VOLUME 4 - SECTION 2

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Section 2:

CROWN ORGANIZATIONS (CONTINUED):

NOTICE TO READER

VOLUME 4 – SECTION 2

Volume 4 – Section 2 contains the audited financial statements for public school divisions. These financial statements have been condensed to reflect only audited financial statements, notes and the schedule of tangible capital assets. The complete audited financial statements for public school divisions include a number of additional schedules that are required for management purposes, which have not been reproduced in this volume. Consequently, they cannot be expected to provide as complete an understanding as provided by the full financial statements, which can be obtained from the respective school division.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Beautiful Plains School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note # 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson	Secretary-Treasurer

October 21, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Beautiful Plains School Division

We have audited the consolidated statement of financial position of the Beautiful Plains School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
September 18, 2008

AUDITOR

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

October 21, 2008
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 www.mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
5	Cash and Bank	80,792	-
	Short Term Investments	-	-
	Due from - Provincial Government	705,866	1,045,623
	- Federal Government	131,420	99,789
10	- Municipal Government	2,328,202	2,305,463
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	7,099	25,970
	Accrued Investment Income	-	-
	Other Investments	-	-
		3,253,379	3,476,845
	Liabilities		
5	Overdraft	-	1,002,676
	Accounts Payable	1,237,837	1,315,495
	Accrued Liabilities	89,226	87,399
	Employee Future Benefits	-	-
	Accrued Interest Payable	569,998	479,696
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	738,101	589,251
8	Debenture Debt	19,477,733	14,246,734
	Other Borrowings	-	100,994
3d&7	School Generated Funds Liability	43,953	18,461
		22,156,848	17,840,706
	Net Debt	(18,903,469)	(14,363,861)
	Non-Financial Assets		
3e	Net Tangible Capital Assets (TCA Schedule)	21,146,285	16,648,453
	Inventories	-	-
	Prepaid Expenses	9,127	13,410
		21,155,412	16,661,863
9	**Accumulated Surplus**	2,251,943	2,298,002

See accompanying notes to the Financial Statements

Beautiful Plains School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		10,028,565	9,753,107
	Federal Government		-	-
10	Municipal Government	- Property Tax	4,549,443	4,531,070
		- Other	-	-
	Other School Divisions		55,250	57,200
	First Nations		-	-
	Private Organizations and Individuals		66,357	50,348
	Other Sources		(86,901)	108,725
	School Generated Funds		313,581	303,908
	Other Special Purpose Funds		13,831	13,610
			14,940,126	14,817,968
	Expenses			
	Regular Instruction		7,514,897	7,256,291
	Student Support Services		1,751,119	1,633,624
	Adult Learning Centres		-	-
	Community Education and Services		14,996	12,514
	Divisional Administration		473,493	470,949
	Instructional and Other Support Services		285,107	277,451
	Transportation of Pupils		1,007,557	911,134
	Operations and Maintenance		1,433,370	1,341,680
11	Fiscal	- Interest	1,026,770	1,238,999
		- Other	205,910	197,704
	Amortization		926,519	832,876
	Other Capital Items		3,309	52,981
	School Generated Funds		329,307	271,392
	Other Special Purpose Funds		13,831	13,610
			14,986,185	14,511,205
	Current Year Surplus (Deficit)		(46,059)	306,763
	Opening Accumulated Surplus		2,298,002	12,233,824
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(10,366,382)
		Other than Tangible Cap. Assets	-	123,797
	Opening Accumulated Surplus, as adjusted		2,298,002	1,991,239
	Closing Accumulated Surplus		2,251,943	2,298,002

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(46,059)	306,763
Amortization of Tangible Capital Assets	926,519	832,876
Acquisition of Tangible Capital Assets	(5,591,980)	(4,550,869)
(Gain) / Loss on Disposal of Tangible Capital Assets	165,829	(2,600)
Proceeds on Disposal of Tangible Capital Assets	1,800	2,600
	(4,497,832)	(3,717,993)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	4,283	(4,238)
	4,283	(4,238)
(Increase)/Decrease in Net Debt	(4,539,608)	(3,415,468)
Net Debt at Beginning of Year	(14,363,861)	(11,072,190)
Adjustments Other than Tangible Cap. Assets	-	123,797
Net Debt at Beginning of Year as Adjusted	(14,363,861)	(10,948,393)
Net Debt at End of Year	(18,903,469)	(14,363,861)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(46,059)	306,763
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	926,519	832,876
(Gain)/Loss on Disposal of Tangible Capital Assets	165,829	(2,600)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	285,387	(969,767)
Accounts Receivable & Accrued Income (Increase)/Decrease	18,871	(7,931)
Inventories and Prepaid Expenses - (Increase)/Decrease	4,283	(4,238)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	14,471	84,938
Deferred Revenue Increase/(Decrease)	148,850	168,978
School Generated Funds Liability Increase/(Decrease)	25,492	18,461
Adjustments Other than Tangible Cap. Assets	-	123,797
Cash Provided by Operating Transactions	1,543,643	551,277
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,591,980)	(4,550,869)
Proceeds on Disposal of Tangible Capital Assets	1,800	2,600
Cash (Applied to)/Provided by Capital Transactions	(5,590,180)	(4,548,269)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	5,230,999	4,036,666
Other Borrowings Increase/(Decrease)	(100,994)	100,994
Cash Provided by (Applied to) Financing Transactions	5,130,005	4,137,660
Cash and Bank / Overdraft (Increase)/Decrease	1,083,468	140,668
Cash and Bank (Overdraft) at Beginning of Year	(1,002,676)	(1,143,344)
Cash and Bank (Overdraft) at End of Year	80,792	(1,002,676)

Beautiful Plains School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	22,383,205	841,511	2,200,139	72,561	194,591	85,218	221,168	-	422,679	26,421,072	23,296,842
Adjustments	-	-	-	-	-	-	-	-		-	(1,341,273)
Opening Cost adjusted	22,383,205	841,511	2,200,139	72,561	194,591	85,218	221,168	-	422,679	26,421,072	21,955,569
Add: Additions during the year	77,008	-	89,347	-	61,199	-	-	-	5,364,426	5,591,980	4,550,869
Less: Disposals and write downs	815,792	-	45,545	-	-	-	-	-	-	861,337	85,366
Closing Cost	21,644,421	841,511	2,243,941	72,561	255,790	85,218	221,168	-	5,787,105	31,151,715	26,421,072
Accumulated Amortization											
Opening, as previously reported	8,165,615	156,772	1,266,892	72,561	79,624	31,155	-	-	-	9,772,619	-
Adjustments	-	-	-	-	-	-	-	-	-	-	9,025,109
Opening adjusted	8,165,615	156,772	1,266,892	72,561	79,624	31,155	-	-	-	9,772,619	9,025,109
Add: Current period Amortization	667,509	25,368	181,970	-	31,024	20,648	-	-		926,519	832,876
Less: Accumulated Amortization on Disposals and Writedowns	648,163	-	45,545	-	-	-	-	-	-	693,708	85,366
Closing Accumulated Amortization	8,184,961	182,140	1,403,317	72,561	110,648	51,803	-	-	-	10,005,430	9,772,619
Net Tangible Capital Asset	13,459,460	659,371	840,624	-	145,142	33,415	221,168	-	5,787,105	21,146,285	16,648,453
Proceeds from Disposal of Capital As	-	-	1,800	-	-	-	-			1,800	2,600

* Includes network infrastructure.

