

Simcoe Muskoka Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2021

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MANAGEMENT REPORT


The accompanying consolidated financial statements of the Simcoe Muskoka Catholic District School Board are the responsibility of the Board management and 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, as 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 judgement, 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 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.



Frances Bagley
Director of Education and
Secretary-Treasurer of the Board



Mark Connors
Superintendent of Policy, Finance and Business
Services

November 17, 2021

Independent Auditor's Report

To the Board of Trustees of the Simcoe Muskoka Catholic District School Board

Opinion

We have audited the consolidated financial statements of Simcoe Muskoka Catholic District School Board and its controlled entities (the group), which comprise the consolidated statement of financial position as at August 31, 2021, 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, 2021 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 17, 2021

**Simcoe Muskoka Catholic District School Board
Consolidated Statement of Financial Position**

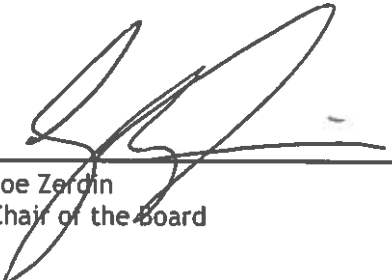
August 31	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 18,525,953	\$ 24,289,901
Accounts receivable	13,099,857	20,449,598
Accounts receivable - Government of Ontario (note 1)	77,342,760	80,168,792
Other assets	22,104	29,931
	108,990,674	124,938,222
Financial Liabilities		
Bank indebtedness (note 2)	14,073,600	19,205,600
Accounts payable and accrued liabilities	24,730,052	32,746,943
Deferred revenue (note 3)	7,557,320	5,458,228
Deferred capital contributions (note 4)	213,036,594	210,608,885
Employee future benefits liability (note 5)	5,324,898	5,530,324
Net long-term debt (note 6)	67,538,768	75,876,552
	332,261,232	349,426,532
Net Debt	(223,270,558)	(224,488,310)
Non-Financial Assets		
Prepaid expenses (note 15)	2,416,917	357,223
Tangible capital assets (note 7)	275,754,615	272,661,821
	278,171,532	273,019,044
Accumulated surplus (note 8)	\$ 54,900,974	\$ 48,530,734

Contingent Liabilities and Contractual Obligations (notes 13 and 14)

Signed on behalf of the Board



Frances Bagley
Director of Education and
Secretary-Treasurer of the Board



Joe Zerdin
Chair of the Board

Simcoe Muskoka Catholic District School Board Consolidated Statement of Operations

For the year ended August 31	Budget 2021	Actual 2021	Actual 2020
Revenues			
Provincial grants			
Grants for student needs	\$ 216,529,310	\$ 215,331,490	\$ 206,134,632
Local taxation and other	44,299,706	49,235,533	44,263,753
School generated funds	3,749,820	899,653	3,964,706
Federal grants and fees	417,182	411,991	399,036
Investment income	-	73,632	278,417
Other revenues - school boards	-	47,725	32,734
Other fees and revenues	590,786	6,252,433	4,988,113
Amortization of deferred capital contributions	13,752,242	14,566,382	13,016,892
	<u>279,339,046</u>	<u>286,818,839</u>	<u>273,078,283</u>
Expenses (note 9)			
Instruction	214,267,988	216,978,264	201,038,544
Administration	6,958,989	7,642,957	7,360,524
Transportation	13,731,492	12,355,766	13,142,601
Pupil accommodation	40,170,369	41,017,238	40,414,284
School generated funds	3,749,820	1,320,730	3,853,991
Other	553,127	1,133,644	404,774
	<u>279,431,785</u>	<u>280,448,599</u>	<u>266,214,718</u>
Annual surplus (deficit)	(92,739)	6,370,240	6,863,565
Accumulated surplus, beginning of year	40,388,074	48,530,734	41,667,169
Accumulated surplus, end of year	\$ 40,295,335	\$ 54,900,974	\$ 48,530,734

