

SIMCOE COUNTY DISTRICT SCHOOL BOARD

SPECIAL BOARD MEETING

WEDNESDAY, NOVEMBER 9, 2011 – 6:00 P.M.

AGENDA

GEORGIAN ROOM

- A.**
- (1) Roll Call
 - (2) Approval of Agenda
 - (3) Declaration of Conflicts of Interest
- B. RECOMMENDATIONS FOR ACTION**
- (1) **Committee Minutes/Reports**
 - (a) Report of the Public Session of the Audit Committee Meeting held November 1, 2011
 - (2) **Staff Reports**
 - (a) By-law Number D-2011-2 For Ontario Financing Authority Long-Term Financing
- C. FUTURE BUSINESS AND ADJOURNMENT**
- Barrie Central Partnership Evening – November 15, 2011 at 7:00 p.m. – Roy Edwards Room
Special Education Advisory Committee Meeting – November 21, 2011 at 7:00 p.m. – Georgian Room
Years of Service Celebration – November 22, 2011 at 5:00 p.m. – Roy Edwards Room
Parent Involvement Committee Meeting – November 23, 2011 at 5:00 p.m. Couchiching Room
Regular Meeting of the Board – November 23, 2011 at 6:00 p.m., followed immediately by the Committee of the Whole in Closed Session (Georgian Room), Public Session will resume at 7:30 p.m. (Roy Edwards Room).

SIMCOE COUNTY DISTRICT SCHOOL BOARD

SPECIAL BOARD MEETING

PUBLIC SESSION

RECOMMENDED ACTION – WEDNESDAY, NOVEMBER 9, 2011

| REPORT | FYI | Decision Req. | MOTION |
|---|-----|---------------|---|
| | | | Call Meeting to order. Roll Call |
| | | √ | That the agenda be approved as printed. |
| | | | Declaration of Conflicts of Interest |
| B-1-a Audit Committee November 1, 2011 | | √ | (1) That the Board approve the audited financial statements for the year ended August 31, 2011, as set out in APPENDIX A of Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011. |
| | | √ | (2) That the Board approve the transfer to Unappropriated Accumulated Surplus/(Deficit) in the amount of \$5,273,483, as set out in APPENDIX C of Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011. |
| | | √ | (3) That the Board approve the Annual Audit Committee Report: Year Ending August 31, 2011, as set out in Report No. AUD-D-2, Annual Audit Committee Report: Year End August 31, 2011, dated November 1, 2011. |
| B-2-a By-law Number D-2-11-2 For Ontario Financing Authority Long-Term Financing | | √ | That the Board ratify By-law Number D-2011-2 to authorize the Ontario Financing Authority long-term financing agreement in the principal amount of \$2,090,624 pursuant to a loan agreement under Ontario Regulation 41/10, as set out in Report No. B-2-a, By-law Number D-2011-2 For Ontario Financing Authority Long-Term Financing, dated November 9, 2011. |
| Future Business | | | |
| Adjournment | | √ | Motion to Adjourn |

TO: The Chairperson and Members of the
Simcoe County District School Board

FROM: Audit Committee

SUBJECT: **REPORT OF THE PUBLIC SESSION OF THE AUDIT COMMITTEE
MEETING HELD TUESDAY, NOVEMBER 1, 2011**

The Audit Committee met in Public Session on Tuesday, November 1, 2011, at the Education Centre.

PRESENT:

Committee Members Suzanne Ley, Jodi Lloyd, Robert Mauro, Jason McArthur (Vice-Chairperson), Caroline Smith (Chairperson).

Administration Brian Jeffs, Janis Medysky, Kathryn Wallace.

Staff Mark Connors, Corry Van Nispen.

Recording Secretary Tina Bazuk.

Chairperson Smith called the meeting to order at 6:00 p.m.

Approval of the Agenda

MOTION

Moved by Robert Mauro
Seconded by Jason McArthur

That the agenda be approved as printed.

CARRIED

Declaration of Conflicts of Interest – Nil

Presentations/Delegations - Nil

Closed Session - Nil

Items for Committee Decision

1. **Audited 2010-2011 Financial Statements (AUD-D-1)**

Michael Laycock and Andrea Nauss, Chartered Accountants from BDO Canada LLP, were in attendance to provide an overview of the Auditor's letter and the Independent Auditor's Report for the 2010-2011 Audited Financial Statements.

Corry Van Nispen, Controller, presented the draft financial statements and responded to questions from the committee. As a result of additional supplementary grants the Board revenues and expenses result in an annual surplus of \$6,087,800. A continuity schedule of reserve funds summarized the approved 2010-2011 budget transfers as well as the year-end transfer. At the request of the committee, Controller Van Nispen will provide further clarification with regards to the Annual Surplus variance at the Special Board Meeting on November 9, 2011.

The consolidated financial statements have been attached as APPENDIX A. A year-end variance analysis for the fiscal year is attached as APPENDIX B and a continuity schedule of the Accumulated Surplus/Deficit is attached as APPENDIX C.

(1,2)

Moved by Suzanne Ley
Seconded by Jodi Lloyd

(1)

#AUD-2011-11-01-01

That the Audit Committee recommend that the Board approve the audited financial statements for the year ended August 31, 2011 as set out in APPENDIX A, Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011.

(2)

#AUD-2011-11-01-02

That the Audit Committee recommend that the Board approve the transfer to Unappropriated Accumulated Surplus/(Deficit) in the amount of \$5,273,483 as set out in APPENDIX C, Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011.

CARRIED

2. Annual Audit Committee Report: Year End August 31, 2011 (AUD-D-2)

Mark Connors, Regional Internal Audit Manager, provided an overview of the Audit Committee Report, attached as APPENDIX D, which summarized activity of the Audit Committee for the year ended August 31, 2011. Since the inception of the Internal Audit initiative, the audit committee has completed the following:

- Reviewed the risk assessment detailing major financial and non-financial risks.
- Agreed on the approach and scope of the audit work to be undertaken by the auditors (both internal and external)

At the request of committee members, the latest version of the risk assessment heat maps will be provided to the committee for their reference

Manager Connors responded to questions from the committee at this time.

(3)

Moved by Jodi Lloyd

Seconded by Suzanne Ley

#AUD-2011-11-01-03

That the Audit Committee recommend that the Board approve the Annual Audit Committee Report: Year Ending August 31, 2011 as outlined in Report No. AUD-D-2, dated November 1, 2011.

CARRIED

3. Future Committee Meeting Dates (VERBAL)

Brian Jeffs, Superintendent of Business Services, proposed the following schedule for audit committee meetings: November, February and June with a start time of 6:00 p.m. A minimum of 3 meetings per year are required. Additional meetings can be scheduled, as deemed necessary.

Superintendent Jeffs suggested Monday, February 6 and Monday, June 4 as possible dates for the 2011-2012 Audit Committees meetings. Committee members will be polled and confirmation of dates will be sent out in the near future.

Items for Committee Information

1. Internal Audit Update (AUD-I-1)

Manager Connors reported on the work completed by the Regional Internal Audit Team (RIAT) since the last Audit Committee Meeting on June 7, 2011, which has mostly been focused on preparation for the 2011-2012 school year.

As part of the 2010-2011 Audit Plan, the Simcoe County District School Board's Audit Committee approved the Broader Public Sector (BPS) Procurement and Expense Directives gap analysis. Overall it was determined that the board's accountability framework fairly reflected the newly issued directives.

To date, the Internal Auditors have not yet issued the draft report to Management to discuss the recommendations.

Manager Connors responded to questions from the committee at this time.

This report was provided for information.

Correspondence - Nil

Other Matters

1. Jason McArthur, External Member inquired as to the rotation of external committee members as his term expires in April 2012.

Superintendent Jeffs indicated that there is a well defined process in place for dealing with expiring terms of external members that will begin in January 2012. The committee will be kept informed as the process moves forward.

Notices of Motion for Next Meeting - Nil

MOTION

Moved by Robert Mauro
Seconded by Jodi Lloyd

That the meeting be adjourned.

CARRIED

The meeting adjourned at 7:40 p.m.

RECOMMENDATIONS

1. That the Board approve the audited financial statements for the year ended August 31, 2011, as set out in APPENDIX A, Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011.
2. That the Board approve the transfer to Unappropriated Accumulated Surplus/(Deficit) in the amount of \$5,273,483, as set out in APPENDIX C, Report No. AUD-D-1, Audited 2010-2011 Financial Statements, dated November 1, 2011
3. That the Board approve the Annual Audit Committee Report: Year Ending August 31, 2011, as set out in Report No. AUD-D-2, dated November 1, 2011.

Respectfully submitted by:

Brian Jeffs
Superintendent of Business Services

Approved for submission by:

Kathryn Wallace
Director of Education



Simcoe County
District School Board

REPORT NO. B-1-a
November 9, 2011

APPENDIX A Pages 1 – 27

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

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Simcoe County District School Board are the responsibility of the Board management and have been prepared in compliance with legislation, and based on the financial reporting provisions described in the summary of significant accounting policies attached to the consolidated financial statements.

A summary of the significant accounting policies are attached to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's 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 Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Kathryn Wallace
Director of Education

Brian Jeffs
Superintendent of Business

November 9, 2011

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

We have audited the accompanying consolidated financial statements of the Simcoe County District School Board, which comprise the consolidated statement of financial position as at August 31, 2011, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions described in the summary of significant accounting policies attached to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

Basis of Accounting

Without modifying our opinion, we draw attention to the summary of significant accounting policies attached to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared to assist the Simcoe County District School Board to meet the requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose.