BEAUTIFUL PLAINS SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Beautiful Plains School Division is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. As well, a significant portion of local property taxation is required to maintain educational services. The Division would not be able to continue operations if either of these sources of funding were lost.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus in the 2006/07 year. Previous to the 2006/07 year Financial Statements were presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and funds held in the Division's Registered Charity. All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable operations held by the Division.

d) School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The Division participates in the MAST (Manitoba Association of School Trustees) Pension Plan. The terms and conditions of this pension plan are administered by a provincial committee consisting of school trustees, employee and division management representatives. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 4.7% to 6.7% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position. The Division has a reserve for school bus purchases in the amount of $ 122,964.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable donation funds held by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an operating $ 3,200,000 line of credit with the Beautiful Plains Credit Union by way of overdraft. (By-Law # 244) The operating fund is in an overdraft position due to the timing of property taxation. The Division does not receive any 2008 property taxation until November each year.

In addition, a capital projects $2,500,000 line of credit with the Beautiful Plains Credit Union has also been established. The purpose of the capital projects line of credit is to provide short term financing for the Public Schools Finance Board approved Carberry Collegiate School Construction project. Debentures will be issued to finance the project for the long term.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The Division has a Scholarship Fund which is included in Other Special Purpose Funds below. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Community Foundation Donations	$ 750	$ 500	$ 750	$ 500
Payment for Future Copier Lease	-	6,658	-	6,658
Education Property Tax Credits (Fall)	514,760	586,890	514,760	586,890
Carb. Child Care Coop - Capital Pymts.	-	70,249	-	70,249
Charitable Scholarship Fund	73,741	13,894	13,831	73,804
	$ 589,251	$ 678,191	$ 529,341	$ 738,101

7. School Generated Funds Liability & Revenue/Expense Presentation

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $43,953.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of twelve months from April 1, 2007 to March 31, 2008.

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 966,697	$ 1,167,315	$ 2,134,012
2010	1,026,800	1,099,109	2,125,909
2011	1,083,334	1,026,551	2,109,885
2012	978,840	950,059	1,928,899
2013	1,040,433	888,466	1,928,899
	$ 5,096,104	$ 5,131,500	$ 10,227,604

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	-
Undesignated Surplus	405,837
	405,837
Capital Fund	
Reserve Accounts	122,964
Equity in Tangible Capital Assets	1,582,555
	1,705,519
Special Purpose Fund	
School Generated Funds	140,587
Other Special Purpose Funds	-
	140,587
Total Accumulated Surplus	$ 2,251,943

Reserve Accounts under the Capital Fund represent internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
School bus reserve	122,964
Other reserves	-
Capital Reserve	$ 122,964

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense statement is raised over the two calendar (tax) years; 48% from 2007 tax year and 52% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 4,549,443	$ 4,531,070
Receivable-Due from Municipal-Property Tax	$ 2,328,202	$ 2,305,463

11. Interest Received and Paid

The Division received interest during the year of $ 26,844 (previous year $ 23,451). Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 21,048
Capital Fund	
Debenture debt interest	1,002,764
Other interest	2,958
	$ 1,026,770

The accrual portion of debenture debt interest expense of $ 569,998 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 9,562,325	$ 9,550,423	$ 9,148,163
Employees benefits & allowances	654,144	656,902	637,753
Services	1,159,458	1,176,211	1,071,100
Supplies, materials & minor equipment	1,066,360	981,271	995,532
Interest	1,026,770	891,137	1,238,999
Transfers (Other than Capital)	38,252	39,426	51,095
Payroll tax	205,910	202,000	197,704
Amortization	926,519	-	832,876
Other capital items	3,309	-	52,981
School generated funds	329,307	-	271,392
Other special purpose funds	13,831	-	13,610
	$ 14,986,185	$ 13,497,370	$ 14,511,205

BORDER LAND
SCHOOL DIVISION

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Border Land School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

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The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

November 6, 2008

BDO

. J Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Chairperson and Board of Trustees of
Border Land School Division

We have audited the consolidated statement of financial position of **The Border Land School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
November 6, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

November 26, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,010,143	711,150
	- Federal Government	76,647	85,264
	- Municipal Government	4,608,529	4,663,237
	- Other School Divisions	318,819	266,617
	- First Nations	324,551	176,420
	Accounts Receivable	150,634	224,913
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,489,323	6,127,601
	Liabilities		
*	Overdraft	386,366	1,811,318
	Accounts Payable	944,188	717,554
	Accrued Liabilities	288,131	284,603
	Employee Future Benefits	-	-
	Accrued Interest Payable	274,116	270,387
	Due to - Provincial Government	82,394	72,561
	- Federal Government	834,367	39,339
	- Municipal Government	9,000	6,787
	- Other School Divisions	165,198	134,243
	- First Nations	-	-
*	Deferred Revenue	820,445	688,080
*	Debenture Debt	8,615,943	8,237,182
*	Other Borrowings	428,398	442,467
	School Generated Funds Liability	-	-
		12,848,547	12,704,521
	Net Debt	(6,359,224)	(6,576,920)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	12,687,129	11,691,122
	Inventories	112,631	67,910
	Prepaid Expenses	90,920	78,369
		12,890,680	11,837,401
*	**Accumulated Surplus**	6,531,456	5,260,482