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

**Simcoe Muskoka Catholic District School Board
Consolidated Statement of Changes in Net Debt**

For the year ended August 31	Budget 2021	Actual 2021	Actual 2020
Annual surplus (deficit)	\$ (92,739)	\$ 6,370,240	\$ 6,863,565
Tangible capital asset activities			
Acquisition of tangible capital assets	(17,320,172)	(17,968,854)	(11,750,869)
Amortization of tangible capital assets	14,078,768	14,876,060	13,362,372
Total tangible capital asset activities	(3,241,404)	(3,092,794)	1,611,503
Other non-financial asset activity			
Change in prepaid expenses	-	(2,059,694)	104,124
Change in net debt	(3,334,143)	1,217,752	8,579,192
Net debt, beginning of year *	(224,488,310)	(224,488,310)	(233,067,502)
Net debt, end of year	\$ (227,822,453)	\$ (223,270,558)	\$ (224,488,310)

* Net debt, beginning of year amount of \$(224,488,310) in the Budget 2021 column references the actual net debt, end of year reflected in the consolidated financial statements for the year ended August 31, 2020.

Simcoe Muskoka Catholic District School Board Consolidated Statement of Cash Flows

For the year ended August 31	2021	2020
Operating transactions		
Annual surplus	\$ 6,370,240	\$ 6,863,565
Change in non-cash items including:		
Amortization of tangible capital assets	14,876,060	13,362,372
Amortization of deferred capital contributions	(14,566,382)	(13,016,892)
Changes in non-cash operating balances		
Accounts receivable	7,349,741	(12,399,532)
Other assets	7,827	(6,511)
Accounts payable and accrued liabilities	(8,016,891)	16,276,464
Deferred revenue - operating	1,523,629	756,245
Employee future benefits liability	(205,426)	(1,015,385)
Prepaid expenses	(2,059,694)	104,124
Cash provided by operating transactions	5,279,104	10,924,450
Capital transactions		
Cash used to acquire tangible capital assets	(17,968,854)	(11,750,869)
Financing transactions		
Decrease in temporary borrowing	(5,132,000)	(3,446,527)
Long-term debt repaid	(8,337,784)	(7,945,239)
Decrease in accounts receivable - Government of Ontario	2,826,032	6,521,666
Deferred capital contributions received	16,994,091	11,533,538
Increase (decrease) in deferred revenue - capital	575,463	(782,159)
Cash provided by financing transactions	6,925,802	5,881,279
Net change in cash and cash equivalents	(5,763,948)	5,054,860
Cash and cash equivalents, beginning of year	24,289,901	19,235,041
Cash and cash equivalents, end of year	\$ 18,525,953	\$ 24,289,901

Simcoe Muskoka Catholic District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2021

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

Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- 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 PS 3510.

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 Muskoka Catholic District School Board

Summary of Significant Accounting Policies

For the year ended August 31, 2021

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 Muskoka Catholic District School Board ("the Board") and which are controlled by the Board.

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

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

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

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.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand.

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 are performed.

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 Muskoka Catholic District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2021

Employee Life and Health Trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 and 2017-18 for all employee groups. The following ELHTs were established in 2016-17: OSSTF-EW and OECTA. The following ELHTs were established in 2017-18: CUPE and 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), and other school board staff as of the date the group transitioned to the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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 funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

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, and workplace insurance 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, insurance and health care cost trends, long-term inflation rates and discount rates. The cost of retirement gratuities is 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, such as 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.

Simcoe Muskoka Catholic District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2021

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 worker's compensation 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.

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	40
Portable structures	20
Equipment	5 - 15
Furniture	10
First time equipping of schools	10
Computer hardware	3
Computer software	5
Vehicles	5

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. This change has been applied prospectively as a change in accounting estimate. The impact of this change in estimate is \$1,123,021.

Simcoe Muskoka Catholic District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2021

Tangible Capital Assets - continued

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.

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.

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.

Simcoe Muskoka Catholic District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2021

Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used by the Board in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described 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.