Chartered Accountants, Licensed Public Accountants

Barrie, Ontario
November 9, 2011

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

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

Contingent Liabilities and Contractual Obligations (notes 17 and 18)

Signed on behalf of the Board

Director of Education

Chair of the Board

Simcoe County District School Board Consolidated Statement of Operations

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

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

**Simcoe County District School Board
Consolidated Statement of Change in Net Debt**

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

Simcoe County District School Board Consolidated Statement of Cash Flows

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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

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

(a) Basis of Accounting

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

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

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

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

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

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

The operations of the Simcoe County Student Transportation Consortium are reflected in these consolidated financial statements.

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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

(c) Trust Funds

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

(d) Cash and Cash Equivalents

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

(e) Deferred Revenue

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

(f) Retirement and Other Employee Future Benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, dental, health care, retirement gratuity, sick leave, workplace insurance benefits and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

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

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

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

g) Tangible Capital Assets

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

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Estimated Useful Life in Years |
|---|--------------------------------|
| Land improvements with finite lives | 15 |
| Buildings and building improvements | 40 |
| Portable structures | 20 |
| Furniture, equipment and computer equipment | 5 - 15 |
| Leasehold improvements | Over the lease term |

Assets under construction are not amortized until the asset is available for productive use.

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

(h) Government Transfers

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

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

Simcoe County District School Board Summary of Significant Accounting Policies

For the year ended August 31, 2011

(i) Investment Income

Investment income is reported as revenue in the period earned.

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

(j) Long-term Debt

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

(k) Budget Figures

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

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions the Board may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the liability for employee future benefits and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

1. Change in Accounting Policy

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

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

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

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

2. Accounts Receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. The Simcoe County District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$238,151,293 as at August 31, 2011 (2010 - \$209,781,039) with respect to capital grants.

3. Assets Held for Sale

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

4. Temporary Borrowing

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

Interest on the line of credit is the bank's prime lending rate less 0.35%. The line of credit is due on demand and is secured by a current Borrowing By-law. The amount drawn on the line of credit as at August 31, 2011 was \$21,670,000 (2010 - \$10,360,000).

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

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

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

5. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2011 is comprised of:

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

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

6. Deferred Capital Contributions

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

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

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

| | 2011 | | | 2010 | |
|--|------------------------|---------------------------|---|---|---|
| | Retirement Benefits | Sick Leave Benefits | Other Employee Future Benefits | Total Employee Future Benefits | Total Employee Future Benefits |
| Accrued employee future benefit obligations at August 31 | \$65,360,839 | \$32,506,903 | \$ 4,301,124 | \$102,168,866 | \$ 97,553,928 |
| Unamortized actuarial losses at August 31 | (4,105,200) | (1,145,463) | - | (5,250,663) | (5,589,051) |
| Employee future benefit liability at August 31 | \$61,255,639 | \$31,361,440 | \$ 4,301,124 | \$96,918,203 | \$ 91,964,877 |

(b) Retirement and Other Employee Future Benefit Expense

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

(c) Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 400,000 active and retired members and approximately 931 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2010. The results of this valuation disclosed total actuarial liabilities of \$60,035 million in respect of benefits accrued for service with actuarial assets at that date of \$55,568 million indicating an actuarial deficit of \$4,467 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. During the year ended August 31, 2011, the Board contributed \$4,204,131 (2010 - \$3,581,370) to the plan.

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

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

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

(iv) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

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

(d) Other Employee Future Benefits

(i) Sick Leave Benefits

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

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

(ii) Long-term Disability, Life Insurance and Health Care Benefits

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

During the year ended August 31, 2011, the Board contributed \$65,979 (2010 - \$71,286) related to these benefits.

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

7. Retirement and Other Employee Future Benefits - continued

The accrued benefit obligations as at August 31, 2011 for the employee future benefit plans detailed above in paragraphs (c)(iii), (c)(iv), (d)(i) and (d)(ii), are based on actuarial valuations for accounting purposes as at August 31, 2010. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

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

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

(iii) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

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

The workplace safety and insurance board obligations for employee future benefit plans as at August 31, 2011 are based on actuarial valuations for accounting purposes as at August 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

8. Long-term Debt

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

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| Sinking fund debenture payable - Bylaw #2001-01A for permanent improvements, 6.4% per annum, interest payable semi-annually, principal due on maturity, June 2011 | \$ - | \$ 2,980,000 |
| Sinking fund debenture payable - Bylaw #2001-01B for permanent improvements, 6.8% per annum, interest payable semi-annually, principal due on maturity, June 2026 | 76,565,000 | 76,565,000 |
| Royal Bank of Canada loan payable - Bylaw #2005-1 for permanent improvements, 4.51% per annum, repayable \$207,388 monthly blended principal and interest, due January 2015 | 7,866,524 | 9,949,175 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1 for permanent improvements, 4.56% per annum, repayable \$979,027 semi-annually blended principal and interest, due November 2031 | 25,900,941 | 26,652,126 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for permanent improvements, 4.9% per annum, repayable \$898,315 semi-annually blended principal and interest, due March 2033 | 23,900,735 | 24,503,971 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2008-2 for permanent improvements, 4.86% per annum, repayable \$1,079,291 semi-annually blended principal and interest, due June 2033 | 29,059,203 | 29,779,160 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for permanent improvements, 5.062% per annum, repayable \$418,966 semi-annually blended principal and interest, due March 2034 | 11,264,252 | 11,522,156 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for permanent improvements, 5.182% per annum, repayable \$701,094 semi-annually blended principal and interest, due April 2035 | 19,004,197 | 19,396,620 |
| Ontario Financing Authority (OFA) loan payable - Bylaw #2011-1 for permanent improvements, 4.833% per annum, repayable \$293,270 semi-annually blended principal and interest, due March 2036 | 8,426,739 | - |
| | \$ 201,987,591 | \$ 201,348,208 |

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

8. Long-Term Debt - continued

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

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

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

9. Tangible Capital Assets

a) Assets under construction

Assets under construction having a value of \$Nil (2010 - \$24,341,858) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Write-down of Tangible Capital Assets

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

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

The Board has identified \$609,800 of building properties that qualify as "assets permanently removed from service". \$3 related to building have been included in the net book value ending balance as at August 31, 2011.

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

9. Tangible Capital Assets - continued

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

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

10. Accumulated Surplus (Deficit)

Accumulated surplus consists of the following:

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

11. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 budgets approved by the Board on June 23, 2010. The budget was prepared in June 2010, prior to the release of the Government Transfer standard, which was released in March 2011. As a result, there are some changes in how the Deferred Capital Contributions (DCC) taken into revenue is calculated for the consolidated financial statements, versus for the budget. This includes the treatment of sinking fund interest and other components. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations. Where amounts were not budgeted for, the actual amounts for 2011 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

As boards only budget the Consolidated Statement of Operations, the budget figures in the Consolidated Statement of Changes in Net Debt have not been provided.

Consolidated Statement of Operations For the year ended August 31

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

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

12. Expenses by Object

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

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

DRAFT - SUBJECT TO CHANGE

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

13. Partnership in the Simcoe County Student Transportation Consortium

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

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

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

The following provides condensed financial information:

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

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

14. Trust Funds

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

Simcoe County District School Board Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

15. Ontario School Board Insurance Exchange (OSBIE)

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

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

16. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$27,129,972 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's consolidated statement of financial position and the flow-through of \$2,021,201 (2010 - \$2,021,201) in respect of the above agreement is not recorded in these consolidated financial statements.

17. Contingent Liabilities

a) During the normal course of operations, various proceedings and claims are filed against the Board. The Board reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the consolidated financial position or future consolidated results of operations of the Board. Accordingly, no provision has been made in these consolidated financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year that the related litigation is settled.

b) The Board had letters of credit outstanding with the bank as at August 31, 2011 of \$305,604 (2010 - \$2,268,076), which were required from the municipalities for security on some of the construction projects.

Simcoe County District School Board
Notes to the Consolidated Financial Statements

For the year ended August 31, 2011

18. Contractual Obligations

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

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

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

- b) During the year the Board had work performed on several major projects related to the construction and upgrading of certain permanent facilities under the terms of various contracts. Approximately \$6,576,883 related to these contracts has not been expended as at August 31, 2011 (2010 - \$33,051,800).
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Simcoe County District School Board
Statement of Operations - Explanation of Variances
August 31, 2011

| | Restated Budget | Actual | Variance | Change | Notes |
|--|----------------------------|--------------------|--------------------|---------------|--------------|
| | \$ | \$ | \$ | | |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Grants for Student Needs & local taxation | 475,657,560 | 483,527,574 | 7,870,014 | 1.7% | |
| Other | 6,962,900 | 11,810,950 | 4,848,050 | 69.6% | 1 |
| School Generated Funds | 16,316,700 | 15,452,161 | (864,539) | -5.3% | 2 |
| Federal grants and fees | 1,030,900 | 1,037,065 | 6,165 | 0.6% | |
| Investment income | 310,000 | 1,669,469 | 1,359,469 | 438.5% | 3 |
| Other revenues - school boards | 1,709,500 | 1,802,616 | 93,116 | 5.5% | 4 |
| Other fees and revenues | 3,266,200 | 6,363,673 | 3,097,473 | 94.8% | 5 |
| Amortization of deferred capital contributions | 20,237,568 | 21,212,302 | 974,734 | 4.8% | |
| Total Revenue | 525,491,328 | 542,875,810 | 17,384,482 | 3.3% | |
| Expenses | | | | | |
| Instruction | 407,589,141 | 408,905,809 | (1,316,668) | -0.3% | |
| Administration | 12,520,978 | 14,005,142 | (1,484,164) | -11.9% | 6 |
| Transportation | 20,392,100 | 21,037,116 | (645,016) | -3.2% | |
| Pupil accommodation | 76,424,239 | 76,775,348 | (351,109) | -0.5% | |
| School generated funds | 16,316,700 | 15,471,053 | 845,647 | 5.2% | 2 |
| Other | - | 593,542 | (593,542) | 100.0% | 7 |
| Total Expenses | 533,243,158 | 536,788,010 | (3,544,852) | -0.7% | 8 |
| Annual Surplus (Deficit) | (7,751,830) | 6,087,800 | 13,839,630 | | |

