

Consolidated Financial Statements of

**RAINBOW DISTRICT  
SCHOOL BOARD**

And Independent Auditor's Report thereon  
Year ended August 31, 2023

## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

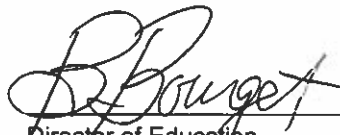
The accompanying consolidated financial statements of the Rainbow District School Board are the responsibility of board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 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 Auditor's 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

December 5, 2023

## INDEPENDENT AUDITOR'S 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, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change 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, 2023, 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 "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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 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(a) 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 the 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.

***Auditor's 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 auditor's report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's 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 auditor's 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 appropriate 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  
December 5, 2023

# RAINBOW DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

As at August 31, 2023, with comparative information for 2022

	2023	2022 (Restated)
<b>Financial Assets</b>		
Cash	\$ 10,226,427	\$ 11,616,639
Other investments (note 3)	559,650	-
Accounts receivable - other (note 4)	35,078,307	32,660,746
Accounts receivable - approved capital funding (note 5)	43,123,127	54,657,932
Investments (note 3)	-	482,350
Assets held for sale (note 6)	1,416,423	-
<b>Total financial assets</b>	<b>90,403,934</b>	<b>99,417,667</b>
<b>Financial Liabilities</b>		
Temporary borrowing (note 7)	-	2,573,829
Accounts payable and accrued liabilities (note 8)	20,525,533	20,709,633
Net long-term liabilities (note 9)	36,100,280	38,208,580
Deferred revenue (note 10)	14,968,592	17,511,705
Deferred capital contributions (note 11)	209,448,328	210,502,630
Retirement and other employee future benefits (note 12)	8,947,269	9,911,109
Asset retirement obligations (note 13)	19,633,695	13,932,724
<b>Total financial liabilities</b>	<b>309,623,697</b>	<b>313,350,210</b>
<b>Net debt</b>	<b>(219,219,763)</b>	<b>(213,932,543)</b>
<b>Non-financial assets:</b>		
Inventory (note 23)	-	651,138
Prepaid expenses (note 15)	2,746,363	2,520,808
<b>Tangible capital assets (note 16)</b>	<b>243,108,765</b>	<b>233,386,694</b>
<b>Total non-financial assets</b>	<b>245,855,128</b>	<b>236,558,640</b>
<b>Commitments and contingent liabilities (note 22)</b>		
<b>Subsequent event (note 24)</b>		
<b>Accumulated surplus (note 20)</b>	<b>\$ 26,635,365</b>	<b>\$ 22,626,097</b>

See accompanying notes to the consolidated financial statements.

Approved 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, 2023, with comparative information for 2022

	2023 Budget (Restated and unaudited)	2023 Actual	2022 Actual (Restated)
<b>Revenues:</b>			
Government of Ontario grants:			
- Grants for student needs (note 17)	\$ 202,641,382	\$ 206,226,968	\$ 190,771,787
- Other	1,911,347	4,835,997	12,379,535
Amortization of deferred capital contributions	16,730,362	18,752,608	17,379,409
Federal grants and fees	4,967,360	5,513,567	5,332,625
Other revenue from school boards	840,126	846,454	723,829
Other fees and revenue	253,128	3,648,842	2,292,855
Investment income	67,680	746,166	163,547
School fundraising	3,026,000	4,708,707	2,332,816
<b>Total revenues</b>	<b>230,437,385</b>	<b>245,279,309</b>	<b>231,376,403</b>
<b>Expenses (note 18):</b>			
Instruction	164,938,899	166,610,183	159,578,520
Administration	5,364,191	5,875,528	5,443,837
Transportation (note 21)	14,484,476	15,640,992	15,128,964
Pupil accommodation	40,561,654	45,416,897	41,368,966
School funded activities	1,911,347	4,364,638	2,240,191
Other expenses	3,026,000	3,361,803	6,063,005
<b>Total expenses</b>	<b>230,286,567</b>	<b>241,270,041</b>	<b>229,823,483</b>
<b>Annual surplus</b>	<b>150,818</b>	<b>4,009,268</b>	<b>1,552,920</b>
<b>Accumulated surplus, beginning of year</b>			
Accumulated surplus, beginning of year	26,231,779	22,626,097	31,162,640
Accumulated surplus, PSAS adjustments	(10,414,309)	-	(10,089,463)
<b>Adjusted accumulated surplus, beginning of year</b>	<b>15,817,470</b>	<b>22,626,097</b>	<b>21,073,177</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 15,968,288</b>	<b>\$ 26,635,365</b>	<b>\$ 22,626,097</b>

See accompanying notes to the consolidated financial statements.