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		16,808,696	15,234,066
	Federal Government		749	611
	Municipal Government	- Property Tax	7,763,505	7,916,237
		- Other	-	697
	Other School Divisions		351,491	313,871
	First Nations		564,327	581,234
	Private Organizations and Individuals		119,932	207,079
	Other Sources		543,754	306,922
	School Generated Funds		587,252	544,923
	Other Special Purpose Funds		-	-
			26,739,705	25,105,640
	Expenses			
	Regular Instruction		13,237,596	12,628,851
	Student Support Services		3,496,131	3,381,801
	Adult Learning Centres		471,117	451,278
	Community Education and Services		24,200	21,575
	Divisional Administration		766,906	701,250
	Instructional and Other Support Services		524,317	538,581
	Transportation of Pupils		1,739,135	1,651,685
	Operations and Maintenance		2,558,692	2,410,151
*	Fiscal	- Interest	612,031	608,942
		- Other	368,207	359,732
	Amortization		1,074,847	929,494
	Other Capital Items		29,833	-
	School Generated Funds		565,719	506,313
	Other Special Purpose Funds		-	-
			25,468,731	24,189,652
	Current Year Surplus (Deficit)		1,270,974	915,987
	Opening Accumulated Surplus		5,260,481	20,952,740
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(16,748,294)
		Other than Tangible Cap. Assets	-	140,048
	Opening Accumulated Surplus, as adjusted		5,260,481	4,344,494
	Closing Accumulated Surplus		6,531,456	5,260,481

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	1,270,974	915,987
Amortization of Tangible Capital Assets	1,074,847	929,494
Acquisition of Tangible Capital Assets	(2,175,644)	(2,222,308)
(Gain) / Loss on Disposal of Tangible Capital Assets	(84,334)	(18,075)
Proceeds on Disposal of Tangible Capital Assets	189,124	18,075
	(996,006)	(1,292,814)
Inventories (Increase)/Decrease	(44,721)	(11,982)
Prepaid Expenses (Increase)/Decrease	(12,551)	(48,720)
	(57,272)	(60,702)
(Increase)/Decrease in Net Debt	217,696	(437,529)
Net Debt at Beginning of Year	(6,576,920)	(6,279,439)
Adjustments Other than Tangible Cap. Assets	-	140,048
Net Debt at Beginning of Year as Adjusted	(6,576,920)	(6,139,391)
Net Debt at End of Year	(6,359,223)	(6,576,920)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	1,270,974	915,987
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,074,847	929,494
(Gain)/Loss on Disposal of Tangible Capital Assets	(84,334)	(18,075)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	2,137
Due from Other Organizations (Increase)/Decrease	(436,001)	(444,848)
Accounts Receivable & Accrued Income (Increase)/Decrease	74,279	(84,617)
Inventories and Prepaid Expenses - (Increase)/Decrease	(57,272)	(60,702)
Due to Other Organizations Increase/(Decrease)	838,029	(762,175)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	233,892	(306,800)
Deferred Revenue Increase/(Decrease)	132,365	145,975
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	140,048
Cash Provided by Operating Transactions	3,046,779	456,425
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,175,644)	(2,222,308)
Proceeds on Disposal of Tangible Capital Assets	189,124	18,075
Cash (Applied to)/Provided by Capital Transactions	(1,986,520)	(2,204,233)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	378,761	1,341,810
Other Borrowings Increase/(Decrease)	(14,069)	(15,973)
Cash Provided by (Applied to) Financing Transactions	364,693	1,325,837
Cash and Bank / Overdraft (Increase)/Decrease	1,424,952	(421,971)
Cash and Bank (Overdraft) at Beginning of Year	(1,811,318)	(1,389,347)
Cash and Bank (Overdraft) at End of Year	(386,366)	(1,811,318)

Border Land School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,324,250	571,772	3,501,553	41,069	871,757	156,725	198,521	-	32,316	24,697,963	27,146,602
Adjustments	-	-	-	-	-	-	-	-	-	-	(4,410,093)
Opening Cost adjusted	19,324,250	571,772	3,501,553	41,069	871,757	156,725	198,521	-	32,316	24,697,963	22,736,509
Add: Additions during the year	895,192	-	616,590	15,204	469,817	-	-	-	178,841	2,175,644	2,222,308
Less: Disposals and write downs	386,102	-	276,864	-	-	-	2,253	-		665,219	260,854
Closing Cost	19,833,340	571,772	3,841,279	56,273	1,341,574	156,725	196,268	-	211,157	26,208,388	24,697,963
Accumulated Amortization											
Opening, as previously reported	10,368,858	199,044	2,114,687	21,421	251,161	51,670	-	-	-	13,006,841	-
Adjustments	-	-	-	-	-	-	-	-	-	-	12,338,201
Opening adjusted	10,368,858	199,044	2,114,687	21,421	251,161	51,670	-	-	-	13,006,841	12,338,201
Add: Current period Amortization	616,021	20,509	246,204	7,134	169,307	15,672	-	-		1,074,847	929,494
Less: Accumulated Amortization on Disposals and Writedowns	283,564	-	276,865	-	-	-	-	-	-	560,429	260,854
Closing Accumulated Amortization	10,701,315	219,553	2,084,026	28,555	420,468	67,342	-	-	-	13,521,259	13,006,841
Net Tangible Capital Asset	9,132,025	352,219	1,757,253	27,718	921,106	89,383	196,268	-	211,157	12,687,129	11,691,122
Proceeds from Disposal of Capital As	177,757	-	11,368	-	-	-	-			189,124	18,075

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Border Land School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	5,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	5,000	10 years
Leasehold improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement benefits to its non-teaching employees in the form of a defined contribution pension plan, and parental leave benefits to teachers. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Pension Plan

The Division pays the employer portion of a defined contribution plan handled by the Manitoba Association of School Trustees (MAST) for non-teaching employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Defined Benefit/Self-Insured Employee Future Benefit Plans

For those defined benefit/self-insured benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with Altona Credit Union of $7,000,000 by way of overdrafts and is repayable on demand at prime minus .50%; interest is paid monthly. Overdrafts are secured by a line of credit agreement and a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to non-teaching employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2008 year was $297,337 ($286,075 in 2007).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Education Property Tax Credit (EPTC)	$ 580,224	$ 1,943,479	$ 1,782,856	$ 740,847
Professional Development	32,099	16,632	10,316	38,415
Manitoba Textbook Bureau Grant	28,753	-	28,753	-
Donations & Special Purpose Funds	12,275	52,240	40,401	24,114
Rhineland Child Care	34,729		17,660	17,069
	$ 688,080	$ 2,012,351	$ 1,879,986	$ 820,445

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $nil ($nil in 2007).

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 11.375%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

2009	$ 1,020,789
2010	1,019,786
2011	1,020,789
2012	942,736
2013	909,378
	$ 4,913,478

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for administrative facilities.