Notes

- 1 Other grants primarily represent supplementary grants received from the province and other ministries. Additional supplementary grants were received through the latter part of the year.
- 2 School generated funds are impacted by fundraising activities at the school level and will vary from year to year. Lower revenues are offset by lower expenses.
- 3 Interest income is higher than anticipated due to interest earned on internal borrowing related to temporary capital funding.
- 4 Recovery of shared transportation costs higher than anticipated, offset by higher transportation expenses.
- 5 This includes other third party grants similar to Ministry supplementary grants (\$0.4M) and revenues recognized for EDC charges in the year (\$2.2M); the latter is a change in accounting policy that requires the inclusion of all revenues on the statement of operations.
- 6 An increase in the employee future benefits as per the actuarial report (\$1.0M) and an increase in the legal fees related to the insurance trust (\$0.2M).
- 7 This is primarily due to additional expenses recorded for the reverse tuition fee agreement and is offset by higher revenues in Other fees and revenues.
- 8 Overall expenses are in line with the budget, with no material variances higher than 5% and \$500,000.

Simcoe County District School Board

**Schedule of Continuity of
Accumulated Surplus / (Deficit)**

| | Restated Balance Aug 31/10 | Approved Budgeted Tsf to (from) Surplus/(Deficit) 2010-2011 | Approved by Regulation, Practice or Board Motion Tsf to (from) Surplus/(Deficit) 2010-2011 | In-Year Incr / (Decr) Surplus/(Deficit) 2010-2011 | Appropriation for Supported Capital Expenditures 2010-2011 | Balance Aug 31/11 |
|---|----------------------------------|---|--|--|--|----------------------|
| Available for Compliance - Unappropriated | | | | | | |
| Operating accumulated surplus | 1,071,494 | (642,000) | - | 5,273,483 | - | 5,702,977 |
| <i>Unappropriated</i> | 1,071,494 | (642,000) | - | 5,273,483 | - | 5,702,977 |
| Available for Compliance - Internally Appropriated | | | | | | |
| Retirement Gratuity | 5,308,194 | (658,400) | 1,095,783 | | | 5,745,577 |
| Community Use Projects | 269,873 | | 57,223 | | | 327,096 |
| Energy Stabilization Fund | 780,936 | | 1,239,175 | | | 2,020,111 |
| School Basic Budget | 1,648,380 | | (93,298) | | | 1,555,082 |
| Teacher's Contract PD | 410,912 | | 44,484 | | | 455,396 |
| Other Board Priorities Fund | 2,124,108 | | 2,336,350 | | | 4,460,458 |
| Committed Capital Projects | - | | | | 4,018,201 | 4,018,201 |
| Committed Sinking Fund interest earned | - | | | | (722,985) | (722,985) |
| Pupil Accommodation | 8,103,235 | | (2,941,331) | | | 5,161,904 |
| Proceeds of Disposition | 66,551 | | | | | 66,551 |
| <i>Internally Appropriated</i> | 18,712,189 | (658,400) | 1,738,386 | | 3,295,216 | 23,087,391 |
| Total Accumulated Surplus/(Deficit) available for Compliance | 19,783,683 | (1,300,400) | 1,738,386 | 5,273,483 | 3,295,216 | 28,790,368 |
| Unavailable for Compliance | | | | | | |
| Amounts to be recovered | (94,965,827) | | (5,029,095) | | | (99,994,922) |
| School Generated Funds | 4,460,850 | | (18,892) | | | 4,441,958 |
| Revenues recognized for land | 25,411,676 | | 2,129,102 | | | 27,540,778 |
| <i>Externally Appropriated</i> | (65,093,301) | | (2,918,885) | | | (68,012,186) |
| Total Accumulated Surplus / (Deficit) | (45,309,618) | (1,300,400) | (1,180,499) | 5,273,483 | 3,295,216 | (39,221,818) |

REPORT NO. B-1-a
APPENDIX C
NOVEMBER 9, 2011

REPORT NO. AUD-D-1
APPENDIX C
NOVEMBER 1, 2011

TO: The Chairperson and Members of the
Audit Committee

FROM: Regional Internal Audit Manager

SUBJECT: **Annual Audit Committee Report: Year End August 31, 2011**

1. Current

This report summarizes the audit committee's actions for the year ending August 31, 2011.

Audit Committee Members

Following the recruitment and selection process indicated in Regulation 361/10, the following Audit Committee members were (re)appointed to serve during the current term:

- Caroline Smith – Chairperson
- Suzanne Ley – Trustee representative
- Jodi Lloyd – Trustee representative
- Jason McArthur – Vice Chairperson - External member
- Robert Mauro – External member

2. Background

Assessment

Members of the Committee agreed that three meetings would be held throughout the year. A fourth meeting may be scheduled, if deemed necessary. All meetings have been held as planned in 2010-2011, including the inaugural meeting in March 2011.

The following table provides a summary of committee member meeting attendance:

| <i>Member's Name</i> | <i>March 7, 2011</i> | <i>May 9, 2011</i> | <i>June 7, 2011</i> |
|----------------------|--------------------------|------------------------|-------------------------|
| Caroline Smith | X | X | X |
| Suzanne Ley | X | X | X |
| Jodi Lloyd | | X | X |
| Jason McArthur | X | X | |
| Robert Mauro | | X | X |

Governance

Since inception of the Ministry's Internal Audit initiative in January 2011, the Audit Committee operated throughout the fiscal year ending August 31, 2011. All of the members were independent in accordance with provision 3.(1) and 3.(2) of the regulation.

External/Internal Audit

Relationships with both internal and external auditors are favourable.

External Auditors – Summary:

The external auditors, BDO Canada LLP, Chartered Accountants, were present at the March and June 2011 meetings. At the March 2011 meeting, they presented the Management Letter, identifying their 2009-2010 audit observations.

At the June 2011 meeting, BDO Canada LLP, Chartered Accountants presented their 2010-2011 Audit Planning letter and discussed the minimal impact of several new standards introduced by the Public Sector Accounting Board together with the broader impact as the International Auditing and Assurance Standards Board adopts the International Standards and Auditing.

Internal Auditors – Summary:

The Audit Committee reviewed the results of the initial risk assessment framework, as well as the risk-based internal audit plan prepared by the Regional Internal Audit Manager. The Audit Committee reviewed and endorsed internal audit strategies and annual plans for the school board and will receive regular reports on the outcome of this audit work and recommendations.

The Audit Committee did not review any additional reports as of August 31, 2011 as no work had been finalized by internal audit. Audit work commenced in July 2011.

Audit Committee Training

A professional development training opportunity, covering the structure of the school boards, the Audit Committees' roles and responsibilities, and the Audit Committee effectiveness was held on January 17 and 18, 2011 and attended by all audit committee members.

The Audit Committee members that could not attend the training sessions accessed the training materials that have been posted on the Ministry of Education's website at <http://faab.edu.gov.on.ca/AuditCommittees.html> under "Training".

The Internal Auditors also offered an Internal Audit workshop to the Audit Committee on May 30, 2011.

Summary of the work performed

The following is a summary of work undertaken by the Audit Committee since inception of the Internal Audit initiative:

- reviewed the risk assessment detailing major financial and non-financial risks
- agreed the approach and scope of the audit work to be undertaken by the auditors (both internal and external);

By the signature noted below, we attest that we have discharged our duties and responsibilities respecting Ontario Regulation # 361/10.

On behalf of the Audit Committee

Caroline Smith, Audit Committee Chairperson

RECOMMENDATION

That the Audit Committee recommend that the Board approve the Annual Audit Committee Report: Year Ending August 31, 2011 be approved as outlined in Report No. AUD-D-2, dated November 1, 2011.

Respectfully submitted by:

Mark Connors
Regional Internal Audit Manager

Approved for submission by:

Brian Jeffs
Superintendent of Business Services

November 1, 2011

TO: The Chairperson and Members of the
Simcoe County District School Board

FROM: Superintendent of Business Services

SUBJECT: **BY-LAW NUMBER D-2011-2 FOR
ONTARIO FINANCING AUTHORITY LONG-TERM FINANCING**

1. Background

In Memorandum 2011: SB25 the Ministry of Education advised boards on the process and timelines to transition construction costs for capital projects to long-term financing through the Ontario Financing Authority (OFA). These arrangements reflect the Ministry of Education's ongoing commitment to working with school boards to provide an effective long-term capital financing vehicle. This process mirrors the one followed for the issuance of By-law Number D-2011-1 on February 23, 2011.

2. Current

The Ministry of Education requires all school boards with capital projects to finance, to participate in the long-term financing arrangement through the OFA. The Simcoe County District School Board has been approved to long-term finance \$2,090,624 for construction costs incurred as follows:

| <u>Projects to be Financed</u> | |
|--------------------------------|--------------------|
| Best Start Program | \$1,620,624 |
| New Pupil Program (NPP) | 470,000 |
| | <u>\$2,090,624</u> |

The principal amount eligible for long-term financing reflects the value of work for permanent capital improvements undertaken prior to August 31, 2010 and is supported by the information contained in the Board's capital wrap-up template, approved by the Ministry of Education and the ReCAPP database.