# RAINBOW DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023	2022 (Restated)
Annual surplus	\$ 4,009,268	\$ 1,552,920
Tangible capital assets:		
Acquisition of tangible capital assets and addition of TCA-ARO	(25,204,752)	(30,092,151)
Amortization of tangible capital assets	20,245,338	18,485,677
Transfer to assets held for sale	1,416,423	-
Changes in estimate of TCA-ARO	(6,179,080)	-
	(9,722,071)	(11,606,474)
Other non-financial assets:		
Acquisition of inventories	-	(138,925)
Consumption of inventories	651,138	-
Acquisition of prepaid expenses	(2,620,945)	(2,302,595)
Use of prepaid expenses	2,395,390	2,403,503
	425,583	(38,017)
Change in net debt	(5,287,220)	(10,091,571)
Net debt, beginning of year		
Net debt, beginning of year	(213,932,543)	(189,908,248)
PSAS adjustment to net debt	-	(13,932,724)
Restated net debt, beginning of year	(213,932,543)	(203,840,972)
Net debt, end of year	\$ (219,219,763)	\$ (213,932,543)

See accompanying notes to the consolidated financial statements.



# RAINBOW DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022 (Restated)
<b>Operating transactions:</b>		
Annual surplus	\$ 4,009,268	\$ 1,552,920
<b>Non cash items:</b>		
Amortization of TCA and transfers to AHFS	20,924,113	18,160,831
Amortization of TCA-ARO	623,861	324,846
Increase of ARO liabilities excluding settlements	6,179,080	-
Increase in TCA-ARO assets excluding amortization	(6,065,293)	-
Amortization of deferred capital contributions	(18,752,608)	(17,379,409)
Increase in accounts receivable - other	(2,417,561)	(5,356,571)
Increase (decrease) in accounts payable and accrued liabilities	(184,100)	370,658
Increase in assets held for sale	(1,416,423)	-
Increase (decrease) in deferred revenue	(2,543,113)	2,877,607
Decrease in retirement and other employee future benefits	(963,840)	(1,655,068)
Decrease (increase) in inventory	651,138	(138,925)
Decrease (increase) in prepaid expenses	(225,555)	100,908
Settlement of ARO through abatement	(478,109)	-
Cash applied to operating transactions	(659,142)	(1,142,203)
<b>Capital transactions:</b>		
Cash used to acquire tangible capital assets	(25,204,752)	(30,092,151)
Cash applied to capital transactions	(25,204,752)	(30,092,151)
<b>Investing transactions:</b>		
Decrease in investments	482,350	49,800
Increase in other investments	(559,650)	-
Net increase (decrease) in cash from investing	(77,300)	49,800
<b>Financing transactions:</b>		
Increase (decrease) in temporary borrowing	(2,573,829)	150,031
Debt principal repayments	(2,443,804)	(2,235,367)
Long term liabilities issued	335,504	-
Decrease (increase) in accounts receivable - approved capital funding	11,534,805	(2,181,977)
Additions to deferred capital contributions	17,698,306	30,092,152
Net increase in cash from financing	24,550,982	25,824,839
Change in cash	(1,390,212)	(5,359,715)
Cash, beginning of year	11,616,639	16,976,354
Cash, end of year	\$ 10,226,427	\$ 11,616,639

See accompanying notes to the consolidated financial statements.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

Year ended August 31, 2023

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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 Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the 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;

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the 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") 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.
- (ii) School generated funds, which include the assets, liabilities, revenues and expenses that exist at the school level and which are deemed to be controlled by the board are reflected in the consolidated financial statements.

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

### (c) Financial instruments:

The following chart shows the measurement method for the financial instruments held by the board.

