

Consolidated Financial Statements of

**RAINBOW DISTRICT
SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2021

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

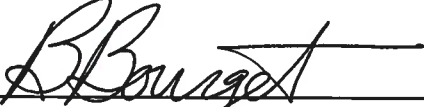
The accompanying consolidated financial statements of the Rainbow District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1(a) to the consolidated financial statements.

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

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

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

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



Director of Education



Superintendent of Business

May 3, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Rainbow District School Board

Opinion

We have audited the consolidated financial statements of the Rainbow District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2021, and its consolidated results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 1(a) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to note 1 to the financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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

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

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

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 3, 2022

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2021, with comparative information for 2020

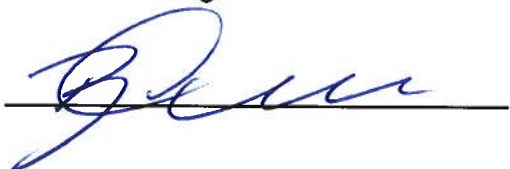
| | 2021 | 2020 |
|---|----------------------|----------------------|
| Financial Assets | | |
| Cash | \$ 16,976,354 | \$ 15,533,332 |
| Accounts receivable - other (note 2) | 27,304,175 | 29,372,151 |
| Accounts receivable - Approved Capital Funding (note 3) | 52,475,955 | 52,802,182 |
| Investments | 532,150 | 557,150 |
| Total financial assets | 97,288,634 | 98,264,815 |
| Financial Liabilities | | |
| Temporary borrowing (note 4) | 2,423,798 | 1,842,623 |
| Accounts payable and accrued liabilities (note 5) | 20,338,975 | 26,694,765 |
| Net long-term liabilities (note 6) | 40,443,947 | 42,572,554 |
| Deferred revenue (note 7) | 14,634,098 | 11,356,375 |
| Deferred capital contributions (note 10) | 197,789,887 | 186,795,958 |
| Employee future benefits liability (note 8) | 11,566,177 | 11,513,563 |
| Total financial liabilities | 287,196,882 | 280,775,838 |
| Net debt | (189,908,248) | (182,511,023) |
| Non-financial assets: | | |
| Inventory (note 18) | 512,213 | - |
| Prepaid expenses (note 9) | 2,621,716 | 2,370,570 |
| Tangible capital assets (note 12) | 217,936,959 | 206,743,179 |
| Total non-financial assets | 221,070,888 | 209,113,749 |
| Commitments and contingent liabilities (note 16) | | |
| Effects of COVID-19 (note 17) | | |
| Accumulated surplus (note 14) | \$ 31,162,640 | \$ 26,602,726 |

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director of Education



Chair of the Board

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2021, with comparative information for 2020

| | 2021 Budget | 2021 Actual | 2020 Actual |
|--|----------------------|----------------------|----------------------|
| Revenue: | | | |
| Government of Ontario grants: | | | |
| - Grants for Student Needs | \$ 153,331,849 | \$ 150,302,199 | \$ 143,234,746 |
| - Provincial legislative grant | 34,692,649 | 33,537,631 | 34,251,229 |
| - Other | 2,087,960 | 8,082,120 | 2,557,622 |
| Amortization of deferred capital contributions | 15,080,719 | 15,699,846 | 12,425,251 |
| Federal grants and fees | 4,709,980 | 4,425,975 | 4,473,923 |
| Other revenue - School boards | 925,000 | 615,607 | 61,178 |
| Other fees and revenue | 235,235 | 3,364,656 | 2,738,305 |
| Investment income | 250,000 | 70,129 | 251,912 |
| School fundraising | 4,699,000 | 945,243 | 3,025,515 |
| Total revenue | 216,012,392 | 217,043,406 | 203,019,681 |
| Expenses (note 11): | | | |
| Instruction | 151,313,146 | 154,255,477 | 145,011,276 |
| Administration | 5,522,285 | 5,541,917 | 5,276,786 |
| Transportation (note 15) | 14,427,759 | 13,008,258 | 13,594,464 |
| Pupil accommodation | 36,684,625 | 37,333,691 | 32,667,105 |
| School funded activities | 4,699,000 | 932,106 | 2,825,267 |
| Other expenses | 2,087,960 | 1,412,043 | - |
| Total expenses | 214,734,775 | 212,483,492 | 199,374,898 |
| Annual surplus | 1,277,617 | 4,559,914 | 3,644,783 |
| Accumulated surplus, beginning of year | 23,866,004 | 26,602,726 | 22,957,943 |
| Accumulated surplus, end of year | \$ 25,143,621 | \$ 31,162,640 | \$ 26,602,726 |

See accompanying notes to the consolidated financial statements.