To proceed, the Ministry of Education and OFA require participating school boards to pass the necessary by-laws authorizing the long-term financing agreement with the OFA. The loan documents have been reviewed by the law firm Borden Ladner Gervais LLP. By-law Number D-2011-2 is attached as APPENDIX A. Funds are scheduled to flow from the OFA to the board on November 25, 2011.

RECOMMENDATION

That the Board ratify By-law Number D-2011-2 to authorize the Ontario Financing Authority long-term financing agreement in the principal amount of \$2,090,624 pursuant to a loan agreement under Ontario Regulation 41/10, as set out in Report No. B-2-a, By-law Number D-2011-2 for Ontario Financing Authority Long-Term Financing, dated November 9, 2011.

Respectfully submitted by:

Brian Jeffs
Superintendent of Business

Approved for submission by:

Kathryn Wallace
Director of Education

November 9, 2011



Simcoe County
District School Board

REPORT NO. B-2-a
November 9, 2011

APPENDIX A Pages 1 – 26

Simcoe County District School Board

BY-LAW NUMBER D-2011-2

A by-law to authorize a loan from the Ontario Financing Authority in the principal amount of \$2,090,624 pursuant to a loan agreement under section 7 of Ontario Regulation 41/10

WHEREAS subsection 247 (1) of the *Education Act* R.S.O. 1990, c. E.2, as amended (the “*Education Act*”) and the regulations made thereunder, provides that, subject to any other provision of the *Education Act* and, specifically, the regulations made under subsection 247 (3) of the *Education Act*, a district school board may by by-law borrow money or incur debt for permanent improvements and may issue or execute any instrument prescribed under clause 247 (3) (f) of the *Education Act* in respect of the money borrowed or the debt incurred;

AND WHEREAS section 7 of Ontario Regulation 41/10 (the “Regulation”), provides that (1) a board may by by-law borrow money for permanent improvements by way of a loan with an initial maturity of more than one year from the Ontario Financing Authority and that (2) a board that obtains a loan described in section 7 of the Regulation shall ensure that the proceeds of it are used for permanent improvements;

AND WHEREAS the Simcoe County District School Board, which under the *Education Act* constitutes a district school board (the “Board”), has participated in a program referred to as the Best Start Program involving capital projects at new schools to provide child care spaces, some of which projects are described in Schedule “A-6” attached to the Loan Agreement, as hereinafter defined (individually a “Best Start Eligible Project”, collectively the “Best Start Eligible Projects”) and each Best Start Eligible Project constitutes a “permanent improvement” as defined in subsection 1(1) of the *Education Act*. In the event that the Board will borrow the principal amount specified in paragraph 2.1 under the said Loan Agreement in respect of a single Best Start Eligible Project, the term “Best Start Eligible Projects” means that Best Start Eligible Project;

AND WHEREAS the Board, has received funding under the program referred to as the New Pupil Places Program to fund capital projects with respect to instructional spaces at existing elementary and secondary schools, and to construct new elementary and secondary schools for the board, some of which projects are described in Schedule “A-7” attached to the Loan Agreement, as hereinafter defined (individually a “NPP Eligible Project”, collectively the “NPP Eligible Projects”) and each NPP Eligible Project constitutes a “permanent improvement” as defined in subsection 1(1) of the *Education Act*. In the event that the Board will borrow the principal amount specified in paragraph 2.1 under the said Loan Agreement in respect of a single NPP Eligible Project, the term “NPP Eligible Projects” means that NPP Eligible Project;

AND WHEREAS the Best Start Eligible Projects and the NPP Eligible Projects are collectively referred to as the “Eligible Projects”. In the event that the Board will borrow the principal amount specified in paragraph 2.1 under the said Loan Agreement in respect of a single Eligible Project, the term “Eligible Projects” means that Eligible Project;

AND WHEREAS the Board has in part financed the Eligible Projects by way of temporary borrowing from a financial institution or from a reserve account of the Board and the Board intends to borrow money from the Ontario Financing Authority for the purpose of

financing the Eligible Projects on a long-term basis, and in this connection the Board intends to borrow by way of a loan with an initial maturity of more than one year from the Ontario Financing Authority the principal amount of \$2,090,624 (the "Loan") pursuant to a loan agreement in the form attached hereto as Schedule "A" (the "Loan Agreement") which Loan Agreement constitutes an instrument prescribed under clause 247 (3) (f) of the *Education Act* and which sets out the terms and conditions on which the Ontario Financing Authority will make the Loan available to the Board;

NOW THEREFORE THE SIMCOE COUNTY DISTRICT SCHOOL BOARD ENACTS AS FOLLOWS:

1. The Board hereby authorizes the Loan on the basis that it constitutes a loan under section 7 of the Regulation and authorizes the entering into of the Loan Agreement that is prescribed for the purposes of clause 247(3)(f) of the *Education Act*.
2. The Board is hereby authorized to enter into the Loan Agreement pursuant to which the Loan will be made available to the Board and the Chair of the Board and the Treasurer of the Board are hereby authorized to execute for and on behalf of the Board the Loan Agreement which provides for instalments of interest only and of combined (blended) principal and interest as hereinafter set forth, substantially in the form of Schedule "A", with such changes thereto as may be suggested by the Ontario Financing Authority and as such authorized officials of the Board shall approve.
3. The Director of Education of the Board, the Treasurer of the Board and any other financial officer of the Board are hereby each individually authorized generally to do all things and execute all other documents, instruments and agreements in the name of the Board in order to give effect to the Loan Agreement.
4. The Loan shall be paid in instalments of interest only and of combined (blended) principal and interest in the amounts and on the dates specified in Schedule "B" to the Loan Agreement with the final payment on November 15, 2036. The Loan shall bear interest at the rate of 3.970% on the outstanding principal amount owing thereunder from time to time from the date thereof, which interest shall be payable in arrears as part of the instalments of interest only and of combined (blended) principal and interest payable on such days in each year of the currency of the Loan as are set out in Schedule "B" to the Loan Agreement..
5. In accordance with the provisions of the *Education Act* and the regulations made thereunder, during the currency of the Loan, the Board shall provide in its estimates for each fiscal year for the setting aside out of its general revenue in the fiscal year the amount necessary to pay the principal and interest coming due on the Loan in the fiscal year and, on or before each due date in each such year, the Board shall pay out of its general revenue the principal and interest coming due on the Loan in the year. Such sums of principal and interest payable on the Loan shall be provided for in accordance with subsection 247(5) of the *Education Act*. Subject to the foregoing, on or before each due date in each year during the currency of the Loan, the Board shall pay out of its general revenue the amount necessary to pay the specific sums of principal and interest payable on the Loan shown for the respective year as set forth in Schedule "B" to the Loan Agreement; but such amount shall be paid out of the Board's general revenue only to the extent required after taking into account funds available from other sources.

6. Any amounts payable by the Board in respect of the Loan including interest on overdue principal and interest in respect of the Loan together with fees and other amounts payable by the Board under the Loan Agreement, if applicable, shall be paid out of the Board's general revenue or any other available funds.

7. The proceeds of the Loan, shall be used to finance the Eligible Expenditures, as defined in the Loan Agreement, in respect of the Eligible Projects on a long-term basis and for no other purpose except as permitted by the *Education Act* and the regulations made thereunder.

READ AND FINALLY PASSED this 9th day of November, 2011.

CHAIR

DIRECTOR OF EDUCATION

Simcoe County District School Board
SCHEDULE "A" TO BY-LAW NUMBER D-2011-2
[PLEASE INSERT A FORM OF THE LOAN AGREEMENT]

This Loan Agreement made in duplicate dated and effective as of the 25th day of November, 2011.

BETWEEN: ONTARIO FINANCING AUTHORITY, a corporation established under the *Capital Investment Plan Act, 1993*, (hereinafter the "OFA")

OF THE FIRST PART

AND: SIMCOE COUNTY DISTRICT SCHOOL BOARD, a district school board continued under the *Education Act* (hereinafter the "Board")

OF THE SECOND PART

WHEREAS:

- (a) the Board has participated in a program referred to as the Best Start Program (the "Best Start Program") involving capital projects at new schools to provide child care spaces, some of which projects are described in Schedule "A-6" attached hereto (individually a "Best Start Eligible Project", collectively the "Best Start Eligible Projects") and each Best Start Eligible Project constitutes a "permanent improvement" as defined in subsection 1(1) of the *Education Act*, R.S.O. 1990, c.E2, as amended (the *Education Act*). In the event that the Board will borrow the principal amount specified in paragraph 2.1 under this Agreement in respect of a single Best Start Eligible Project, the term "Best Start Eligible Projects" means that Best Start Eligible Project;
- (b) the Board has received funding under the New Pupil Places Program (the "New Pupil Places Program") to fund capital projects with respect to instructional spaces at existing elementary or secondary schools, or to construct new elementary or secondary schools for the board, some of which projects are described in Schedule "A-7" attached hereto (individually a "NPP Eligible Project", collectively the "NPP Eligible Projects") and each NPP Eligible Project constitutes a "permanent improvement" as defined in subsection 1(1) of the *Education Act*, R.S.O.