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Guaranteed investment certificates	*Amortized Cost
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\*Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

### (e) Investments:

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

The board has Other Investments in guaranteed investment certificates, which are recorded at amortized cost using the effective interest rate method.

### (f) Deferred revenue:

The board receives amounts pursuant to legislation, regulation or agreement that 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 expenditures are incurred, or services are performed.

### (g) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible capital assets received or receivable for use in providing services, shall be recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized.

The following items fall under this category:

- (i) Government transfers received or receivable for capital purposes
- (ii) Other restricted contributions received or receivable for capital purposes

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (h) 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 and health care benefits, retirement gratuity and worker's compensation. The board accrues its obligation for these employee benefits.

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 ELHT offers health, life and dental benefits to retired individuals, until age 65. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. 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.

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 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 (if applicable) and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group. For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (h) Retirement and other employee future benefits (continued):

- (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 during the period.

### (i) 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.

### (j) 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, as well as legally or contractually required retirement activities. The board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

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

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Amortization is taken at 50% of the above rates in the year of acquisition. Costs related to assets under construction and assets that relate to pre-acquisition and pre-construction are not amortized until the assets are available for productive use.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (j) Tangible capital assets (continued):

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.

### (k) 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.

### (l) 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.

### (m) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 29, 2022. The approved operating budget for 2022-2023 is reflected on the consolidated statement of operations and accumulated surplus.

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. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 1. Significant accounting policies (continued):

### (n) 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 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. Accounts subject to significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities. Actual results could differ from these current estimates. There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$19.6 million. These estimates are subject to uncertainty because of several factors, including but not limited to, incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

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

### (o) Education property tax revenue:

Under Canadian 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 Province of Ontario. As a result, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax.

## 2. Change in accounting policy - adoption of new accounting standards:

The board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.



# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 2. Change in accounting policy - adoption of new accounting standards (continued):

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

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

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

### Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

### Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 2. Change in accounting policy - adoption of new accounting standards (continued):

Fair value hierarchy (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. It has reported obligations for closure and post closure activities related to landfill sites as the landfill site's capacity was used (if applicable). The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings and closure and post closure activities related to landfill sites (if applicable). The board reports liabilities related to the legal obligations where the board is obligated to incur costs to retire a tangible capital asset.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 2. Change in accounting policy - adoption of new accounting standards (continued):

The board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of \$19,633,695 (2022 - \$13,932,724) was recognized as a liability in the statement of financial position. These obligations represent estimated retirement costs for the board owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 2. Change in accounting policy - adoption of new accounting standards (continued):

The adoption of PS 3280 ARO was applied to the comparative period as follows:

2022	As previously reported	Adjustments	As restated
<b>Statement of Financial Position</b>			
Tangible capital assets including ARO	\$ 229,868,279	\$ 3,518,415	\$ 233,386,694
Asset retirement obligation liability	–	13,932,724	13,932,724
Accumulated surplus	33,040,406	(10,414,309)	22,626,097
<b>Statement of Change in Net Debt</b>			
Annual surplus	1,877,766	(324,846)	1,552,920
Amortization of TCA (including TCA-ARO)	18,160,831	324,846	18,485,677
Change in net debt	(10,091,571)	–	(10,091,571)
<b>Statement of Operations</b>			
Amortization of TCA-ARO	–	324,846	324,846
Annual surplus	1,877,766	(324,846)	1,552,920

## 3. Investments:

The investments are carried on the statement of financial position. The terminology for investments has changed as at September 1, 2022 and the terms Temporary Investments and Investments are discontinued as of August 31, 2022. Other investments are comprised of GICs recorded at amortized cost.

## 4. Accounts receivable - other:

	2023	2022
Municipalities	\$ 4,235,490	\$ 4,117,547
Government of Ontario	27,654,058	24,790,709
Government of Canada	1,272,158	1,813,032
Other	1,916,601	1,939,458
	<b>\$ 35,078,307</b>	<b>\$ 32,660,746</b>

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 4. Accounts receivable - other (continued):

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, 2023 is \$17,357,856 (2022 - \$24,790,709).

## 5. 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 at August 31, 2023 in the amount of \$43,123,127 (2022 - \$54,657,932) with respect to capital grants.