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. Property tax revenue received from the municipalities is recorded as local taxation and other revenue on the consolidated statement of operations.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

1. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. Simcoe Muskoka Catholic 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 \$77,342,760 as at August 31, 2021 (2020 - \$80,168,792) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As 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 accounts receivable balance on the consolidated statement of financial position at August 31, 2021 is \$3,276,279 (2020 - \$2,148,474).

2. Bank Indebtedness

The Board has a line of credit available to the maximum of \$15,000,000 to address operating requirements. As of August 31, 2021, \$NIL had been drawn (2020 - \$NIL).

The Board also has non-revolving demand education development charges loan credit available to a maximum of \$35,735,138 (2020 - \$19,205,600) to finance eligible education land costs for new school construction. As at August 31, 2021, the amount drawn under this facility was \$14,073,600 (2020 - \$19,205,600) at a rate of 0.440% (2020 - 0.521%).

Interest rates on the operating line of credit and non-revolving demand education development charges loan credit are the bank's prime lending rate less 0.50% and 0.25% respectively, while banker's acceptance for terms not exceeding 6 months have interest payable monthly at an agreed upon rate plus a stamping fee of 0.75% per annum. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

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, 2021 is comprised of:

	Balance as at August 31, 2020	Externally Restricted Revenue and Investment Income	Transfer to Deferred Capital Contributions	Revenue Recognized in the Period	Balance as at August 31, 2021
Legislative grants - operating	\$ 458,188	\$ 35,964,737	\$ -	\$ (35,545,325)	\$ 877,600
Legislative grants - capital	2,564,290	14,519,313	(5,193,108)	(8,649,020)	3,241,475
Priorities and Partnerships Fund	153,219	8,193,258	-	(8,082,399)	264,078
Priorities and Partnerships Fund - capital	-	856,989	(856,989)	-	-
Proceeds of disposition	852,556	-	(102,606)	-	749,950
Education development charges	258,700	5,487,582	-	(5,486,698)	259,584
Other	1,171,275	1,201,479	-	(208,121)	2,164,633
Total Deferred Revenue	\$ 5,458,228	\$ 66,223,358	\$(6,152,703)	\$(57,971,563)	\$7,557,320

As a result of a change in grant classification, the opening balance reported for deferred revenue under legislative grants - operating, decreased by \$184,130, with a corresponding increase in the opening balance reported for deferred revenue under legislative grants - capital.

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.

	2021	2020
Balance, beginning of year	\$ 210,608,885	\$ 212,092,239
Additions to deferred capital contributions	16,994,091	11,533,538
Revenue recognized in the year	(14,566,382)	(13,016,892)
Balance, end of year	\$ 213,036,594	\$ 210,608,885

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

5. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

	2021		2020	
	Retirement Gratuity Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations at August 31	\$ 5,291,267	\$ 796,923	\$ 6,088,190	\$ 6,580,717
Unamortized actuarial losses at August 31	<u>(763,292)</u>	-	<u>(763,292)</u>	<u>(1,050,393)</u>
Employee future benefit liability at August 31	<u>\$ 4,527,975</u>	<u>\$ 796,923</u>	<u>\$ 5,324,898</u>	<u>\$ 5,530,324</u>

(b) Retirement and Other Employee Future Benefit Expense

	2021		2020	
	Retirement Gratuity Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ 2,148	\$ 255,899	\$ 258,047	\$ 34,055
Interest on accrued benefit obligation	77,603	8,558	86,161	135,017
Amortization of actuarial losses (gains)	176,663	122,503	299,166	14,811
Change due to plan amendment	-	2,142	2,142	(97,607)
Employee future benefit expense ¹	<u>\$ 256,414</u>	<u>\$ 389,102</u>	<u>\$ 645,516</u>	<u>\$ 86,276</u>

During the year, benefits payments of \$850,942 (2020 - \$1,101,661) were made related to retirement gratuities and other employee future benefits as described below.