	2008	2007
Altona Credit Union, Prime less .50% secured by demand promissory note, financing by-law and banking documents, repayable at $38,650 per year, due September 2022	$ 428,398	$ 442,467

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2009	$ 17,735	$ 20,915	$ 38,650
2010	21,197	17,453	38,650
2011	22,097	16,553	38,650
2012	23,037	15,613	38,650
2013	24,016	14,634	38,650
	$108,082	$ 85,168	$ 193,250

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was nil (nil in 2007).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 1,331,654	$ 843,403
Undesignated Surplus	1,096,735	1,203,373
	2,428,389	2,046,776
Capital Fund		
Reserve Accounts	338,960	203,488
Equity in Tangible Capital Assets	3,554,801	2,822,443
	3,893,761	3,025,931
Special Purpose Fund		
School Generated Funds	209,307	187,774
Other	-	-
	209,307	187,774
Total Accumulated Surplus	$ 6,531,456	$ 5,260,481

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by board policy. The details of the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2008	2007
School budget carryovers by board policy	$ 234,897	$ 80,550
Applied to Budget and Special Levy	674,446	354,608
Various projects	422,311	408,245
Designated surplus	$ 1,331,654	$ 843,403

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
School Building Additions or Renovations	$ 390,695	$ -
Bus Reserve	(51,735)	203,488
Capital Reserve	$ 338,960	$ 203,488

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 7,763,505	$ 7,916,237
Receivable – Due from Municipal – Property Tax	$ 4,608,529	$ 4,663,230

12. Interest Received and Paid

The Division received interest during the year of $35,013 ($23,199 in 2007); interest paid during the year was $612,031 ($608,942 in 2007).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 47,646	$ 64,368
Capital Fund		
Debenture interest	542,181	520,675
Other interest	22,204	23,899
	$ 612,031	$ 608,942

The accrual portion of debenture debt interest expense of $258,293 ($252,185 in 2007) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 17,098,268	$ 17,299,907	$ 16,366,054
Employees benefits and allowances	1,350,048	1,344,778	1,311,667
Services	2,263,801	2,411,198	2,104,805
Supplies, materials & minor equipment	1,875,724	2,138,640	1,790,444
Interest	612,031	591,978	608,942
Bad debts	-	-	-
Payroll tax	368,207	371,945	359,732
Amortization	1,074,847	-	929,494
Transfers	230,253	182,600	212,201
Other capital items	29,833	-	-
Loss on Disposal of Capital Assets	-	-	-
School generated funds	565,719	-	506,313
Other special purpose funds	-	-	-
	$ 25,468,731	$ 24,341,046	$ 24,189,652

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $117,069 ($95,759 in 2007). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $1,331,654 at June 30, 2008 ($843,403 at June 30, 2007). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 7,094

The school division also incurs annual rental costs in the amount of $10,000 for four colony school buildings.

16. Trust Funds

The school division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

17. Subsequent Events

Subsequent to year end, the Board of Trustees approved the sale of the Ecole Letellier School property for proceeds of $25,000.00.

The book value of the property at June 30, 2008 consisted of:

Land	$ 1,550
Building	984,349
Accumulated Amortization	(525,673)
Book Value	$ 460,226

The proceeds from the sale have been allocated to capital reserve accounts for future classroom space requirements.

The Public Schools' Finance Board has approved the sale of the property and the establishment of the capital reserve account.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Brandon School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 03, 2008

Auditors' Report

To the Chairperson and Board of Trustees of
Brandon School Division

We have audited the consolidated statement of financial position of **The Brandon School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
October 3, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

April 14, 2009

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	3,313,583	1,586,739
*	Short Term Investments	1,700	11,300
	Due from - Provincial Government	1,400,735	1,226,790
	- Federal Government	65,079	108,784
	- Municipal Government	10,736,236	10,311,264
	- Other School Divisions	29,275	11,080
	- First Nations	173,724	88,630
	Accounts Receivable	17,682	46,033
	Accrued Investment Income	-	-
	Other Investments	-	441
		15,738,014	13,391,061
	Liabilities		
	Overdraft	-	-
	Accounts Payable	6,558,241	6,339,206
	Accrued Liabilities	1,405,724	194,453
*	Employee Future Benefits	725,066	713,677
	Accrued Interest Payable	428,279	505,663
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	2,741,452	2,463,079
*	Debenture Debt	12,272,728	13,905,988
	Other Borrowings	-	-
	School Generated Funds Liability	118,843	3,846
		24,250,333	24,125,911
	Net Debt	(8,512,319)	(10,734,851)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	21,366,947	22,924,374
	Inventories	60,707	53,965
	Prepaid Expenses	66,226	71,356
		21,493,880	23,049,696
*	**Accumulated Surplus**	12,981,561	12,314,845

See accompanying notes to the Financial Statements

Brandon School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		38,942,784	37,766,628
	Federal Government		20,832	18,349
	Municipal Government	- Property Tax	19,146,125	18,704,104
		- Other	-	-
	Other School Divisions		204,698	183,228
	First Nations		342,374	301,405
	Private Organizations and Individuals		779,715	711,820
	Other Sources		253,723	236,870
	School Generated Funds		1,781,989	1,429,490
	Other Special Purpose Funds		277,554	118,881
			61,749,794	59,470,775
	Expenses			
	Regular Instruction		33,101,216	32,375,906
	Student Support Services		11,563,523	10,032,036
	Adult Learning Centres		-	-
	Community Education and Services		175,965	152,802
	Divisional Administration		1,771,413	1,783,309
	Instructional and Other Support Services		1,684,714	1,646,607
	Transportation of Pupils		1,531,081	1,384,041
	Operations and Maintenance		5,708,498	5,529,436
*	Fiscal	- Interest	994,901	1,743,364
		- Other	971,695	915,176
	Amortization		1,678,531	1,667,907
	Other Capital Items		-	(8,495)
	School Generated Funds		1,770,685	1,400,950
	Other Special Purpose Funds		93,615	56,943
			61,045,837	58,679,982
	Current Year Surplus (Deficit)		703,957	790,793
	Opening Accumulated Surplus		12,314,845	39,906,031
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(29,012,797)
*		Other than Tangible Cap. Assets	(37,241)	630,818
	Opening Accumulated Surplus, as adjusted		12,277,604	11,524,052
	Closing Accumulated Surplus		12,981,561	12,314,845

