounts in thousands)

For the year ended August 31, 2022

7. Tangible Capital Assets - continued

	Cost				Accumulated Amortization			
	Opening	Additions/ Transfers	Disposals	Closing	Opening	Additions/ Transfers	Disposals	Closing
Land	\$ 79,285	\$ 14,526	\$ -	\$ 93,811	\$ -	\$ -	\$ -	\$ -
Land improvements	38,474	4,361	-	42,835	17,958	3,537	-	21,495
Buildings	861,348	55,998	-	917,346	359,810	31,282	-	391,092
Portable structures	9,111	3,307	-	12,418	946	538	-	1,484
Assets permanently removed from service	2,903	-	-	2,903	2,903	-	-	2,903
Construction in progress	37,218	(14,534)	-	22,684	-	-	-	-
Pre-acquisition costs	330	6	-	336	-	-	-	-
Leasehold improvements	2,653	20	-	2,673	1,700	150	-	1,850
Furniture, equipment and computer equipment	25,199	4,186	(3,914)	25,471	12,427	4,862	(3,914)	13,375
	\$ 1,056,521	\$ 67,870	\$ (3,914)	\$ 1,120,477	\$ 395,744	\$ 40,369	\$ (3,914)	\$ 432,199

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

8. Accumulated Surplus

Accumulated surplus consists of the following:

	2022	2021
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 16,159	\$ 15,381
 Available for Compliance - Internally Appropriated		
Facility renewal	5,235	3,976
Program renewal	614	614
Other board appropriated	23,875	25,769
Committed sinking fund interest earned	7,553	6,724
Committed capital projects	20,443	19,746
Total Internally Appropriated	57,720	56,829
 Unavailable for Compliance		
Revenues recognized for land	94,146	79,639
School generated funds	4,147	3,992
Amounts to be recovered	(20,377)	(25,673)
Total Externally Appropriated	77,916	57,958
 Total Accumulated Surplus	\$ 151,795	\$ 130,168

Simcoe County District School Board
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For the year ended August 31, 2022

9. Grants for Student Needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rates. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 86% (2021 - 88%) of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2022	2021
Provincial Legislative Grants	\$ 454,519	\$ 436,192
Education Property Tax	164,174	165,760
Grants for Student Needs	\$ 618,693	\$ 601,952

10. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2022 budgets approved by the Board of Trustees on June 16, 2021. 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 2022 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.

	2022
Budget deficit for the year, as approved	\$ (4,189)
Add:	
Budget deficit - Simcoe County Student Transportation Consortium	(1,358)
Employee future benefits	5,302
Education development charge revenues	19,531
Deferred revenue	1,412
Budget surplus per consolidated statement of operations	\$ 20,698

Simcoe County District School Board
Notes to the Consolidated Financial Statements
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For the year ended August 31, 2022

11. Expenses by Object

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

	Budget 2022	Actual 2022	Actual 2021
Expenses			
Salary and wages	\$ 466,218	\$ 471,225	\$ 456,569
Employee benefits	81,962	81,345	76,043
Staff development	1,212	1,313	1,015
Supplies and services	33,966	30,797	35,743
Interest charges on capital	10,717	10,723	11,032
Rental expenses	2,903	2,596	2,223
Fees and contract services	34,139	39,941	32,333
Other	32	11,401	2,092
	631,149	649,341	617,050
School generated funds	8,463	5,275	2,776
Amortization of tangible capital assets	38,791	39,976	40,728
	\$ 678,403	\$ 694,592	\$ 660,554

12. Trust Funds

Trust funds administered by the board amounting to \$6,895,923 (2021 - \$7,115,064) 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
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For the year ended August 31, 2022

13. Partnership in the Simcoe County Student Transportation Consortium

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

Each board participates in the shared costs associated with this service for the transportation of their respective students through SCSTC. The board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. Inter-entity transactions and balances have been eliminated on consolidation.

The following provides condensed financial information:

	2022 Total	2022 SCDSB Portion (60%)	2021 Total	2021 SCDSB Portion (60%)
Financial Position				
Financial assets	\$ 866	\$ 520	\$ 988	\$ 593
Liabilities	(524)	(315)	(189)	(113)
Non-financial assets	313	188	342	205
Accumulated surplus	<u>\$ 655</u>	<u>\$ 393</u>	<u>\$ 1,141</u>	<u>\$ 685</u>
Results of Operations				
Revenues	\$ 39,652	\$ 23,791	\$ 35,314	\$ 21,188
Expenses	40,137	24,082	35,283	21,170
Annual surplus (deficit)	<u>\$ (485)</u>	<u>\$ (291)</u>	<u>\$ 31</u>	<u>\$ 18</u>

Simcoe County District School Board
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14. 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 (2021 - \$2,021,201) in respect of the above agreement is not recorded in these consolidated financial statements.

15. 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, 2022 of \$3,631,453 (2021 - \$3,467,053), 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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For the year ended August 31, 2022

16. Contractual Obligations

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

The sum of \$5,578,124 is payable with respect to these operating leases as follows:

2023	\$	1,769
2024		1,544
2025		935
2026		472
2027		358
Thereafter		500
		<hr/>
	\$	5,578

- 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 \$12,148,404 related to these contracts has not been expended as at August 31, 2022 (2021 - \$32,133,889).
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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, 2022

17. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had significant financial, market and social impacts, due to government-imposed lockdowns and social distancing requirements. The board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The government has provided funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. During the year, the board has incurred costs of \$20,763,667 (2021 - \$14,329,234) related to these initiatives.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. Although all 2021-22 financial impacts were managed, the full extent of the financial impact on the financial position and results of the board for future periods is not possible to reliably estimate.

In response to COVID-19, the Province of Ontario announced a Business Education Tax (BET) reduction in the 2020-21 Budget. The BET reduction is lowering all high BET rates to a rate of 0.88 percent for both commercial and industrial properties beginning in the 2021 calendar year. To ensure these measures do not have a financial impact on school boards, the Province adjusted payments to the school boards in July and August. This amount for the board was \$NIL (2021 - \$4,612,273).

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

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of Personal Protective Equipment (PPE) and Critical Supplies and Equipment (CSE) received from the Ministry of Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$9,764,094 (2021 - \$2,255,158) with expenses based on use of \$9,824,783 (2021 - \$1,625,394) for a net impact of \$569,075 (2021 - \$629,764). This amount has been recorded as inventory on the statement of financial position.

Simcoe County District School Board
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19. Future Accounting Standard Adoption

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

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments* must be implemented at the same time. The board has not adopted any new accounting standards for the year ended August 31, 2022.

- a) Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the board as of September 1, 2022 for the year ending August 31, 2023):

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and loss as remeasurement gains and losses.

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

PS 3401 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* will no longer apply.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

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

Simcoe County District School Board
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For the year ended August 31, 2022

19. Future Accounting Standard Adoption - continued

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

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

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

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