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System and Ontario Teachers' Pension Plan, multi-employer pension plans described below.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

5. Retirement and Other Employee Future Benefits - continued

(c) Retirement Benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

Each year an independent actuary determines the funding status of 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$315 billion in respect of benefits accrued for service with actuarial assets of \$278.9 billion indicating an actuarial deficit of \$36.1 billion as at that date.

(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 provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$3,636,641 (2020 - \$3,415,999) to the plan. As this is a multi-employer pension plan, these contributions are the board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

Each year an independent actuary determines the funding status of 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113 billion in respect of benefits accrued for service with actuarial assets of \$109.8 billion indicating an actuarial deficit of \$3.2 billion as at that date.

(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.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

5. Retirement and Other Employee Future Benefits - continued

(d) Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2021 were \$1,070,643 (2020 - \$1,591,834) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(ii) 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 \$236,317 (2020 - \$123,602).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2021 and is based on the average daily salary and banked sick days of employees as at August 31, 2021.

(iii) Post Retirement Benefits

The Board provides life insurance, dental and health care benefits to some retired senior officials. The Board is responsible for 95% of the full benefit cost until age 65 and in some cases to age 65 or 10 years after retirement, whichever is later, as long as they retire in accordance with the Broader Public Sector Executive Compensation Act.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

5. Retirement and Other Employee Future Benefits - continued

Actuarial Assumptions

The accrued benefit obligations as at August 31, 2021 for the employee future benefit plans detailed above in paragraphs (c)(iii), d(i), d(ii) and d(iii) are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2021. These actuarial valuations were based on assumptions about future events and based on updated average daily salary and banked sick days at August 31, 2021. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2021</u>	<u>2020</u>
Inflation - sick leave top-up benefits and Workplace Safety and Insurance Board obligations	2.00 %	2.00 %
Wage and salary escalation - sick leave top-up benefits	2.00 %	2.00 %
Health care cost escalation	7.00 %	7.25 %
Dental cost escalation	4.50 %	4.50 %
Discount rate on accrued benefit obligations	1.80 %	1.40 %

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

6. Net Long-term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position is fully supported with a one-time grant that recognizes capital debt as at August 31, 2010 and is comprised of the following:

	<u>2021</u>	<u>2020</u>
Debenture 2000 (OSBFC#1) - Bylaw #3201-00, 7.2% per annum, repayable \$647,350 semi-annually blended principal and interest, maturing June 2025	\$ 4,431,346	\$ 5,356,724
Debenture 2002 (OSBFC #4) - Bylaw #3402-02, 5.9% per annum, repayable \$921,816 semi-annually blended principal and interest, maturing October 2027	9,834,897	11,044,487
Debenture 2004 (OSBFC #6) - Bylaw #3601-04, 5.483% per annum, repayable \$998,449 semi-annually blended principal and interest, maturing November 2029	13,423,548	14,634,415
Loan 2006 (OFA - GPL 1) - Bylaw #3801-06, 4.56% per annum, repayable \$151,762 semi-annually blended principal and interest, maturing November 2031	2,510,280	2,693,060
Loan 2008 (OFA - GPL 2) - Bylaw #4001-08, 4.9% per annum, repayable \$66,581 semi-annually blended principal and interest, maturing March 2033	1,182,302	1,254,853
Loan 2010 (OFA - GPL, PCS, PTR) - Bylaw #4201-10, 5.232% per annum, repayable \$407,029 semi-annually blended principal and interest, maturing April 2035	7,973,022	8,354,883
Loan 2010 (OFA - NPP) - Bylaw #4202-10, 3.942% per annum, repayable \$2,448,691 semi-annually blended principal and interest, maturing September 2025	19,394,021	23,407,837
Loan 2013 (OFA - Cap Priorities/PCS) - Bylaw #4501-13, 3.663% per annum, repayable \$88,910 semi-annually blended principal and interest, maturing June 2038	2,246,049	2,339,034
Loan 2014 (OFA - NPP, PCS, PTR, CP) - Bylaw #4601-14, 4.003% per annum, repayable \$252,177 semi-annually blended principal and interest, maturing March 2039	6,381,422	6,623,051