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	703,957	790,793
Amortization of Tangible Capital Assets	1,678,531	1,667,907
Acquisition of Tangible Capital Assets	(121,104)	(1,044,838)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(500)
Proceeds on Disposal of Tangible Capital Assets	-	500
	1,557,427	623,069
Inventories (Increase)/Decrease	(6,742)	562
Prepaid Expenses (Increase)/Decrease	5,130	(7,565)
	(1,611)	(7,004)
(Increase)/Decrease in Net Debt	2,259,773	1,406,858
Net Debt at Beginning of Year	(10,734,851)	(12,772,527)
Adjustments Other than Tangible Cap. Assets	(37,241)	630,818
Net Debt at Beginning of Year as Adjusted	(10,772,092)	(12,141,709)
Net Debt at End of Year	(8,512,319)	(10,734,851)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	703,957	790,793
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,678,531	1,667,907
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(500)
Employee Future Benefits Increase/(Decrease)	11,389	713,677
Short Term Investments (Increase)/Decrease	9,600	(11,300)
Due from Other Organizations (Increase)/Decrease	(658,501)	1,579,964
Accounts Receivable & Accrued Income (Increase)/Decrease	28,351	203,042
Inventories and Prepaid Expenses - (Increase)/Decrease	(1,611)	(7,004)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,352,922	(442,095)
Deferred Revenue Increase/(Decrease)	278,373	2,317,420
School Generated Funds Liability Increase/(Decrease)	114,997	3,846
Adjustments Other than Tangible Cap. Assets	(37,241)	630,818
Cash Provided by Operating Transactions	3,480,768	7,446,568
Capital Transactions		
Acquisition of Tangible Capital Assets	(121,104)	(1,044,838)
Proceeds on Disposal of Tangible Capital Assets	-	500
Cash (Applied to)/Provided by Capital Transactions	(121,104)	(1,044,338)
Investing Transactions		
Other Investments (Increase)/Decrease	441	(441)
Cash Provided by (Applied to) Investing Transactions	441	(441)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,633,260)	(1,441,968)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(1,633,260)	(1,441,968)
Cash and Bank / Overdraft (Increase)/Decrease	1,726,845	4,959,821
Cash and Bank (Overdraft) at Beginning of Year	1,586,739	(3,373,082)
Cash and Bank (Overdraft) at End of Year	3,313,583	1,586,739

Brandon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	49,541,796	1,937,773	3,172,011	225,371	2,229,381	116,510	1,183,954	-	298,306	58,705,102	52,560,240
Adjustments	-	-	-	-	-	-	-	-	-	-	5,114,083
Opening Cost adjusted	49,541,796	1,937,773	3,172,011	225,371	2,229,381	116,510	1,183,954	-	298,306	58,705,102	57,674,323
Add: Additions during the year	298,020	-	-	-	53,900	-	-	-	(230,816)	121,104	1,044,838
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	14,059
Closing Cost	49,839,816	1,937,773	3,172,011	225,371	2,283,281	116,510	1,183,954	-	67,490	58,826,206	58,705,102
Accumulated Amortization											
Opening, as previously reported	30,813,337	1,017,846	1,564,255	164,753	2,113,296	107,241	-	-	-	35,780,728	-
Adjustments	-	-	-	-	-	-	-	-	-	-	34,126,880
Opening adjusted	30,813,337	1,017,846	1,564,255	164,753	2,113,296	107,241	-	-	-	35,780,728	34,126,880
Add: Current period Amortization	1,314,897	46,383	248,025	19,351	41,369	8,506	-	-		1,678,531	1,667,907
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	14,059
Closing Accumulated Amortization	32,128,234	1,064,229	1,812,280	184,104	2,154,665	115,747	-	-	-	37,459,259	35,780,728
Net Tangible Capital Asset	17,711,582	873,544	1,359,731	41,267	128,616	763	1,183,954	-	67,490	21,366,947	22,924,374
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	500

* Includes network infrastructure.

1. ENTITY DEFINITION AND ECONOMIC DEPENDENCE

The Brandon School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is not subject to income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

The following is a summary of significant accounting polices of the Division:

- Income Recognition

The financial statements are prepared in accordance with Financial Reporting and Accounting in Manitoba Education (FRAME) and have incorporated the Public Service Accounting Board (PSAB) standards. These standards are generally accepted accounting principles for all Manitoba school divisions that became effective July 1, 2006.

Significant accounting polices of FRAME are:

- Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

- Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing if capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

- Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

- Unearned Revenue

Grants received for specific purposes are deferred and recorded as revenue at the time the applicable expenditures are made.

- Debenture Payments

Debenture debt payments are reflected in the accounts when due and interest accruals are recorded in the accounts as of the statement date.

- Employee Future Benefits

Benefits plans that provide for future benefits to employees are costed in the period in which the future benefit was earned.

- Tangible Capital Assets

Individual Tangible Capital Assets that meet or exceed the capitalization threshold guidelines provided by PSAB are now recorded at cost as assets in the capital fund.

- Amortization

Amortization is now provided for on Tangible Capital Assets in the Capital Fund in accordance with PSAB. Land is not amortized and all other tangible capital assets are amortized on a straight line basis, with no residual value, based on the useful life of the asset. One half year of amortization is recorded in the year of acquisition and in the year of disposal.

3. SCHOOL GENERATED FUNDS

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. Where actual costs are not determinable, estimated costs have been determined.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

5. CAPITAL RESERVE

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

6. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

7. FINANCIAL INSTRUMENTS

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

8. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates that mature within one year. The cost of the short term investments is equal to the market. As at June 30, 2008, the cost of short term investment was $1,700 (last year $11,300); investment income earned during the year was $72 (last year $264).

9. BANK OVERDRAFT

The Division has an authorized line of credit with Bank of Montreal of $4,500,000 by way of overdrafts and is repayable on demand at the bank's prime rate less 1.75%; interest is paid monthly.

10. DEFERRED REVENUE

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30,2008
Education property tax credit	$2,282,321	$5,615,648	$5,304,646	$2,593,323
Other special purpose funds	180,758	7,200	39,829	148,129
	$ 2,463,079	$ 318,202	$ 39,829	$ 2,741,452

11. SCHOOL GENERATED FUNDS LIABILITY

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $118,843.