## 6. Assets held for sale:

As of August 31, 2023, \$1,416,423 (2022 - \$Nil) related to buildings were recorded as assets held for sale. During the year, no school properties were sold, however 3 properties with a net book value of \$1,416,423 were reclassified.

## 7. Temporary borrowing:

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

- (i) \$1,319,879 non-revolving demand bridge credit facility available to provide interim financing for school consolidation capital. As at August 31, 2023, the amount drawn under this facility was \$Nil (2022 - \$1,124,685).
- (ii) \$17,646,537 non-revolving demand bridge credit facility available to provide interim financing for school condition improvements. As at August 31, 2023, the amount drawn under this facility was \$Nil (2022 - \$719,711).
- (iii) The demand bridge credit facility has been deleted in its entirety. As at August 31, 2023, the amount drawn under this facility was \$Nil (2022 - \$729,433).

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

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 8. Accounts payable and accrued liabilities:

	2023	2022
Trade payables	\$ 7,381,059	\$ 14,823,681
Government of Ontario	-	195,743
Accrued liabilities	12,152,644	4,678,279
Other payables	991,830	1,011,930
	<b>\$ 20,525,533</b>	<b>\$ 20,709,633</b>

## 9. Net long-term liabilities:

Debenture debt, capital loans and obligations under capital lease reported on the consolidated statement of financial position comprises the following:

	2023	2022
Ontario Financing Authority capital loans with interest rates ranging from 3.56% to 5.23%, payable in semi-annual installments including interest, with maturity dates ranging from November 2031 to November 2038 <sup>1</sup>	\$ 33,172,498	\$ 35,306,623
RBC Life Insurance Company 5.399% amortizing debenture payable in monthly installments of \$30,403 including interest, due January 31, 2033	2,688,563	2,901,957
DLL Financial capital leases with an interest rate of 4.96%, payable in monthly installments including interest, with a maturity date of January 2028	35,673	-
Meridian One capital leases with an interest rate of 4.96%, payable in monthly installments including interest, with a maturity date of April 2026	203,546	-
	<b>\$ 36,100,280</b>	<b>\$ 38,208,580</b>

<sup>1</sup>The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the board.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 9. Net long-term liabilities (continued):

The principal repayments relating to net debenture debt, capital loans and leases outstanding as at August 31, 2023 are due as follows:

	Principal payments	Capital lease payments	Total
2024	\$ 2,465,331	\$ 80,608	\$ 2,545,939
2025	2,589,105	84,698	2,673,803
2026	2,719,136	61,612	2,780,748
2027	2,855,743	8,594	2,864,337
2028	2,999,261	3,707	3,002,968
Thereafter	22,232,485	–	22,232,485
	<b>\$ 35,861,061</b>	<b>\$ 239,219</b>	<b>\$ 36,100,280</b>

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

	2023	2022
Principal payments	\$ 2,443,804	\$ 2,235,367
Interest payments on long-term liabilities	1,873,843	1,968,163
	<b>\$ 4,317,647</b>	<b>\$ 4,203,530</b>

## 10. 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 by legislation, regulation or agreement. Deferred revenue is comprised of:

	2023	2022
Amounts restricted by legislation, regulation or agreement:		
Special education	\$ 6,956,997	\$ 7,231,841
Pupil accommodation	4,090,936	5,502,952
Student achievement	2,415,437	2,742,337
Assets held for sale	1,302,636	–
Proceeds of disposition	39,492	1,227,061
Other	163,094	807,514
	<b>\$ 14,968,592</b>	<b>\$ 17,511,705</b>

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 11. 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 acquired.

	2023	2022
Opening balance	\$ 210,502,630	\$ 197,789,887
Additions to deferred capital contributions	19,000,942	30,092,152
Revenue recognized in the period	(18,752,608)	(17,379,409)
Transfers to deferred revenue	(1,302,636)	–
Ending balance	\$ 209,448,328	\$ 210,502,630

## 12. Retirement and other employee future benefits (in thousands):

The board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, 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. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2023, the board contributed \$2,988 (2022 - \$2,766) 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 the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 12. Retirement and other employee future benefits (in thousands) (continued):

### (a) Retirement benefits (continued):

#### (iii) Retirement gratuities:

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

#### (iv) Retirement life insurance and health care benefits:

The board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the board experience and retirees' premiums may be subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

### (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. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 12. Retirement and other employee future benefits (in thousands) (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial assumptions of future events determined for accounting purposes as at August 31, 2023. These actuarial valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the board's best estimates of expected rates of:

	2023	2022
	%	%
Inflation	2.0	2.0
Discount on accrued benefit obligations	4.4	3.9

Assumed healthcare cost trend rates:

	2023	2022
	%	%
Initial health care cost trend rate	6.50	6.75
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 (2022 - \$3,540).