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

6. Net Long-term Debt - continued

	2021	2020
Loan 2015 (OFA - NPP) - Bylaw #4701-15, 2.993% per annum, repayable \$5,657 semi-annually blended principal and interest, maturing March 2040	161,881	168,208
	\$ 67,538,768	\$ 75,876,552

Payments relating to net long-term debt outstanding as at August 31, 2021 are due as follows:

	Principal	Interest	Total
2022	\$ 8,750,781	\$ 3,226,065	\$ 11,976,846
2023	9,185,354	2,791,492	11,976,846
2024	9,642,694	2,334,153	11,976,847
2025	10,124,058	1,852,789	11,976,847
2026	6,109,884	1,373,905	7,483,789
Thereafter	23,725,997	4,627,139	28,353,136
	\$ 67,538,768	\$ 16,205,543	\$ 83,744,311

Interest on long-term debt amounted to \$3,708,176 (2020 - \$4,307,367).

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

7. Tangible Capital Assets

a) Assets Under Construction

Assets under construction having a value of \$5,720,617 (2020 - \$525,227) 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)

There were no asset inventories for resale at year end in the current year or the previous year.

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

7. Tangible Capital Assets - continued

	Cost				Accumulated Amortization				Net Book Value 2021	Net Book Value 2020
	Opening	Additions/ Transfers	Disposals	Closing	Opening	Additions/ Transfers	Disposals	Closing		
Land	\$ 56,801,373	\$ 851,906	\$ -	\$ 57,653,279	\$ -	\$ -	\$ -	\$ -	\$ 57,653,279	\$ 56,801,373
Land improvements	2,930,099	379,091	-	3,309,190	1,911,205	194,300	-	2,105,505	1,203,685	1,018,894
Buildings	392,740,864	6,678,572	-	399,419,436	187,739,427	11,635,755	-	199,375,182	200,044,254	205,001,437
Construction in progress	525,227	5,195,390	-	5,720,617	-	-	-	-	5,720,617	525,227
Portable structures	4,627,564	646,354	(73,100)	5,200,818	508,513	245,417	(73,100)	680,830	4,519,988	4,119,051
Equipment - 5 years	22,093	-	(13,204)	8,889	12,772	3,098	(13,204)	2,666	6,223	9,321
Equipment - 10 years	5,837,778	333,855	(106,558)	6,065,075	5,438,058	69,177	(106,558)	5,400,677	664,398	399,720
Equipment - 15 years	400,002	-	-	400,002	259,099	10,437	-	269,536	130,466	140,903
Furniture	30,237	-	-	30,237	13,609	3,024	-	16,633	13,604	16,628
First time equipping of schools	2,594,905	21,026	(378,619)	2,237,312	1,741,034	241,611	(378,619)	1,604,026	633,286	853,871
Computer hardware (software)	4,413,765	3,811,657	(697,550)	7,527,872	893,868	2,386,940	(697,550)	2,583,258	4,944,614	3,519,897
Vehicles	642,484	51,003	(21,035)	672,452	386,985	86,301	(21,035)	452,251	220,201	255,499
	\$ 471,566,391	\$ 17,968,854	\$ (1,290,066)	\$ 488,245,179	\$ 198,904,570	\$ 14,876,060	\$ (1,290,066)	\$ 212,490,564	\$ 275,754,615	\$ 272,661,821

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

8. Accumulated Surplus

Accumulated surplus consists of the following:

	2021	2020
Operating	\$ 4,409,485	\$ 6,985,250
Amounts restricted by Board for future use		
Technology fund	1,700,000	1,000,000
ICT Infrastructure	1,700,000	-
Excess amortization funding	839,483	792,680
Transportation Consortium	341,344	322,232
School budget	1,766,953	1,133,516
Committed sinking fund interest earned	2,866,641	3,276,161
Committed capital projects	1,032,867	979,829
Employee future benefits	(1,614,499)	(2,629,461)
Interest accrued	(985,559)	(1,108,101)
School generated funds	2,160,465	2,581,542
Revenues recognized for land	40,683,794	35,197,086
Total Accumulated Surplus	\$ 54,900,974	\$ 48,530,734