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|------------------|------------------|
| Annual surplus | \$ 4,559,914 | \$ 3,644,783 |
| Tangible capital assets: | | |
| Acquisition of tangible capital assets | (27,677,866) | (28,525,757) |
| Amortization of tangible capital assets | 16,484,086 | 13,015,809 |
| Net gain on sale of tangible capital assets | (1,323) | (16,339) |
| Proceeds on disposal of tangible capital assets | 1,323 | 99,053 |
| | (11,193,780) | (15,427,234) |
| Prepaid expenses: | | |
| Acquisition of inventory | (512,213) | - |
| Acquisition of prepaid expenses | (2,468,149) | (2,287,762) |
| Use of prepaid expenses | 2,217,003 | 3,524,317 |
| | (763,359) | 1,236,555 |
| Increase in net debt | (7,397,225) | (10,545,896) |
| Net debt, beginning of year | (182,511,023) | (171,965,127) |
| Net debt, end of year | \$ (189,908,248) | \$ (182,511,023) |

See accompanying notes to consolidated financial statements.

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|---------------|---------------|
| Operating transactions: | | |
| Annual surplus | \$ 4,559,914 | \$ 3,644,783 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 16,484,086 | 13,015,809 |
| Amortization of deferred capital contributions | (15,699,846) | (12,425,251) |
| Net gain on sale of tangible capital assets | (1,323) | (16,339) |
| | 5,342,831 | 4,219,002 |
| Change in non-cash assets and liabilities: | | |
| Decrease (increase) in accounts receivable - other | 2,067,976 | (9,755,928) |
| Decrease in investments | 25,000 | - |
| Increase (decrease) in accounts payable and accrued liabilities | (6,355,790) | 10,837,079 |
| Increase in deferred revenue | 3,277,723 | 2,648,435 |
| Increase (decrease) in employee future benefits liability | 52,614 | (933,274) |
| Increase in inventory | (512,213) | - |
| Decrease (increase) in prepaid expenses | (251,146) | 1,236,555 |
| Cash provided by operating transactions | 3,646,995 | 8,251,869 |
| Capital transactions: | | |
| Cash used to acquire tangible capital assets | (27,677,866) | (28,525,757) |
| Proceeds on disposal of tangible capital assets | 1,323 | 99,053 |
| Cash applied to capital transactions | (27,676,543) | (28,426,704) |
| Financing transactions: | | |
| Increase (decrease) in temporary borrowing | 581,175 | (529,167) |
| Debt principal repayments and sinking fund contributions | (2,128,607) | (2,026,979) |
| Decrease (increase) in accounts receivable - Approved capital funding | 326,227 | (398,601) |
| Additions to deferred capital contributions | 26,693,775 | 25,276,680 |
| Cash provided by financing transactions | 25,472,570 | 22,321,933 |
| Change in cash | 1,443,022 | 2,147,098 |
| Cash, beginning of year | 15,533,332 | 13,386,234 |
| Cash, end of year | \$ 16,976,354 | \$ 15,533,332 |

See accompanying notes to consolidated financial statements.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2021

The Rainbow District School Board was created on January 1, 1998 in accordance with the Fewer School Boards Act, 1997 and the Education Quality Improvement Act, 1997.

1. Significant accounting policies:

The consolidated financial statements of the Rainbow District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

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

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

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

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

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(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.

The consolidated financial statements include the following organizations:

- (i) Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC"): SSSC is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses are combined in the consolidated financial statements. The Board is a member of the SSSC with the Sudbury Catholic District School Board, Conseil Scolaire du District du Grand Nord de L'Ontario and Le Conseil Scolaire de District Catholique du Nouvel-Ontario. SSSC is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. SSSC's principal activity is to facilitate, organize and deliver safe, effective and efficient transportation services to students in the Greater Sudbury, Espanola and Manitoulin areas on behalf of member school Boards.
- (ii) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

(c) Investments:

Investments consist of marketable securities which are liquid short-term investments and are recorded at market value.