Parent and student council funds	$118,843

12. DEBENTURE DEBT

The debenture debt of the Division is in the form of fifteen and twenty-year debentures payable, principal and interest, in fifteen and twenty equal yearly instalments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.0% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The total debenture principal and interest repayments in the next five years and thereafter are:

	Total
2009	$ 2,365,090
2010	1,877,048
2011	1,838,543
2012	1,530,144
2013	1,266,161
Thereafter	3,395,742
	$ 12,272,728

13. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	$ 465,597
Undesignated Surplus	2,019,526
	2,485,123
Capital Fund	
Reserve Accounts	658,052
Equity in Tangible Capital Assets	8,959,088
	9,617,140
Special Purpose Fund	
School Generated Funds	389,332
Other Special Purpose Funds	489,966
	879,298
Total Accumulated Surplus	12,981,561

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Prior year designated balances	$380,808
School budget carryovers by board policy	84,789
Designated surplus	465,597

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	$ 374,015
Other reserves	284,037
Capital Reserve	658,052

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2008
Other Special Purpose Funds	$ 489,966

14. MUNICIPAL GOVERNMENT – PROPERTY TAX AND RELATED DUE FROM MUNICIPAL GOVERNMENT

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 43.5% from 2007 tax year and 56.5% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 19,146,125	$ 18,704,104
Receivable – Due from Municipal – Property Tax	$ 10,736,236	$ 10,311,264

15. INTEREST RECEIVED AND PAID

The Division received interest during the year of $256,132 (previous year $213,029); interest paid during the year was $1,072,284 (previous year $1,743,364).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Capital Fund	
Debenture interest	$ 1,072,284

The accrual portion of debenture debt interest expense of $ 417,045 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

BDO

B Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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RAPPORT DES VÉRIFICATEURS

Au président et aux membres de la Commission scolaire
Division scolaire franco-manitobaine

Nous avons vérifié les états consolidés de la situation financière de la **Division scolaire franco-manitobaine** (la «division scolaire») au 30 juin 2008 et les états consolidés des recettes, dépenses et de l'excédent accumulé, du changement de la dette nette et de l'évolution des liquidités pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la division scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des informations probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous égards importants, une image fidèle de la situation financière de la division scolaire au 30 juin 2008 ainsi que les résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

De plus, à notre avis, les autres états et annexes, en autant qu'ils se rattachent aux états financiers ci haut mentionné, présentent fidèlement l'information supplémentaire contenu par ces annexes.

BDO Dunwoody s.r.l.

Comptables agréés

Winnipeg (Manitoba)
Le 25 septembre 2008

J'atteste par la présente que le rapport ci-dessus ainsi que les états financiers vérifiés et les renseignements supplémentaires ont été présentés aux membres de la commission scolaire de la Division scolaire franco-manitobaine.

30 octobre 2008

Date

Président de la commission scolaire

ÉTAT CONSOLIDÉ DE LA SITUATION FINANCIÈRE

au 30 juin

Notes			2008	2007
	Actif			
	Encaisse et fonds en banque		-	-
*	Placements à court terme		94,124	115,147
	Sommes recevables	- du gouv. du Manitoba	4,594,477	4,070,971
		- du gouv. fédéral	575,325	544,764
		- de l'admin. municipale	7,732,666	7,593,358
		- d'autres divisions scol.	22,743	24,189
		- des Premières nations	-	-
	Comptes clients		167,266	143,766
	Revenu de placements à recevoir		-	-
	Autres placements		-	-
			13,186,601	12,492,195
	Passif			
3	Découverts		6,833,199	9,418,301
	Comptes fournisseurs		2,044,656	2,165,082
	Charges à payer		986,288	490,994
4	Avantages sociaux à venir		219,260	186,649
	Intérêts courus à payer		967,317	1,020,893
	Sommes payables	- au gouv. du Manitoba	200,659	171,766
		- au gouv. fédéral	2,174,066	1,717,424
		- à l'admin. municipale	6,565	12,893
		- à d'autres divisions scol.	210,836	193,512
		- aux Premières nations	-	-
5	Revenus reportés		271,527	208,475
7	Dette obligataire		28,959,388	30,104,524
8	Autres emprunts		1,580,426	1,706,765
6	Passif des fonds générés par les écoles		198,701	216,541
			44,652,888	47,613,819
	Dette nette		(31,466,287)	(35,121,624)
	Actif non financier			
9	Immobilisations corporelles nettes (État des IC)		40,408,788	40,542,014
	Inventaires		-	-
	Dépenses payées d'avance		56,991	63,135
			40,465,779	40,605,149
10	**Excédent accumulé**		8,999,492	5,483,525

Voir les notes afférentes aux états financiers.

ÉTAT CONSOLIDÉ DES RECETTES, DES DÉPENSES ET DE L'EXCÉDENT ACCUMULÉ

pour l'exercice se terminant le 30 juin

Notes		2008	2007
	Recettes		
	Gouvernement du Manitoba	44,462,861	41,180,813
	Gouvernement fédéral	1,590,018	1,613,511
	Administration municipale - Taxe foncière	12,790,320	12,456,169
	- Autres	-	-
	Autres divisions scolaires	731,325	709,458
	Premières nations	-	-
	Organismes privés et particuliers	57,307	152,727
	Autres sources	87,668	176,000
	Fonds générés par les écoles	1,190,755	906,589
	Autres fonds à fins spéciales	68,111	46,254
		60,978,365	57,241,521
	Dépenses		
	Enseignement ordinaire	29,277,742	27,274,579
	Services de soutien aux élèves	7,102,985	6,874,354
	Centres d'apprentissage pour adultes	-	-
	Éducation et services communautaires	697,834	611,837
	Administration de la division	1,948,179	1,753,877
	Services pédagogiques et autres serv. de soutien	1,528,900	1,438,797
	Transport des élèves	5,562,665	4,952,040
	Fonctionnement et entretien	5,564,776	5,507,758
12	Frais et taxes - Intérêts	2,136,282	3,038,470
	- Autres	778,754	755,042
	Amortissement	1,536,686	1,342,351
	Autres dépenses de capital	90,980	156,793
	Fonds générés par les écoles	1,177,429	885,077
	Autres fonds à fins spéciales	59,186	44,856
		57,462,398	54,635,831
	Excédent (Déficit) de l'exercice en cours	3,515,967	2,605,690
	Excédent accumulé d'ouverture	5,483,525	31,285,608
	Redressements : Imm. corp. et amortissements acc.	-	(28,506,060)
	Autres que immobilisations corporelles	-	98,287
	Excédent accumulé d'ouverture, réévalué	5,483,525	2,877,835
	Excédent accumulé de clôture	8,999,492	5,483,525

Voir les notes afférentes aux états financiers.