Simcoe Muskoka Catholic District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

9. Expenses by Object

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

	Budget 2021	Actual 2021	Actual 2020
Expenses			
Salary and wages	\$ 189,715,979	\$ 191,686,287	\$ 182,311,844
Employee benefits	32,260,976	33,142,011	30,561,269
Staff development	421,133	382,571	433,764
Supplies and services	19,906,943	19,650,908	15,839,999
Interest charges on capital	3,519,860	3,744,570	4,340,775
Rental expenses	271,646	178,050	185,949
Fees and contract services	14,789,399	14,176,349	14,543,491
Other	717,261	1,291,063	781,264
	261,603,197	264,251,809	248,998,355
School generated funds	3,749,820	1,320,730	3,853,991
Amortization of tangible capital assets	14,078,768	14,876,060	13,362,372
	\$ 279,431,785	\$ 280,448,599	\$ 266,214,718

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

10. Partnership in the Simcoe County Student Transportation Consortium

The Board and the Simcoe County District School Board (SCDSB) jointly operate the Simcoe County Student Transportation Consortium (SCSTC) to provide common administration of student transportation in the region. This 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.

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

The following provides condensed financial information:

	2021 Total	2021 SMCDSB Portion	2020 Total	2020 SMCDSB Portion
Financial Position				
Assets	\$ 4,086,178	\$ 1,648,410	\$ 3,460,914	\$ 1,407,712
Liabilities	(2,945,520)	(1,307,066)	(2,351,712)	(1,085,480)
Accumulated surplus	<u>\$ 1,140,658</u>	<u>\$ 341,344</u>	<u>\$ 1,109,202</u>	<u>\$ 322,232</u>
Results of Operations				
Revenues	\$ 35,314,263	\$ 13,433,710	\$ 34,742,147	\$ 13,258,029
Expenses	<u>35,282,807</u>	<u>13,414,598</u>	<u>34,663,844</u>	<u>13,224,548</u>
Annual surplus	<u>\$ 31,456</u>	<u>\$ 19,112</u>	<u>\$ 78,303</u>	<u>\$ 33,481</u>

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

11. 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 \$27,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Regularly, the Board receives an annual refund and has been asked to pay an additional premium once, based on its pro rata share of claims experience during the current term. The current five year term expires December 31, 2025.

12. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$5,411,036 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.

13. Contingent Liabilities

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 will be recorded in the year of settlement.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

14. Contractual Obligations

The Board has outstanding contractual obligations of approximately \$36,836,660 (2020 - \$2,813,988) and outstanding letters of credit of \$923,200 (2020 - \$112,000) for uncompleted capital projects at August 31, 2021.

15. In-Kind Transfers from Ministry of Government and Consumer Services (MGCS)

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 Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$695,694 with expenses based on use of \$695,694 for a net impact of \$NIL. The remaining balance of inventory in the amount of \$669,571 has been recorded in prepaid expenses on the statement of financial position.

Simcoe Muskoka Catholic District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2021

16. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020, the Province of Ontario ordered the closure of all publically funded schools. This closure was later extended to include the remainder of the 2019-2020 school year and education services were moved to a virtual learning platform.

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment.

During the 2020-2021 school year, students in catholic funded schools were either learning in school or online depending on guidance and direction from the Ministry of Education and local public health units. Schools have physically re-opened in September 2021.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$NIL (2020 - \$10,100,889) and has been included in accounts receivable on the consolidated statement of financial position. This amount was recovered by the Board in 2021.

To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual property tax amount as forecasted by the Board in 2019-20 Revised Estimates. This amount for the Board was \$NIL (2020 - \$10,675,902). This amount was recovered by the Province in 2021.

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 \$1,889,081 (2020 - \$NIL).