(d) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for the purchase or development of tangible capital assets are recorded as deferred capital contributions, as required by Regulation 395/11, and recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical costs include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost and accumulated amortization.

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

| | |
|--------------------------------|--------------|
| Land improvements | 15 years |
| Buildings | 40 years |
| Portable structures | 20 years |
| Furniture and equipment | 5 - 10 years |
| Vehicles | 5 - 10 years |
| Computer hardware and software | 3 years |

Amortization is taken at 50% of the above rates in the year of acquisition.

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

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.

(g) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(h) Investment income:

Investment income is reported as revenue in the period earned.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

1. Significant accounting policies (continued):

(i) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

(j) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, dental and health care benefits, retirement gratuity and worker's compensation. The Board accrues its obligation for these employee benefits.

The Board has adopted the following accounting 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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these 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 ("OMERS") 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.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board on August 18, 2020. The approved operating budget for 2020-21 is reflected on the consolidated statement of operations and accumulated surplus.

The budget approved by the Board 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.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(m) Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the consolidated financial statements, which in the case of the Board, is the Government of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

2. Accounts receivable - other:

| | 2021 | 2020 |
|-----------------------|----------------------|----------------------|
| Municipalities | \$ 3,980,053 | \$ 11,174,615 |
| Government of Ontario | 21,030,598 | 15,970,666 |
| Government of Canada | 746,847 | 1,112,335 |
| First Nations | – | 60,749 |
| Other | 1,546,677 | 1,053,786 |
| | <u>\$ 27,304,175</u> | <u>\$ 29,372,151</u> |

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2021 is \$21,030,598 (2020 - \$15,970,666).

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

3. Accounts receivable – Approved Capital Funding:

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 Government of Ontario of \$52,475,955 as at August 31, 2021 (2020 - \$52,802,182) with respect to capital grants.

4. Temporary borrowing:

The Board has credit facilities with the Canadian Imperial Bank of Commerce ("CIBC") as follows:

- (i) \$20,190,132 non-revolving demand bridge credit facility available to provide interim financing for school consolidation capital. As at August 31, 2021, the amount drawn under this facility was \$1,020,864 (2020 - \$354,920).
- (ii) \$18,099,261 non-revolving demand bridge credit facility available to provide interim financing for school condition improvements. As at August 31, 2021, the amount drawn under this facility was \$1,402,934 (2020 – \$1,487,703).
- (iii) \$2,097,349 non-revolving demand bridge credit facility available to provide interim financing for early year's capital program. As at August 31, 2021, the amount drawn under this facility was \$Nil (2020 - \$Nil).

The credit facilities consist of ninety-day bankers' acceptances bearing interest at the Canadian Imperial Bank of Commerce rate plus 0.75% per annum.

5. Accounts payable and accrued liabilities:

| | 2021 | 2020 |
|-----------------------|----------------------|----------------------|
| Trade payables | \$ 10,877,328 | \$ 12,149,515 |
| Government of Ontario | 4,213,733 | 9,618,543 |
| Accrued liabilities | 4,334,280 | 4,047,117 |
| Other payables | 913,634 | 879,590 |
| | <u>\$ 20,338,975</u> | <u>\$ 26,694,765</u> |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

6. Net long-term liabilities:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Loans payable to the Ontario Financing Authority with interest rates ranging from 3.56% to 5.23%, due in semi-annual installments including interest, with maturity dates ranging from November 2031 to June 2038 | \$ 37,339,787 | \$ 39,276,795 |
| 5.399% RBC Life Insurance Company amortizing debenture payable in monthly installments of \$30,403 including interest, due January 31, 2033 | 3,104,160 | 3,295,759 |
| | <u>\$ 40,443,947</u> | <u>\$ 42,572,554</u> |

The principal repayments on the long-term liabilities are as follows:

| | |
|------------|--------------|
| 2022 | \$ 2,235,360 |
| 2023 | 2,347,512 |
| 2024 | 2,465,331 |
| 2025 | 2,589,105 |
| 2026 | 2,719,136 |
| Thereafter | 28,087,503 |

The payments made for long-term liabilities include principal and interest payments as follows:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Principal repayments | \$ 2,128,607 | \$ 2,026,979 |
| Interest payments on long-term liabilities | 2,074,924 | 2,176,552 |
| | <u>\$ 4,203,531</u> | <u>\$ 4,203,531</u> |

7. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

7. Deferred revenue (continued):

Deferred revenue is comprised of:

| | 2021 | 2020 |
|---|---------------|---------------|
| Amounts restricted by legislation, regulation or agreement: | | |
| Special education | \$ 6,698,716 | \$ 5,075,194 |
| Proceeds of disposition | 1,274,342 | 1,559,133 |
| Pupil accommodation | 4,127,495 | 3,806,388 |
| Student achievement | 1,692,776 | 703,240 |
| Education programs – other | 43,605 | 74,283 |
| Education programs – capital | 31,012 | 24,478 |
| | 13,867,946 | 11,242,716 |
| Amounts restricted by external contributions | 766,152 | 113,659 |
| | \$ 14,634,098 | \$ 11,356,375 |

8. Employee future benefits (in thousands):

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, dental and health care benefits, retirement gratuity and worker's compensation.

a) Retirement benefits:

(i) Ontario Teachers' Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Government 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 provides defined pension benefits to employees based on their length of service and rates of pay. Eligible employees contributed at a rate of up to 14.6% of earnings in 2021 (2020 – 14.6%). The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$2,780 (2020 - \$2,697) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

8. Employee future benefits (in thousands) (continued):

a) Retirement benefits (continued):

(iii) Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

(iv) Retirement life insurance, dental 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. These benefits have been grandfathered to existing retirees and employees who retired before September 1, 2013.

b) Other employee future benefits:

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. The Putting Students First Act, requires the Board to provide a salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

c) Benefit plans:

As part of ratified agreements, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the following employee groups: OSSTF and ETFO. The following employee groups transitioned to ELHTs in 2017-18: OPSEU, CUPE and non-unionized employees including principals and vice-principals. The ELHTs provide life insurance, dental and health care benefits to teachers (excluding OSSTF daily occasional teachers), education workers (excluding casual and temporary staff), non-unionized employees including principals and vice-principals. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustee associations and the Government of Ontario.

The Board is no longer responsible to provide benefits to the following employee groups: OSSTF, ETFO, OPSEU, CUPE, and non-unionized employees including principals and vice-principals.

Retirees belonging to principal/vice-principal and non-union employee groups transitioned to the ELHT in 2017-18. The ELHTs will offer health, life and dental benefits to retired individuals after the retiree groups transition to the ELHT, until age 65. These benefits will be provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. After retirees transition to the ELHT, the Board continues to be responsible for its share of cost of benefits based on the cost arrangement prior to the transition to the ELHT.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

8. Employee future benefits (in thousands) (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2021. 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:

| | 2021 | 2020 |
|---|------|------|
| | % | % |
| Inflation | 1.5 | 1.5 |
| Discount on accrued benefit obligations | 1.8 | 1.4 |

Assumed health care cost trend rates at August 31, 2018:

| | 2021 | 2020 |
|---|------|------|
| | % | % |
| Initial health care cost trend rate | 7.00 | 7.25 |
| Cost trend rate declines to | 4.5 | 4.5 |
| Year that the rate will be ultimately reached | 2031 | 2031 |

The Board has internally appropriated an amount for retirement gratuities totaling \$3,540 (2020 - \$3,540).

Information with respect to the Board's retirement and other employee future benefit obligation is as follows:

| | 2021 | | 2020 | |
|---|---------------------|--------------------------------|--------------------------------|--------------------------------|
| | Retirement Benefits | Other Employee Future Benefits | Total Employee Future Benefits | Total Employee Future Benefits |
| Accrued employee future benefit obligations | \$ 21 | \$ 8,392 | \$ 8,413 | \$ 9,185 |
| Workplace Safety and Insurance Board | – | 3,153 | 3,153 | 2,329 |
| | \$ 21 | \$ 11,545 | \$ 11,566 | \$ 11,514 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