ÉTAT CONSOLIDÉ DU CHANGEMENT DE LA DETTE NETTE

pour l'exercice se terminant le 30 juin 2008

	2008	2007
Excédent (Déficit) de l'exercice en cours	3,515,967	2,605,690
Amortissement des immobilisations corporelles	1,536,686	1,342,351
Acquisition d'immobilisations corporelles	(1,404,782)	(6,903,848)
(Gain) Perte à la liquidation d'immobilisations corporelles	1,322	(0)
Produit de la liquidation d'immobilisations corporelles	-	-
	133,226	(5,561,497)
Inventaires – (Augmentation) Diminution	-	-
Dépenses payées d'avance – (Augmentation) Diminution	6,144	(31,691)
	6,144	(31,691)
(Augmentation) Diminution de la dette nette	3,655,337	(2,987,498)
Dette nette au début de l'exercice	(35,121,624)	(32,232,413)
Redressements : Autres que les immobilisations corporelles	-	98,287
Dete nette réévaluée, au début de l'exercice	(35,121,624)	(32,134,126)
Dette nette à la fin de l'exercice	(31,466,287)	(35,121,624)

ÉTAT CONSOLIDÉ DE L'ÉVOLUTION DES LIQUIDITÉS

pour l'exercice se terminant le 30 juin 2008

	2008	2007
Fonctionnement		
Excédent (Déficit) de l'exercice en cours	3,515,967	2,605,690
Éléments sans effet sur les liquidités inclus dans l'excédent (le déficit) de l'exercice en cours :		
Amortissement des immobilisations corporelles	1,536,686	1,342,351
(Gain) Perte à la liquidation des immobilisations corporelles	1,322	(0)
Augmentation (Diminution) des avantages sociaux à venir	32,611	186,649
Placements à court terme – (Augmentation) Diminution	21,023	(115,147)
Sommes recevables d'autres organismes – (Augmentation) Diminution	(691,929)	(1,873,127)
Comptes clients et recettes accumulées – (Augmentation) Diminution	(23,500)	30,182
Inventaires et dépenses payées d'avance – (Augmentation) Diminution	6,144	(31,691)
Sommes payables à d'autres organismes – Augmentation (Diminution)	496,531	(33,780)
Comptes fournisseurs et passif accumulé – Augmentation (Diminution)	321,292	1,066,559
Recettes reportées – Augmentation (Diminution)	63,052	10,471
Passif des fonds générés par les écoles – Augmentation (Diminution)	(17,840)	216,541
Redressements autres que celle des immobilisations corporelles	-	98,287
Liquidités issues des opérations du fonds d'adm. générale	5,261,359	3,502,985
Immobilisations		
Acquisition d'immobilisations corporelles	(1,404,782)	(6,903,848)
Produit de la liquidation d'immobilisations corporelles	-	-
Liquidités (appliquées aux) fournies par les opér. portant sur les imm.	(1,404,782)	(6,903,848)
Placements		
Autres placements – (Augmentation) Diminution	-	-
Liquidités fournies par (appliquées aux) opérations de placement	0	0
Financement		
Dette obligataire – Augmentation (Diminution)	(1,145,136)	5,395,674
Autres emprunts – Augmentation (Diminution)	(126,339)	681,442
Liquidités fournies par (appliquées aux) opérations de financement	(1,271,475)	6,077,116
Encaisse et fonds en banque (Découverts) – (Augmentation) Diminution	2,585,102	2,676,253
Encaisse et fonds en banque (Découverts) au début de l'exercice	(9,418,301)	(12,094,554)
Encaisse et fonds en banque (Découverts) à la fin de l'exercice	(6,833,199)	(9,418,301)

Division scolaire franco-manitobaine

ÉTAT DES IMMOBILISATIONS CORPORELLES

au 30 juin 2008

	Immeubles et améliorations locatives		Autobus	Autres	Mobilier / Accessoires et	Matériel informatique et		Améliorations	Immeubles en	2008 Totaux	2007 Totaux
	Écoles	Autres	scolaires	véhicules	équipement	logiciels*	Terrains	foncières	construction		
Coût des immobilisations corp.											
Coût d'ouv., signalé antérieurement	50,632,513	285,413	-	55,127	723,063	128,217	8,365,246	394,850	634,637	61,219,066	63,486,577
Redressements :	-	-	-	-	-	-	-	-	-	-	(9,089,866)
Coût d'ouverture, réévalué	50,632,513	285,413	-	55,127	723,063	128,217	8,365,246	394,850	634,637	61,219,066	54,396,711
Plus : Ajouts faits durant l'exercice	936,773	-	-	3,968	217,463	-	92,002	-	154,576	1,404,782	6,903,848
Moins : Liquidations et radiations	41,880	-	-		-	-	1,904	-	-	43,784	81,493
Coût de clôture	51,527,406	285,413	-	59,095	940,526	128,217	8,455,344	394,850	789,213	62,580,064	61,219,066
Amortissements cumulés											
Valeur d'ouv., signalée antérieurement	19,789,191	285,413	-	52,023	461,478	69,204	-	19,743	-	20,677,052	-
Redressements :	-	-	-	-	-	-	-	-	-	-	19,416,194
Valeur d'ouverture, réévaluée	19,789,191	285,413	-	52,023	461,478	69,204	-	19,743	-	20,677,052	19,416,194
Plus : Amortissements : pér. courante	1,317,295	-	-	7,073	154,910	17,923	-	39,485		1,536,686	1,342,351
Moins : Amortissements cumulés sur les liquidations et les radiations	41,880	-	-	-	582	-	-	-	-	42,462	81,493
Amortissements cumulés de clôture	21,064,606	285,413	-	59,096	615,806	87,127	-	59,228	-	22,171,276	20,677,052
Immobilisations corporelles nettes	30,462,800	-	-	(1)	324,720	41,090	8,455,344	335,622	789,213	40,408,788	40,542,014
Produit de la liquidation des immobilisations	-	-	-	-	-	-	-			-	-

*Comprend l'infrastructure du réseau.

1. Nature de l'organisation et dépendance économique

La Division scolaire franco-manitobaine (la « Division scolaire ») est un organisme public qui fournit des services d'éducation à sa population estudiantine francophone du Manitoba. La Division scolaire est financée principalement par des subventions de la Province du Manitoba (la « Province »), et des prélèvements spéciaux. La Division scolaire et les divisions scolaires cédantes se partagent les taxes prélevées en proportion de leur nombre respectif d'élèves par rapport au total de tous les élèves résidant à l'intérieur des frontières des divisions cédantes.

La Division scolaire dépend du financement de la Province pour son fonctionnement ainsi que pour le financement de projets d'immobilisations. Sans ce financement, la Division scolaire ne pourrait pas continuer son fonctionnement.

2. Principales politiques comptables

Les états financiers consolidés ont été préparés par la direction en conformité avec les principes comptables généralement reconnus du Canada établis par le CCSP de l'Institut canadien des comptables agréés (l'« ICCA»).

Entité comptable et consolidation

Les états financiers consolidés comprennent les actifs, passifs, recettes et dépenses des fonds d'administration générale, de capital et d'emprunt et à fins spéciales de la Division scolaire. L'entité comptable de la Division scolaire comprend les fonds générés par les écoles et contrôlés par la Division scolaire.

Tous les soldes et opérations interfonds ont été éliminés à la consolidation.