1990, c.E.2, as amended (the "*Education Act*"). In the event that the Board will borrow the total principal amount specified in paragraph 2.1 under this Agreement in respect of a single NPP Eligible Project, the term "NPP Eligible Projects" means that NPP Eligible Project;

- (c) the Best Start Eligible Projects and the NPP Eligible Projects are collectively referred to as the "Eligible Projects". In the event that the Board will borrow the principal amount specified in paragraph 2.1 under this Agreement in respect of a single Eligible Project, the term "Eligible Projects" means that Eligible Project. The Best Start Program and the NPP Program are collectively referred to as the "Programs". In the event that the Board will borrow the principal amount specified in paragraph 2.1 under this Agreement in respect of a single Program, the term "Programs" means that Program;
- (d) the Board has financed the Eligible Projects by way of temporary borrowing from a financial institution or from a reserve account and is entitled to receive grants in respect of the Eligible Projects from the Minister of Education pursuant to various regulations under the *Education Act* for the Board's fiscal year 2010-2011 for the payment of interest;
- (e) the Board has requested and the OFA has agreed to lend the aggregate principal amount specified in paragraph 2.1 to the Board for the purpose of financing the Eligible Projects under the specified Programs on a long-term basis which will include the repayment of temporary borrowing, if any;
- (f) the Board is authorized to borrow money for permanent improvements from the Ontario Financing Authority by way of a loan pursuant to Ontario Regulation 41/10 and is authorized to receive grants for the repayment of such a loan from the Minister of Education pursuant to Ontario Regulation 160/11; and
- (g) the Board has agreed to enter into this Agreement to evidence its indebtedness and provide for the repayment of the loan to the OFA on the terms and conditions set forth herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained in it and subject to the terms and conditions set out in it, the parties agree as follows:

1.0 DEFINITIONS

In this Loan Agreement, unless the context or the subject matter otherwise requires:

- (a) "Advance Date" means November 25, 2011;

- (b) “Agreement” means this Agreement as it may be amended or extended from time to time by the parties in writing, including all schedules hereto and any document which the parties may at a future time mutually designate as a schedule to this Agreement, by so marking such document in writing as a schedule hereto and part hereof;
- (c) “Aggregate Principal Amount” means the total of the Program Principal Amounts, as hereinafter defined, to be advanced to the Board pursuant to paragraph 2.1 of this Agreement and is equal to the total principal amount set out in Column 2 opposite the reference to “Aggregate Principal Amount”;
- (d) “business day” means any day that is not a Saturday or Sunday and that, in the City of Toronto, is not a day on which banking institutions are generally authorized or obligated by law or executive order to close;
- (e) “dollars” or “\$” means Canadian dollars;
- (f) “Material Adverse Change” means any change or event which (i) materially impairs the ability of the Board to timely and fully perform its obligations under this Agreement, or (ii) could materially impair the ability of the OFA to enforce its rights and remedies under this Agreement; or (iii) has a material adverse effect on the operations, properties, assets, liabilities or financial condition of the Board;
- (g) “Program” means a program undertaken by the Board that is specified in paragraph 2.1 of this Agreement;
- (h) “Program Principal Amount” means the total principal amount of monies to be advanced to the Board for Eligible Projects undertaken in connection with a Program pursuant to paragraph 2.1 of this Agreement;
- (i) “Rate” means 3.970% per annum, including an administrative fee of 0.025% per annum; and
- (j) “Repayment Date” means November 15, 2036.

2.0 PRINCIPAL AMOUNT

2.1 The OFA agrees to lend to the Board and the Board agrees to borrow from the OFA the respective total principal amount specified below for each of the Programs in lawful money of Canada with interest thereon at the relevant Rate on the terms and conditions set forth in this Agreement:

| 1 | 2 | 3 | 4 |
|----------------------------|---------------------------|--|---|
| PROGRAMS | PROGRAM PRINCIPAL AMOUNTS | PURPOSE FOR WHICH FUNDS WILL BE USED | STATUS OF ELIGIBLE PROJECT BY AUGUST 31, 2010 |
| Best Start Program | \$1,620,624.00 | Funds will only be used for the Best Start Eligible Projects | Substantially completed by August 31, 2010 |
| NPP Program | \$470,000.00 | Funds will only be used for the NPP Eligible Projects | Substantially completed by August 31, 2010 |
| Aggregate Principal Amount | \$2,090,624.00 | | |

2.2 The Board acknowledges that the relevant Rate includes an administrative fee payable to the OFA in the amount of 0.025% of the Aggregate Principal Amount outstanding per annum as specified in paragraph 1(i).

2.3 Except as otherwise agreed in writing between the Board and the OFA, the monies to be advanced by the OFA shall be advanced by the OFA to the Board by electronic funds transfer directly into the bank account designated by the Board.

2.4 The Board authorizes the OFA to open and maintain records evidencing the Board's obligations under this Agreement and to record therein all advances, interest rates, accrued interest, payments of principal and interest and the aggregate principal and accrued interest outstanding from time to time under this Agreement. The Board agrees that the records kept by the OFA, in the absence of manifest error, shall be prima facie evidence of the indebtedness of the Board and the matters recorded provided that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the Board to repay the Aggregate Principal Amount and pay accrued interest thereon owing under this Agreement.

3.0 REPAYMENT

3.1 The Board agrees to repay the Aggregate Principal Amount together with interest thereon as follows:

- (i) the Aggregate Principal Amount and interest thereon at the Rate accrued from and including the Advance Date to but excluding the relevant Repayment Date shall be paid in instalments of interest only and of combined (blended) principal and interest and on the dates specified in the amortization schedules attached to this Agreement as Schedule “B” with the final payment[s] on November 15, 2036; and
- (ii) the loan shall be fully repaid on the relevant Repayment Date.

- 3.2 If the Board fails to make any payment of principal or interest payable by it under this Agreement on the relevant due date, the overdue amount shall bear interest at the Rate (before as well as after judgment) calculated from the due date until the date of actual payment to the OFA.
- 3.3 Interest, other than interest in respect of the combined (blended) principal and interest instalments, shall be computed under this Agreement on the basis of a year of 365 days and the actual number of days elapsed.
- 3.4 If any day on which a payment is due and payable under this Agreement would otherwise fall on a day that is not a business day, such due date shall instead fall on the next succeeding business day.
- 3.5 Except as otherwise agreed in writing between the Board and the OFA and without affecting the liability of the Board under this Agreement, the monies to be repaid under this Agreement shall be repaid by the Board in immediately available funds to the OFA on the due date by pre-authorized debit from an account of the Board, such account to be designated to the OFA by the execution and delivery of the Payor Pre-Authorized Debit Agreement in a form satisfactory to the OFA (“PAD Agreement”) attached to this Agreement as Schedule C, together with such other authorizations, voided cheques and other documentation as the deposit-taking institution and the rules of the Canadian Payments Association may require for such pre-authorized debit. The Board undertakes to notify the OFA and the Ministry of Education, immediately and not later than five business days prior to any instalment date or the relevant Repayment Date, in writing of any changes in its designated account for the purposes of the pre-authorized debits and agrees to execute and deliver a revised PAD Agreement.
- 3.6 The Board is not entitled to prepay the Aggregate Principal Amount and accrued interest thereon outstanding under this Agreement except with the prior written consent of the OFA.

4.0 CONDITIONS PRECEDENT

4.1 The obligation of the OFA to advance the Program Principal Amounts pursuant to paragraph 2.1 of this Agreement is subject to the following conditions being met to the OFA's satisfaction on the Advance Date:

- (a) that the representations and warranties of the Board contained in this Agreement continue to be true and correct as at the Advance Date;
- (b) that there shall, in the reasonable opinion of the OFA, have been no Material Adverse Change with respect to the Board;
- (c) that this Agreement shall have been duly executed and delivered; and
- (d) that the OFA shall have received such other documentation in form and substance satisfactory to the OFA which it has reasonably requested to ensure that the Board is in compliance with the terms and conditions of this Agreement including (i) a certified true copy of the necessary by-law authorizing the borrowing of the Program Principal Amounts and the execution of this Agreement, (ii) a favourable legal opinion from external legal counsel to the Board as to due authorization, execution, validity and enforceability of this Agreement and such other matters as the OFA considers necessary or appropriate, and (iii) a certificate or certificates executed by an authorized officer or officers of the Board as to the continued truth and correctness of the representations and warranties, the due authorization and execution of this Agreement and other documents, compliance with the *Education Act* and regulations made thereunder and such other matters as the OFA may reasonably request.