8. Employee future benefits (in thousands) (continued):

| Accrued benefit obligation | | | | 2021 | 2020 |
|---|------------------------|---|----|---|---|
| | Retirement Benefits | Other Employee Future Benefits | | Total Employee Future Benefits | Total Employee Future Benefits |
| Balance, beginning of year | \$ 36 | \$ 11,478 | \$ | 11,514 | \$ 12,447 |
| Current period benefit cost | – | 1,562 | \$ | 1,562 | 563 |
| Interest cost | – | 165 | \$ | 165 | 238 |
| Recognized actuarial gains | (1) | 21 | \$ | 20 | (27) |
| Benefits paid | (14) | (1,681) | \$ | (1,695) | (1,707) |
| Recognition of unamortized actuarial losses (gains) on plan amendments/curtailments | – | 530 | \$ | 530 | 452 |
| Balance, end of year | 21 | 12,075 | \$ | 12,096 | 11,966 |
| Unamortized net actuarial gains (losses) | – | (530) | \$ | (530) | (452) |
| Accrued benefit liability | \$ 21 | \$ 11,545 | \$ | 11,566 | \$ 11,514 |

| Employee future benefit expenses | | | | 2021 | 2020 |
|--|------------------------|---|----|---|---|
| | Retirement Benefits | Other Employee Future Benefits | | Total Employee Future Benefits | Total Employee Future Benefits |
| Current year benefit cost | \$ – | \$ 1,562 | \$ | 1,562 | \$ 563 |
| Interest on accrued benefit obligation | – | 166 | \$ | 166 | 238 |
| Amortization of actuarial losses (gains) | (1) | 21 | \$ | 20 | (27) |
| Benefit payments | (14) | (1,681) | \$ | (1,695) | (1,707) |
| Employee future benefits expenses ¹ | \$ (15) | \$ 68 | \$ | 53 | \$ (933) |

¹ Excluding pension contributions to multi-employer pension plans, described in note 7 (a) (ii).

9. Prepaid expenses:

| | 2021 | 2020 |
|-----------|--------------|--------------|
| Insurance | \$ 97,108 | \$ 83,805 |
| Other | 2,524,608 | 2,286,765 |
| | \$ 2,621,716 | \$ 2,370,570 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

10. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition or development of depreciable tangible capital assets in accordance with Ontario Regulation 395/11 of the Financial Administration Act that have been expended by year end. The contributions are amortized into revenue over the life of the asset.

| | 2021 | 2020 |
|---|----------------|----------------|
| Opening balance | \$ 186,795,958 | \$ 173,944,529 |
| Additions to deferred capital contributions | 26,693,775 | 25,336,596 |
| Revenue recognized in the period | (15,699,846) | (12,425,251) |
| Disposal of tangible capital assets | - | (59,916) |
| Ending balance | \$ 197,789,887 | \$ 186,795,958 |

11. Expenses by object:

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

| | 2021 Budget | 2021 Actual | 2020 Actual |
|---|----------------|----------------|----------------|
| Current expenses: | | | |
| Salary and wages | \$ 134,383,084 | \$ 137,987,913 | \$ 131,696,434 |
| Employee benefits | 20,886,961 | 24,211,376 | 21,337,524 |
| Staff development | 588,547 | 342,342 | 433,921 |
| Supplies and services | 17,281,634 | 13,157,321 | 12,097,184 |
| Interest | 2,074,923 | 2,154,689 | 2,335,915 |
| Fees and contract services | 16,675,721 | 15,488,576 | 15,330,548 |
| School funded activities | 4,699,000 | 932,105 | 2,825,267 |
| Other | 2,389,530 | 1,725,084 | 302,296 |
| Amortization of tangible capital assets | 15,755,375 | 16,484,086 | 13,015,809 |
| | \$ 214,734,775 | \$ 212,483,492 | \$ 199,374,898 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

12. Tangible capital assets (in thousands):

| Cost | Balance at August 31, 2020 | Additions and Transfers | Disposals and Write-offs | Balance at August 31, 2021 |
|--------------------------------|----------------------------------|-------------------------------|--------------------------------|----------------------------------|
| Land | \$ 5,118 | \$ 85 | \$ - | \$ 5,203 |
| Land improvements | 14,234 | 2,305 | - | 16,539 |
| Buildings | 297,357 | 18,705 | - | 316,062 |
| Portable structures | 2,789 | 18 | - | 2,807 |
| Construction in progress | 2,643 | 5,005 | - | 7,648 |
| Furniture and equipment | 5,757 | 314 | (349) | 5,722 |
| Vehicles | 413 | - | (53) | 360 |
| Computer hardware and software | 4,860 | 1,246 | (2,065) | 4,041 |
| Total | \$ 333,171 | \$ 27,678 | \$ (2,467) | \$ 358,382 |