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

	2023		2022	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	\$ 4	\$ 6,622	\$ 6,626	\$ 7,336
Workplace Safety and Insurance Board	–	2,321	2,321	2,575
	\$ 4	\$ 8,943	\$ 8,947	\$ 9,911

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 12. Retirement and other employee future benefits (in thousands) (continued):

<b>Employee future benefits liability</b>		2023		2022	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Balance, beginning of year	\$ 9	\$ 9,723	\$ 9,732	\$ 12,096	
Current period benefit cost	–	230	230	(374)	
Interest cost	–	347	347	202	
Recognized actuarial gains	–	(72)	(72)	(639)	
Benefits paid	(5)	(1,505)	(1,510)	(1,553)	
<b>Balance, end of year</b>	<b>4</b>	<b>8,723</b>	<b>8,727</b>	<b>9,732</b>	
Unamortized net actuarial gains	–	220	220	179	
<b>Employee future benefits liability</b>	<b>\$ 4</b>	<b>\$ 8,943</b>	<b>\$ 8,947</b>	<b>\$ 9,911</b>	

<b>Employee future benefit expenses</b>		2023		2022	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ –	\$ 230	\$ 230	\$ (374)	
Interest on accrued benefit obligation	–	347	347	202	
Amortization of actuarial gains	–	(72)	(72)	(639)	
Benefit payments	(5)	(1,505)	(1,510)	(1,553)	
<b>Employee future benefits expenses<sup>1</sup></b>	<b>\$ (5)</b>	<b>\$ (1,000)</b>	<b>\$ (1,005)</b>	<b>\$ (2,364)</b>	

<sup>1</sup>Excluding pension contributions to multi-employer pension plans, described in note 12 (a) (ii).

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 13. Asset retirement obligations:

The board has recorded ARO as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rates are reflective of the risks specific to the asset retirement liability.

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for asset retirement obligations, beginning of year	\$ 13,932,724	\$ –
Opening adjustments for PSAB adjustment	–	13,932,724
Increase in liabilities reflecting changes in the estimate of liabilities <sup>1</sup>	6,179,080	–
Liabilities settled during the year	(478,109)	–
<b>Liabilities for asset retirement obligations, end of year</b>	<b>\$ 19,633,695</b>	<b>\$ 13,932,724</b>

<sup>1</sup>Reflecting changes in the estimated cash flows.

## 14. Revaluation of asset retirement obligations:

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

## 15. Prepaid expenses:

	2023	2022
Insurance	\$ 113,411	\$ 98,168
Other	2,632,952	2,422,640
	<b>\$ 2,746,363</b>	<b>\$ 2,520,808</b>

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 16. Tangible capital assets (in thousands):