5.0 REPRESENTATIONS AND WARRANTIES OF BOARD

5.1 The Board represents and warrants to the OFA that:

- (a) the Board is a district school board under the *Education Act*;
- (b) each Eligible Project has been duly authorized by the Board at a duly called meeting of the Board at which a quorum was present by a resolution or resolutions passed by the Board (the "Resolutions"). In the event that the Board will borrow the Program Principal Amount under this Agreement in respect of a single Eligible Project and the Board has passed a single resolution in respect of the Eligible Project, the term "Resolutions" means that resolution. No application has been made or action brought to quash, set aside or declare invalid the Resolutions nor have the Resolutions been repealed, altered and amended and the Resolutions are in full force and effect;

- (c) copies of the Resolution(s) mentioned in paragraph 5.1(b) have been forwarded to the Capital Programs Branch of the Ministry of Education, if applicable;
- (d) each of the Best Start Eligible Projects and the NPP Eligible Projects constitutes an Eligible Project under the relevant Program and has been undertaken at a school of the Board (which school may constitute a shared facility) or involves the construction of a new school for the Board;
- (e) each Eligible Project constitutes a permanent improvement within the meaning of subsection 1(1) of the *Education Act*; and the Board has obtained all necessary approvals to authorize the carrying out of the Eligible Projects by the Board and the long-term financing thereof;
- (f) the status of each Eligible Project as at August 31, 2010 is accurately set out in paragraph 2.1, the Board has incurred expenditures in respect of the relevant Programs for the Eligible Projects (the "Eligible Expenditures") and the total amount of the Eligible Expenditures in respect of the Eligible Projects undertaken at an individual school of the Board does not exceed the respective aggregate amount of expenditures authorized by the Board in respect of such school of the Board nor does such total amount exceed the expenditures authorized by the Board pursuant to the authorizations referred to in paragraph 5.1(b);
- (g) the Program Principal Amount to be borrowed by the Board under this Agreement in respect of each Program will be borrowed by the Board in respect of the Eligible Projects undertaken by the Board pursuant to that specified Program and will not be borrowed by the Board in respect of any Eligible Projects undertaken pursuant to any other Program;
- (h) the information provided by the Board to the OFA or Her Majesty the Queen in right of Ontario, to the extent that it relates to the Board or the Eligible Projects is true and correct in all material respects when provided and remains true and correct as of the Advance Date;
- (i) the borrowing of the Aggregate Principal Amount to be advanced under this Agreement and the execution, delivery and performance of this Agreement are within the powers and capacities of the Board and have been duly authorized by all necessary legal action and proper proceedings, including a by-law passed by the Board;
- (j) the borrowing of the Aggregate Principal Amount to be advanced under this Agreement, the execution and delivery of this Agreement, and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the

by-laws of the Board, laws of Ontario, including laws of Canada applicable therein, applicable to the Board or any contractual or other obligation binding on the Board and does not require the consent or approval of any other person;

- (k) this Agreement will, when executed and delivered, constitute a legal, valid and binding obligation of the Board enforceable against it in accordance with its terms;
- (l) the Board is not currently in default under any debentures or other long-term debts of any kind and undertakes to immediately inform the OFA if it is in default under any such long-term financial obligations at any time during the term of this Agreement;
- (m) the obligations of the Board under this Agreement are direct, unsecured and unsubordinated debt obligations and rank concurrently and equally in respect of payment of principal and interest with all other debentures and prescribed debt instruments of the Board, except as to the availability of any sinking fund, retirement fund or other prescribed fund applicable to any issue of debentures or such prescribed debt instruments;
- (n) the Board is not now subject to an order under the *Education Act* vesting in the Ministry of Education control and charge over the administration of the affairs of the Board;
- (o) the Aggregate Principal Amount to be borrowed under this Agreement shall be used only for the Eligible Projects, including the repayment of temporary borrowing for the Eligible Projects from a financial institution and from a reserve account of the Board, if any, and will not be used for any other purpose except as permitted by the *Education Act* and the regulations made thereunder;
- (p) no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the execution and delivery of this Agreement or in any manner questioning the proceedings and the authority under which this Agreement is authorized, or affecting the validity thereof, or contesting the capacity of the authorized officers of the Board to sign and no authority or proceeding under which the Board is authorized to execute this Agreement has been repealed, revoked or rescinded in whole or in part; and
- (q) there are no actions, suits or proceedings threatened or pending against the Board in any court except actions, suits or proceedings which would not result in a Material Adverse Change if determined against the Board.

5.2 The representations and warranties set out in paragraph 5.1 herein shall survive the execution and delivery of this Agreement, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

5.3 For greater certainty, the OFA is not responsible for ensuring that the proceeds advanced to the Board are in fact used in the manner specified in paragraph 5.1(o).

6.0 COVENANTS

6.1 The Board will duly and punctually pay or cause to be paid all principal, interest, fees and other amounts payable by it under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

6.2 The Board will provide prompt notice to the OFA of the occurrence of any Event of Default, as hereinafter defined, or Material Adverse Change.

6.3 The Board complied at all times with all of the Board's obligations in respect of the debt and financial obligation and liability limits for the projects, if applicable, under the *Education Act* and the regulations made thereunder which were then in force.

6.4 The Board shall allocate all grants received by it from the Ministry of Education relating to Eligible Expenditures in respect of the Eligible Projects in accordance with the applicable legislation and shall apply such grants to the payment of its obligations under this Agreement.

6.5 The Board will obtain all licences, permits, consents, approvals and other authorizations which are necessary or desirable to carry out the Eligible Projects.

6.6 The Board will provide to the Ministry of Education reports respecting the status of the Eligible Projects as requested from time to time.

7.0 DEFAULT

7.1 Failure by the Board to pay any principal, interest, fees or other amount payable by it under this Agreement, unless such default is cured within three business days after the date such payment was due, shall constitute an event of default (each, an "Event of Default") and each Event of Default shall be deemed to exist and continue so long as it shall not have been remedied.

8.0 INTERCEPT AND REMEDIES ON THE OCCURRENCE OF DEFAULT

- 8.1 (a) The Board agrees that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the Board amounts equal to any amounts that the Board fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance and such other Minister of the Crown as appropriate is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the Board amounts equal to any amounts that the Board fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (the “Intercept”).
- (b) The Board agrees that any notice from the OFA to the Minister of Finance in relation to this paragraph may be relied upon by such Minister without further inquiry or verification by such Minister and, upon receipt of such notice, an amount equal to the amount that the Board fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the Board and paid to the OFA.

8.2 On the occurrence of any Event of Default and at any time thereafter, so long as the same shall be continuing, the OFA may, in addition to any other remedy available to the OFA at law, at its option, by notice to the Board, invoke the Intercept mechanism to require payment of any amount due and payable under this Agreement.

8.3 No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Agreement or by law to the OFA may be exercised from time to time, and as often as may be deemed expedient by the OFA.

8.4 No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

9.0 ADMISSIBILITY OF EVIDENCE

9.1 Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be

considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement.

10.0 INTEREST ACT DISCLOSURE

10.1 For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis.

11.0 NOTICES

11.1 A notice or other communication pursuant to this Agreement shall be in writing and delivered in person or sent by first class prepaid post or by facsimile transmission (subject, in the case of communication by facsimile transmission, to confirmation by telephone) to the party for which it is intended at the following addresses:

| | |
|------------|---|
| The OFA | Ontario Financing Authority One Dundas St. West, Suite 1400 Toronto, Ontario M7A 1Y7 |
| Attention: | Executive Director Capital Markets Division |
| Tel. No: | (416) 325-8125 |
| Fax No: | (416) 325-8111 |
| The Board | Simcoe County District School Board |
| Attention: | Manager of Corporate Services |
| Tel. No: | (705) 734-6363 ext.11238 |
| Fax No. | (705) 728-2266 |

11.2 Either party may change its address for the purposes of receipt of any such communication by giving five business days' prior written notice of such change to the other party in the manner prescribed above.

11.3 Any notice so given takes effect, in the case of delivery in person, at the time of delivery, in the case of delivery by first class prepaid post, seven business days after dispatch and, in the case of delivery by facsimile transmission, at the time of confirmation by telephone.

12.0 GENERAL

12.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

12.2 This Agreement shall be binding on and enure to the benefit of the OFA, and the Board and their respective successors and permitted assigns, except that the Board shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

12.3 If any of the provisions of this Agreement are held to be invalid, illegal or unenforceable by a court or tribunal of competent jurisdiction, the remaining provisions shall remain in full force and effect.

12.4 A party, by waiving the breach of any provision of this Agreement, does not waive any further breach of the same provision or any breach of any other provision of this Agreement. A waiver is binding on the waiving party only if it is in writing.

12.5 Subject to the provisions herein, this Agreement may not be altered or amended, except by the mutual agreement of the parties evidenced in writing.

12.6 Time shall in all respects be of the essence of this Agreement.

12.7 All references to time in this Agreement are references to Toronto time, unless otherwise indicated.

12.8 If any date on which an act is required to be taken under this Agreement is not a business day, such act shall be taken on the next following business day.

12.9 Each party shall, upon request of the other, acting reasonably, use its best efforts to make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the performance of the terms and conditions of this Agreement.

12.10 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, oral and written, between the parties.

12.11

This Agreement may be executed in counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

ONTARIO FINANCING AUTHORITY

BY: _____
Michael D. Manning
Executive Director
Capital Markets Division

SIMCOE COUNTY DISTRICT SCHOOL BOARD

BY: _____
Name:
Title: Chair

BY: _____
Name:
Title: Treasurer

SCHEDULE "A-7"

NEW PUPIL PLACES ELIGIBLE PROJECTS DESCRIPTION

Please provide a list of all the NPP Eligible Projects in respect of which a total of \$470,000 will be borrowed hereunder (in respect of which the Eligible Expenditures have not been previously financed on a long-term basis other than through the Debentures. Please provide the name of the school, the SFIS number, a project description and the amount to be borrowed hereunder.

| <u>School Name/SFIS</u> | <u>Description of NPP Eligible Project</u> | <u>Amount to be Borrowed Hereunder</u> |
|--------------------------------|---|---|
| Lion's Oval P.S./11021 | New School | \$470,000 |
| | | |
| | | |
| | | |
| | | |
| | | |