| Accumulated amortization | Balance at August 31, 2020 | Disposals and Transfers | Amortization Expense | Balance at August 31, 2021 |
|--------------------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 7,815 | - | 1,035 | 8,850 |
| Buildings | 111,698 | - | 12,761 | 124,459 |
| Portable structures | 1,864 | - | 142 | 2,006 |
| Furniture and equipment | 2,889 | (349) | 598 | 3,138 |
| Vehicles | 283 | (53) | 40 | 270 |
| Computer hardware and software | 1,879 | (2,065) | 1,908 | 1,722 |
| Total | \$ 126,428 | \$ (2,467) | \$ 16,484 | \$ 140,445 |

| | Net book value, August 31, 2020 | Net book value August 31, 2021 |
|--------------------------------|---------------------------------------|--------------------------------------|
| Land | \$ 5,118 | \$ 5,203 |
| Land improvements | 6,419 | 7,689 |
| Buildings | 185,659 | 191,603 |
| Portable structures | 925 | 801 |
| Construction in progress | 2,643 | 7,648 |
| Furniture and equipment | 2,868 | 2,584 |
| Vehicles | 130 | 90 |
| Computer hardware and software | 2,981 | 2,319 |
| Total | \$ 206,743 | \$ 217,937 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

13. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million per occurrence.

The premiums over a five year period are based on the reciprocals 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, 2021.

14. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2021 | 2020 |
|---|---------------|---------------|
| Available for compliance – unappropriated: | | |
| Total operating accumulated surplus | \$ 10,461,148 | \$ 8,251,587 |
| Available for compliance – internally appropriated: | | |
| Retirement gratuities | 3,540,242 | 3,540,243 |
| Committed capital | 11,633,586 | 11,388,902 |
| Student focused initiatives | 1,791,273 | 1,834,732 |
| Indigenous education | 257,477 | 143,479 |
| Capital planning | 371,410 | 254,109 |
| Local priority funds | 274,968 | 194,792 |
| Employee Future Benefits | 1,551,358 | 1,551,359 |
| Total accumulated surplus available for compliance | 29,881,462 | 27,159,203 |
| Unavailable for compliance – externally appropriated: | | |
| Employee future benefits | (5,909,707) | (7,620,291) |
| Accrued interest | (532,959) | (561,930) |
| School generated funds | 2,520,159 | 2,507,021 |
| Revenue recognized for land | 5,203,685 | 5,118,723 |
| Total externally appropriated | 1,281,178 | (556,477) |
| Total accumulated surplus | \$ 31,162,640 | \$ 26,602,726 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

15. Transportation consortium:

The Board is a member of the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC"). The SSSC provides student transportation services to students of the four local school boards. The SSSC is a separate legal entity.

In the year, the Board paid \$12,937,614 for student transportation services provided by the SSSC. These amounts are included in transportation expense on the consolidated statement of operations and accumulated surplus.

At year-end, the Board has a receivable of \$1,049,334 (2020 - \$618,924) with SSSC.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the members.

16. Commitments and contingent liabilities:

(a) Guarantees:

The Board has guaranteed work relating to their capital projects by issuing letters of credit in the amount of \$309,000 (2020 - \$309,000).

(b) Contractual obligations:

The Board has a total of \$18,751,123 (2020 - \$19,620,294) of contractual obligations at year end relating to the construction and renovation of buildings.

17. Effects of COVID-19:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") a global pandemic. This resulted in the Province mandating that all Boards close their schools and administrative buildings effective March 13, 2020. Based on recommendations from Public Health Ontario, students moved to an online/learn-from-home education format for the remainder of the 2019-2020 school year. For the 2020-2021 school year the schools reopened to students with enhanced public health protocols. Students also had the option to continue with online education and at-home distance learning. In person learning ceased March of 2021 in response to the pandemic. For the 2021-2022 school year the schools reopened for in person learning. The Board continues to monitor the situation and plan for potential changes during the fiscal 2021 school year and beyond.

RAINBOW DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

17. Effects of COVID-19 (continued):

As at August 31, 2021, the Board did not have significant adjustments to reflect the possible future impact of COVID-19. Management assessed the impact on the Board and believes there are no significant financial issues as the Board has strong working capital available and access to sufficient liquid resources to sustain operations in the coming year. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

18. In-kind transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$800,870 with expenses based on use of \$800,870 for a net impact of \$Nil. The remaining balance of \$512,213 has been recorded in inventory in the statement of financial position.