Cost	Balance at August 31, 2022	Adjustment for PS3280 <sup>1</sup>	Opening balance adjusted <sup>1</sup>	Additions and transfers	Disposals	Transfers to AHFS	Revaluation of TCA-ARO	Balance at August 31, 2023
Land	\$ 5,203	\$ -	\$ 5,203	\$ -	\$ -	\$ -	\$ -	\$ 5,203
Land improvements	19,930	-	19,930	4,152	-	-	-	24,082
Buildings	335,908	12,994	348,900	32,262	(2,203)	(5,088)	6,179	380,050
Portable structures	2,862	-	2,862	359	-	-	-	3,221
Capital leases	-	-	-	335	-	-	-	335
Construction in progress	13,558	-	13,558	(13,558)	-	-	-	-
Furniture and equipment	5,634	-	5,634	656	(495)	-	-	5,795
Vehicles	401	-	401	51	(27)	-	-	425
Computer hardware & software	4,061	-	4,061	947	(2,269)	-	-	2,739
<b>Total</b>	<b>\$ 387,555</b>	<b>\$ 12,994</b>	<b>\$ 400,549</b>	<b>\$ 25,204</b>	<b>\$ (4,994)</b>	<b>\$ (5,088)</b>	<b>\$ 6,179</b>	<b>\$ 421,850</b>
Accumulated amortization	Balance at August 31, 2022	Adjustment for PS3280 <sup>1</sup>	Opening balance adjusted <sup>1</sup>	Amortization expense	Disposals	Transfers to AHFS	Revaluation of TCA-ARO	Balance at August 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	9,785	-	9,785	1,179	-	-	-	10,964
Buildings	139,516	9,475	148,991	17,123	(2,203)	(3,672)	-	160,239
Portable structures	2,149	-	2,149	154	-	-	-	2,303
Capital leases	-	-	-	11	-	-	-	11
Furniture and equipment	3,333	-	3,333	596	(495)	-	-	3,434
Vehicles	308	-	308	40	(27)	-	-	321
Computer hardware & software	2,596	-	2,596	1,142	(2,269)	-	-	1,469
<b>Total</b>	<b>\$ 157,667</b>	<b>\$ 9,475</b>	<b>\$ 167,162</b>	<b>\$ 20,245</b>	<b>\$ (4,994)</b>	<b>\$ (3,672)</b>	<b>\$ -</b>	<b>\$ 178,741</b>
Net book value, August 31, 2022								
Land	\$ 5,203	\$ -	\$ 5,203					\$ 5,203
Land improvements	10,145		10,145					13,118
Buildings	199,909		199,909					219,811
Portable structures	713		713					918
Capital leases	-		-					324
Construction in progress	13,558		13,558					-
Furniture and equipment	2,301		2,301					2,361
Vehicles	93		93					104
Computer hardware & software	1,465		1,465					1,270
<b>Total</b>	<b>\$ 229,868</b>	<b>\$ -</b>	<b>\$ 233,387</b>					<b>\$ 243,109</b>

<sup>1</sup>See note 2 change in accounting policy.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 17. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Government of Ontario. The Government of Ontario provides additional funding up to the level set by the education funding formulas. 84.1% percent of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
Provincial legislative grants	\$ 171,614,565	\$ 157,265,020
Education property tax	34,612,403	33,506,767
<b>Grants for student needs</b>	<b>\$ 206,226,968</b>	<b>\$ 190,771,787</b>

## 18. Expenses by object:

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated surplus by object:

	2023 Budget (Restated and Unaudited)	2023 Actual	2022 Actual (Restated)
<b>Expenses:</b>			
Salary and wages	\$ 145,957,544	\$ 148,008,983	\$ 142,563,360
Employee benefits	23,753,281	25,542,654	23,548,059
Staff development	729,493	658,673	434,168
Supplies and services	16,694,547	17,786,340	16,788,732
Interest	1,856,011	2,169,924	2,110,344
Fees and contract services	17,027,965	18,662,159	17,220,369
School funded activities	3,026,000	4,364,638	2,240,191
Other	3,106,085	3,831,332	6,432,583
Amortization of TCA and TCA-ARO	18,135,641	20,245,338	18,485,677
	<b>\$ 230,286,567</b>	<b>\$ 241,270,041</b>	<b>\$ 229,823,483</b>

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 19. 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 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, 2026. Premiums paid to OSBIE for the policy year ending December 31, 2022 amounted to \$273,368 (2021 - \$270,548).

## 20. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022 (Restated)
Available for compliance – unappropriated:		
Total operating accumulated surplus	\$ 6,599,874	\$ 10,111,285
Available for compliance – internally appropriated:		
Retirement gratuities	3,540,242	3,540,242
Committed capital	16,446,699	10,981,960
Lasalle multi-use facility	750,000	–
Student focused initiatives	1,758,265	1,771,706
Indigenous education	92,185	92,185
School based initiatives	1,341,472	1,609,004
Local priority funds	216,682	271,214
Employee Future Benefits	1,551,358	1,551,358
Total accumulated surplus available for compliance	32,296,777	29,928,954
Unavailable for compliance – externally appropriated:		
Employee future benefits	(2,784,781)	(4,199,125)
Accrued interest	(477,108)	(505,892)
School generated funds	2,956,853	2,612,784
Asset retirement obligation	(10,560,061)	(10,414,309)
Revenue recognized for land	5,203,685	5,203,685
Total externally appropriated	(5,661,412)	(7,302,857)
<b>Total accumulated surplus</b>	<b>\$ 26,635,365</b>	<b>\$ 22,626,097</b>