SCHEDULE "B"
AMORTIZATION SCHEDULE

Borrower Name(s): Simcoe County District School Board

Program(s): Best Start - Nov. 2011

Loan Date (m/d/yyyy): 11/25/2011

Principal Amount (\$): \$1,620,624.00

Annual Interest Rate (%): 3.97%

includes Annual Admin Fee (%): 0.025%

Loan Term: 25

Maturity Date (m/d/yyyy): 11/15/2036

Payment Frequency: 6

Loan Type: Amortized

| Payment Date | Total Payment | Principal Amount | Interest Amount | Admin Fee | Principal Balance |
|--------------|---------------|------------------|-----------------|-----------|-------------------|
| 05/15/2012 | \$30,318.55 | \$0.00 | \$30,127.62 | \$190.92 | 1,620,624.00 |
| 11/15/2012 | \$52,028.70 | \$19,859.32 | \$31,966.81 | \$202.58 | 1,600,764.68 |
| 05/15/2013 | \$52,028.70 | \$20,253.52 | \$31,575.08 | \$200.10 | 1,580,511.16 |
| 11/15/2013 | \$52,028.70 | \$20,655.56 | \$31,175.58 | \$197.56 | 1,559,855.61 |
| 05/15/2014 | \$52,028.70 | \$21,065.57 | \$30,768.15 | \$194.98 | 1,538,790.04 |
| 11/17/2014 | \$52,028.70 | \$21,483.72 | \$30,352.63 | \$192.35 | 1,517,306.32 |
| 05/15/2015 | \$52,028.70 | \$21,910.17 | \$29,928.87 | \$189.66 | 1,495,396.15 |
| 11/16/2015 | \$52,028.70 | \$22,345.09 | \$29,496.69 | \$186.92 | 1,473,051.06 |
| 05/16/2016 | \$52,028.70 | \$22,788.64 | \$29,055.93 | \$184.13 | 1,450,262.42 |
| 11/15/2016 | \$52,028.70 | \$23,240.99 | \$28,606.43 | \$181.28 | 1,427,021.42 |
| 05/15/2017 | \$52,028.70 | \$23,702.33 | \$28,148.00 | \$178.38 | 1,403,319.10 |
| 11/15/2017 | \$52,028.70 | \$24,172.82 | \$27,680.47 | \$175.41 | 1,379,146.28 |
| 05/15/2018 | \$52,028.70 | \$24,652.65 | \$27,203.66 | \$172.39 | 1,354,493.63 |
| 11/15/2018 | \$52,028.70 | \$25,142.00 | \$26,717.39 | \$169.31 | 1,329,351.63 |
| 05/15/2019 | \$52,028.70 | \$25,641.07 | \$26,221.46 | \$166.17 | 1,303,710.56 |
| 11/15/2019 | \$52,028.70 | \$26,150.05 | \$25,715.69 | \$162.96 | 1,277,560.51 |
| 05/15/2020 | \$52,028.70 | \$26,669.13 | \$25,199.88 | \$159.70 | 1,250,891.38 |
| 11/16/2020 | \$52,028.70 | \$27,198.51 | \$24,673.83 | \$156.36 | 1,223,692.87 |
| 05/17/2021 | \$52,028.70 | \$27,738.40 | \$24,137.34 | \$152.96 | 1,195,954.47 |
| 11/15/2021 | \$52,028.70 | \$28,289.01 | \$23,590.20 | \$149.49 | 1,167,665.47 |
| 05/16/2022 | \$52,028.70 | \$28,850.54 | \$23,032.20 | \$145.96 | 1,138,814.93 |
| 11/15/2022 | \$52,028.70 | \$29,423.23 | \$22,463.12 | \$142.35 | 1,109,391.70 |
| 05/15/2023 | \$52,028.70 | \$30,007.28 | \$21,882.75 | \$138.67 | 1,079,384.42 |
| 11/15/2023 | \$52,028.70 | \$30,602.92 | \$21,290.86 | \$134.92 | 1,048,781.50 |
| 05/15/2024 | \$52,028.70 | \$31,210.39 | \$20,687.22 | \$131.10 | 1,017,571.11 |
| 11/15/2024 | \$52,028.70 | \$31,829.92 | \$20,071.59 | \$127.20 | 985,741.20 |
| 05/15/2025 | \$52,028.70 | \$32,461.74 | \$19,443.75 | \$123.22 | 953,279.46 |
| 11/17/2025 | \$52,028.70 | \$33,106.11 | \$18,803.44 | \$119.16 | 920,173.35 |
| 05/15/2026 | \$52,028.70 | \$33,763.26 | \$18,150.42 | \$115.02 | 886,410.09 |
| 11/16/2026 | \$52,028.70 | \$34,433.46 | \$17,484.44 | \$110.80 | 851,976.63 |
| 05/17/2027 | \$52,028.70 | \$35,116.97 | \$16,805.24 | \$106.50 | 816,859.66 |
| 11/15/2027 | \$52,028.70 | \$35,814.04 | \$16,112.56 | \$102.11 | 781,045.63 |

| Payment Date | Total Payment | Principal Amount | Interest Amount | Admin Fee | Principal Balance |
|---------------|-----------------------|-----------------------|---------------------|-------------------|-------------------|
| 05/15/2028 | \$52,028.70 | \$36,524.95 | \$15,406.13 | \$97.63 | 744,520.68 |
| 11/15/2028 | \$52,028.70 | \$37,249.97 | \$14,685.67 | \$93.07 | 707,270.71 |
| 05/15/2029 | \$52,028.70 | \$37,989.38 | \$13,950.91 | \$88.41 | 669,281.33 |
| 11/15/2029 | \$52,028.70 | \$38,743.47 | \$13,201.57 | \$83.66 | 630,537.87 |
| 05/15/2030 | \$52,028.70 | \$39,512.53 | \$12,437.36 | \$78.82 | 591,025.34 |
| 11/15/2030 | \$52,028.70 | \$40,296.85 | \$11,657.97 | \$73.88 | 550,728.49 |
| 05/15/2031 | \$52,028.70 | \$41,096.74 | \$10,863.12 | \$68.84 | 509,631.75 |
| 11/17/2031 | \$52,028.70 | \$41,912.51 | \$10,052.49 | \$63.70 | 467,719.24 |
| 05/17/2032 | \$52,028.70 | \$42,744.48 | \$9,225.76 | \$58.46 | 424,974.76 |
| 11/15/2032 | \$52,028.70 | \$43,592.95 | \$8,382.63 | \$53.12 | 381,381.81 |
| 05/16/2033 | \$52,028.70 | \$44,458.27 | \$7,522.76 | \$47.67 | 336,923.54 |
| 11/15/2033 | \$52,028.70 | \$45,340.77 | \$6,645.82 | \$42.12 | 291,582.77 |
| 05/15/2034 | \$52,028.70 | \$46,240.78 | \$5,751.47 | \$36.45 | 245,341.98 |
| 11/15/2034 | \$52,028.70 | \$47,158.66 | \$4,839.37 | \$30.67 | 198,183.32 |
| 05/15/2035 | \$52,028.70 | \$48,094.76 | \$3,909.17 | \$24.77 | 150,088.55 |
| 11/15/2035 | \$52,028.70 | \$49,049.44 | \$2,960.50 | \$18.76 | 101,039.11 |
| 05/15/2036 | \$52,028.70 | \$50,023.08 | \$1,993.00 | \$12.63 | 51,016.03 |
| 11/17/2036 | \$52,028.70 | \$51,016.03 | \$1,006.29 | \$6.38 | 0.00 |
| Total: | \$2,579,724.95 | \$1,620,624.00 | \$953,061.27 | \$6,039.68 | |