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 21. Transportation consortium:

The board is a member of the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC"). In July 2009, the board entered into an agreement with the Sudbury Catholic District School Board, Conseil Scolaire du district catholique du Nouvel-Ontario and Conseil Scolaire public du Grand Nord de l'Ontario, to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of the SSSC are shared. No partner is in a position to exercise unilateral control. Each board participates in the shared costs associated with this service for the transportation of their respective students through SSSC. The board's pro-rata share of the SSSC expenditures for 2023 is 48.53% (2022 - 47.38%).

In the year, the board paid \$15,543,921 (2022 - \$14,163,086) for student transportation services provided by the SSSC. These amounts are included in the transportation expense on the consolidated statement of operations and accumulated surplus. At year-end, the board has a payable of \$146,157 (2022 - receivable of \$301,958) to the 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.

## 22. Commitments and contingent liabilities:

### (a) Contractual obligations:

The board has a total of \$8,138,119 (2022 - \$15,744,675) of contractual obligations at year end relating to the construction and renovation of buildings.

### (b) Commitment:

The board estimates that an additional \$1.85 million (2022 - \$2.7 million) is required over and above the committed contracts in order to complete the construction and renovation of a new school building.

## 23. In-kind transfers from the Ministry of Public Business Service Delivery:

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Deliver (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$609,877 (2022 - \$6,063,005) with expenses based on use of \$609,877 (2022 - \$6,063,005) for a net impact of \$Nil (2022 - \$Nil). The remaining balance of \$Nil (2022 - \$651,138) has been recorded in inventory in the statement of financial position.



# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

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## 24. Subsequent event:

*Monetary resolution to Bill 124, The Protecting a Sustainable Public Sector for Future Generations Act*

Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and four education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers and the Elementary Teachers' Federation of Ontario (ETFO) Teachers, ETFO Education Workers. This agreement provides for a 0.75% increase in salaries and wages for the 2019-20 school year, a 0.75% increase in salaries and wages for the 2020-21 school year, and a minimum of 1.5% to a maximum of 3.25% increase in salaries and wages for the 2021-22 school year, which will be awarded through an arbitration process expected to be completed in the 2023-24 school year.

This agreement includes a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks. As such, the revenues and expenses are understated by \$9,312,777, with no impact to the overall financial position of the school board.

No other agreements have been reached with other education workers. However, the board estimates that an additional \$2.5 million in salaries and wages are required for these groups.

## 25. Budget reconciliation:

The budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the consolidated statement of operations and accumulated surplus.

Where amounts were not budgeted for (ARO amortization and accretion expenses), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

As school boards only budget the statement of operations and accumulated surplus, the budget figures in the consolidated statement of change in net debt have not been provided. The adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable.

# RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2023

## 25. Budget reconciliation (continued):

2023	Budget	Adjustments	Budget (Restated and Unaudited)
Revenues	\$ 230,437,385	\$ -	\$ 230,437,385
Expenses	(229,662,706)	-	(229,662,706)
Amortization of TCA-ARO	-	(623,861)	(623,861)
Total expenses	(229,662,706)	(623,861)	(230,286,567)
Annual surplus	774,679	(623,861)	150,818
Accumulated surplus			
Accumulated surplus, beginning of year	26,231,779	-	26,231,779
Accumulated surplus, PSAS adjustments	-	(10,414,309)	(10,414,309)
Adjusted accumulated surplus, beginning of year	26,231,779	(10,414,309)	15,817,470
Accumulated surplus, end of year	\$ 27,006,458	\$ (11,038,170)	\$ 15,968,288

## 26. Future accounting standard adoption:

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

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board for as of September 1, 2023 for the year ending August 31, 2024):

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

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

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