SCHEDULE "B"
AMORTIZATION SCHEDULE

Borrower Name(s): Simcoe County District School Board

Program(s): NPP - 25 years - Nov. 2011

Loan Date (m/d/yyyy): 11/25/2011

Principal Amount (\$): \$470,000.00

Annual Interest Rate (%): 3.97%

includes Annual Admin Fee (%): 0.025%

Loan Term: 25

Maturity Date (m/d/yyyy): 11/15/2036

Payment Frequency: 6

Loan Type: Amortized

| Payment Date | Total Payment | Principal Amount | Interest Amount | Admin Fee | Principal Balance |
|--------------|---------------|------------------|-----------------|-----------|-------------------|
| 05/15/2012 | \$8,792.73 | \$0.00 | \$8,737.36 | \$55.37 | 470,000.00 |
| 11/15/2012 | \$15,088.93 | \$5,759.43 | \$9,270.75 | \$58.75 | 464,240.57 |
| 05/15/2013 | \$15,088.93 | \$5,873.76 | \$9,157.15 | \$58.03 | 458,366.81 |
| 11/15/2013 | \$15,088.93 | \$5,990.35 | \$9,041.29 | \$57.30 | 452,376.45 |
| 05/15/2014 | \$15,088.93 | \$6,109.26 | \$8,923.13 | \$56.55 | 446,267.19 |
| 11/17/2014 | \$15,088.93 | \$6,230.53 | \$8,802.62 | \$55.78 | 440,036.66 |
| 05/15/2015 | \$15,088.93 | \$6,354.21 | \$8,679.72 | \$55.00 | 433,682.45 |
| 11/16/2015 | \$15,088.93 | \$6,480.34 | \$8,554.39 | \$54.21 | 427,202.11 |
| 05/16/2016 | \$15,088.94 | \$6,608.97 | \$8,426.56 | \$53.40 | 420,593.14 |
| 11/15/2016 | \$15,088.93 | \$6,740.16 | \$8,296.20 | \$52.57 | 413,852.98 |
| 05/15/2017 | \$15,088.93 | \$6,873.95 | \$8,163.25 | \$51.73 | 406,979.03 |
| 11/15/2017 | \$15,088.93 | \$7,010.40 | \$8,027.66 | \$50.87 | 399,968.62 |
| 05/15/2018 | \$15,088.93 | \$7,149.56 | \$7,889.38 | \$50.00 | 392,819.07 |
| 11/15/2018 | \$15,088.93 | \$7,291.48 | \$7,748.36 | \$49.10 | 385,527.59 |
| 05/15/2019 | \$15,088.93 | \$7,436.21 | \$7,604.53 | \$48.19 | 378,091.38 |
| 11/15/2019 | \$15,088.93 | \$7,583.82 | \$7,457.85 | \$47.26 | 370,507.56 |
| 05/15/2020 | \$15,088.93 | \$7,734.36 | \$7,308.26 | \$46.31 | 362,773.20 |
| 11/16/2020 | \$15,088.93 | \$7,887.89 | \$7,155.70 | \$45.35 | 354,885.31 |
| 05/17/2021 | \$15,088.93 | \$8,044.46 | \$7,000.11 | \$44.36 | 346,840.85 |
| 11/15/2021 | \$15,088.93 | \$8,204.14 | \$6,841.44 | \$43.36 | 338,636.70 |
| 05/16/2022 | \$15,088.93 | \$8,367.00 | \$6,679.61 | \$42.33 | 330,269.71 |
| 11/15/2022 | \$15,088.93 | \$8,533.08 | \$6,514.57 | \$41.28 | 321,736.63 |
| 05/15/2023 | \$15,088.94 | \$8,702.46 | \$6,346.26 | \$40.22 | 313,034.16 |
| 11/15/2023 | \$15,088.93 | \$8,875.21 | \$6,174.60 | \$39.13 | 304,158.96 |
| 05/15/2024 | \$15,088.93 | \$9,051.38 | \$5,999.54 | \$38.02 | 295,107.58 |
| 11/15/2024 | \$15,088.93 | \$9,231.05 | \$5,821.00 | \$36.89 | 285,876.53 |
| 05/15/2025 | \$15,088.93 | \$9,414.29 | \$5,638.91 | \$35.73 | 276,462.24 |
| 11/17/2025 | \$15,088.93 | \$9,601.16 | \$5,453.22 | \$34.56 | 266,861.08 |
| 05/15/2026 | \$15,088.93 | \$9,791.74 | \$5,263.83 | \$33.36 | 257,069.34 |
| 11/16/2026 | \$15,088.93 | \$9,986.11 | \$5,070.69 | \$32.13 | 247,083.23 |
| 05/17/2027 | \$15,088.93 | \$10,184.33 | \$4,873.72 | \$30.89 | 236,898.90 |
| 11/15/2027 | \$15,088.93 | \$10,386.49 | \$4,672.83 | \$29.61 | 226,512.41 |

| Payment Date | Total Payment | Principal Amount | Interest Amount | Admin Fee | Principal Balance |
|---------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| 05/15/2028 | \$15,088.93 | \$10,592.66 | \$4,467.96 | \$28.31 | 215,919.74 |
| 11/15/2028 | \$15,088.93 | \$10,802.93 | \$4,259.02 | \$26.99 | 205,116.82 |
| 05/15/2029 | \$15,088.93 | \$11,017.37 | \$4,045.93 | \$25.64 | 194,099.45 |
| 11/15/2029 | \$15,088.93 | \$11,236.06 | \$3,828.61 | \$24.26 | 182,863.39 |
| 05/15/2030 | \$15,088.93 | \$11,459.10 | \$3,606.98 | \$22.86 | 171,404.29 |
| 11/15/2030 | \$15,088.93 | \$11,686.56 | \$3,380.95 | \$21.43 | 159,717.73 |
| 05/15/2031 | \$15,088.93 | \$11,918.54 | \$3,150.43 | \$19.96 | 147,799.19 |
| 11/17/2031 | \$15,088.93 | \$12,155.12 | \$2,915.34 | \$18.47 | 135,644.07 |
| 05/17/2032 | \$15,088.93 | \$12,396.40 | \$2,675.58 | \$16.96 | 123,247.67 |
| 11/15/2032 | \$15,088.94 | \$12,642.47 | \$2,431.06 | \$15.41 | 110,605.21 |
| 05/16/2033 | \$15,088.94 | \$12,893.42 | \$2,181.69 | \$13.83 | 97,711.78 |
| 11/15/2033 | \$15,088.93 | \$13,149.36 | \$1,927.36 | \$12.21 | 84,562.43 |
| 05/15/2034 | \$15,088.93 | \$13,410.37 | \$1,667.99 | \$10.57 | 71,152.06 |
| 11/15/2034 | \$15,088.93 | \$13,676.57 | \$1,403.47 | \$8.89 | 57,475.49 |
| 05/15/2035 | \$15,088.93 | \$13,948.05 | \$1,133.70 | \$7.18 | 43,527.44 |
| 11/15/2035 | \$15,088.93 | \$14,224.92 | \$858.58 | \$5.44 | 29,302.53 |
| 05/15/2036 | \$15,088.93 | \$14,507.28 | \$577.99 | \$3.66 | 14,795.25 |
| 11/17/2036 | \$15,088.93 | \$14,795.25 | \$291.84 | \$1.85 | 0.00 |
| Total: | \$748,150.54 | \$470,000.00 | \$276,398.97 | \$1,751.58 | |

SCHEDULE "C"

PAYOR PRE-AUTHORIZED DEBIT AGREEMENT
(this "PAD Agreement")

TO: Ontario Financing Authority (the "OFA")

Payor (the "Board"):

Simcoe County District School Board
Full Legal Name

Simcoe County District School Board
Exact Name in which Account is Held

1170 Highway 26
Address

(705)734-6363
Telephone Number

Midhurst
City

ON L0L 1X0
Province Postal Code

Payor's Financial Institution (the "Bank"):

TD Trust
Name of Bank

33 Collier Street
Address

Barrie
City

ON L4M 1G5
Province Postal Code

03060840413
Bank Account No.

20722 0004
Branch No. Institution No.

1. Scope

The Board acknowledges that this PAD Agreement is provided for the benefit of the OFA and the Bank, and is provided in consideration of the Bank agreeing to process pre-authorized debits (each, a "PAD") against the Board's account specified above (the "Account") in accordance with the rules of the Canadian Payments Association (the "CPA").

The Board represents that all information provided with respect to the Account is complete and accurate. A specimen cheque if available for the Account has been marked "VOID" and is attached to this PAD Agreement.

The Board undertakes to inform the OFA in writing of any change in the Account information provided in this PAD Agreement at least 5 business days prior to the next following PAD.

2. Valid Authority

The Board warrants and guarantees that all persons whose signatures are required to sign on the Account have signed this PAD Agreement.

3. Purpose of Debits, Amount and Timing

Business PAD

The Board authorizes the OFA to debit or cause to be debited a fixed amount from the Account which amount will be debited with set frequency determined by the Board in its sole discretion. The Board and the OFA agree that the fixed amount of each such debit is for payment due and owing by the Board to the OFA in respect of a loan agreement dated as of November 25, 2011.

4. Cancellation of Agreement

This PAD Agreement may be cancelled at any time upon notice being provided by the Board, in writing at least 5 business days prior to the next following PAD. The Board acknowledges that, in order to revoke this authorization, the Board must provide notice of revocation to the OFA. This PAD Agreement applies only to the method of payment and does not otherwise have any bearing on the payment obligations of the Board to the OFA.

5. Acceptance of Delivery of Authorization

The Board acknowledges that providing and delivering this agreement to the OFA constitutes delivery by the Board to the Bank. Any delivery of this authorization to the OFA constitutes delivery by the Board.

6. Waiver of Pre-Notification

The Board understands that no pre-notification shall be required prior to a PAD being exchanged or cleared provided the authorization occurs in compliance with this PAD Agreement.

The Board authorizes and instructs the OFA to issue, without pre-notification, a new PAD for a dishonoured PAD amount in accordance with this Agreement.

7. Validation by the Bank

The Board acknowledges that the Bank is not required to verify that a PAD has been issued in

accordance with the particulars of the PAD Agreement including, but not limited to, the amount.

The Board acknowledges that the Bank is not required to verify that any purpose of payment for which the PAD was issued has been fulfilled by the OFA as a condition to honouring a PAD issued or caused to be issued by the OFA on the Account.

8. Payor's Rights of Dispute

The Board may dispute a pre-authorized debit under the following conditions:

- (i) the debit was not drawn in accordance with this PAD Agreement; or
- (ii) this PAD Agreement was revoked or cancelled.

In order to be reimbursed, the Board must complete a declaration form to the effect that either (i) or (ii) took place at the above indicated branch of the Bank up to and including 10 calendar days, after the date on which the PAD in dispute was posted to the Account.

The Board acknowledges that disputes after the above noted time limitation are matters to be resolved solely between the OFA and the Board.

9. Contact Information

All notices sent by the Board to the OFA under Sections 1., 4. and 8. of this PAD Agreement shall be made in writing by letter and delivered to the OFA by registered mail or fax at the following address:

**Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario M7A 1Y7
Fax: (416) 204-6659**

Inquiries, concerns or errors regarding PADs may be directed to Mr. Joe Pedota, Coordinator, Settlements, Payments & Fiscal Agency, Finance and Reporting Division at the above address or by telephone at (416) 325-3851.

10. Board Acceptance

The Board acknowledges receipt of a signed copy of this PAD Agreement. The Board acknowledges that it has read, understands, and accepts the terms and conditions of this PAD Agreement.

Signature of Treasurer

(Date)

Signature of Chair

(Date)

*******For verification, please attach a blank cheque marked "VOID" to the completed Agreement.***** Do not require if banking instructions have not changed.**