Fonds en fiducie

Les fonds en fiducie et leurs opérations ne sont pas compris dans les états financiers consolidés puisqu'ils ne sont pas contrôlés par la Division scolaire et ne lui appartiennent pas. Un tableau des fonds en fiducie est annexé aux notes accompagnant les états financiers consolidés.

Selon les normes du CCSP, les fonds en fiducie sont les avoirs confiés à un fiduciaire (la Division scolaire) selon un contrat de fiducie ou la loi. Le fiduciaire administre les modalités de l'accord, et n'à aucun pouvoir unilatéral de changer les modalités du contrat de fiducie.

Méthode de comptabilité

Les recettes et les dépenses sont constatées selon la méthode de comptabilité d'exercice sauf lorsque les comptes de régularisation ne peuvent pas être établis avec un degré de certitude raisonnable ou lorsque leur estimation est irréalisable. Selon la comptabilité d'exercice, les recettes sont constatées à mesure qu'elles sont gagnées et qu'elles peuvent être mesurées, et les dépenses sont constatées à mesure qu'elles sont engagées et qu'elles peuvent être mesurées par suite de la réception des biens ou des services et de l'établissement d'une obligation légale de paiement. Les dépenses incluent l'amortissement des immobilisations corporelles.

Comptabilité par fonds

La méthode de comptabilité par fonds est utilisée par la Division scolaire pour inscrire les opérations financières dans des fonds séparés conformément au manuel Financial Reporting and Accounting in Manitoba Education (FRAME) et selon le but visé au moment de la création du fonds.

Le fonds d'administration générale sert à l'enregistrement de toutes les recettes et dépenses de fonctionnement courantes. Le fonds de capital est utilisé pour comptabiliser l'acquisition, l'amortissement, l'aliénation et le financement des immobilisations. Le fonds à fins spéciales est utilisé pour rendre compte des fonds générés par les écoles et des fondations de bienfaisance contrôlées par la Division scolaire.

Fonds générés par les écoles

Les fonds générés par les écoles sont des sommes recueillies par des écoles, ou sous leurs auspices, dans le cadre d'activités parascolaires pour leur usage exclusif et que les directions peuvent amasser, détenir, administrer et utiliser pour leurs écoles respectives, conformément aux règlements de la Commission scolaire.

Seules les recettes et les dépenses des fonds générés par les écoles et contrôlés par la Division scolaire sont incluses dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé. Pour que ces fonds soient considérés comme étant contrôlés, une école doit avoir le pouvoir unilatéral de décider quand, comment et à quelles fins les fonds sont dépensés.

Le solde de l'encaisse et des placements à court terme de tous les fonds générés par les écoles sont inclus dans l'état consolidé de la situation financière. Le solde des fonds générés par les écoles et non contrôlés par la Division scolaire est présenté comme passif des fonds générés par les écoles dans l'état de la situation financière. Les exemples de fonds générés par les écoles et non contrôlés par la Division scolaire incluent les sommes recueillies par les comités de parents, associations d'étudiants et comités de voyage. Les recettes et les dépenses des fonds générés par les écoles et non contrôlés par la Division scolaire ne sont pas incluses dans les états financiers consolidés.

Immobilisations corporelles

Les immobilisations corporelles sont des actifs non financiers qui sont utilisés par la Division scolaire pour fournir des services à la population et qui ont une durée économique de plus d'un exercice. Les immobilisations corporelles comprennent les terrains, immeubles, améliorations foncières, autobus scolaires, autres véhicules, mobiliers, accessoires, équipements, matériels informatique, logiciels, améliorations locatives, contrats de location-acquisition et immeubles en construction.

Pour être classé comme immobilisation corporelle, chaque actif autre que les terrains doit individuellement respecter le seuil de capitalisation de sa catégorie conformément au manuel FRAME.

Description des biens	Seuil de capitalisation ($)	Durée de vie utile
Améliorations foncières	25 000	10 ans
Immeubles – briques, mortier, acier	25 000	40 ans
Immeubles – charpente en bois	25 000	25 ans
Autobus scolaires	20 000	10 ans
Véhicules	10 000	5 ans
Équipement	5 000	5 ans
Infrastructure du réseau	25 000	10 ans
Matériel informatique	5 000	4 ans
Logiciels	10 000	4 ans
Mobilier et accessoires	5 000	10 ans
Améliorations locatives	25 000	Selon la durée du bail

Le regroupement des actifs n'est pas permis, sauf pour les postes de travail informatisés.

À l'exception des terrains, des immobilisations obtenues à titre gratuit et des contrats de location-acquisition, toutes les immobilisations corporelles sont inscrites au coût d'origine, qui comprend le prix d'achat, les frais d'installation et les autres frais encourus pour mettre l'immobilisation en service.

Les bâtiments sont inscrits au coût d'origine lorsque celui-ci est connu. Pour les bâtiments acquis avant le 30 juin 2005 alors que le coût réel n'était pas connu, la valeur de remplacement aux fins des assurances en date du 30 juin 2005 a été établie par régression selon la date d'acquisition d'après un index fondé sur des indices des coûts de construction de Southam et CanaData.

Les contrats de location-acquisition sont inscrits selon la valeur actualisée des paiements minimaux exigibles à l'exclusion des frais accessoires (p. ex., assurances, entretien, etc.). Le taux d'escompte utilisé pour déterminer la valeur actuelle des paiements de location est le taux le plus bas entre le taux de la Division scolaire pour les emprunts additionnels et le taux d'intérêt implicite dans le bail.

Les immobilisations corporelles obtenues à titre gratuit sont inscrites selon la juste valeur marchande à la date du don. Les recettes reportées sont inscrites selon un montant équivalent pour tous les dons, à l'exception des terrains. Les recettes reportées seront comptabilisées comme recettes durant la vie utile de l'actif visé, comme dans le cas d'un amortissement.

Tous les terrains acquis avant le 30 juin 2006 ont été évalués par la Crown Lands and Property Agency.

Toutes les immobilisations corporelles, à l'exception des terrains, des contrats de location-acquisition et des immobilisations en cours, sont amorties selon la méthode linéaire durant leur durée de vie utile estimative conformément aux règles du manuel FRAME. Les terrains ne sont pas amortis. Les contrats de location-acquisition avec des modalités comprenant une option d'achat à prix préférentiel ou permettant le transfert de la propriété à la Division scolaire sont amortis selon la durée de vie utile de la catégorie d'immobilisations. Toutes les autres locations-acquisitions sont amorties selon la durée moindre entre la durée du contrat de location et la durée de vie utile de la catégorie d'immobilisations.

La moitié de l'amortissement annuel est imputée à l'année d'acquisition et à l'année de l'aliénation si l'amortissement n'est pas terminé.

Les immobilisations en cours ne sont pas amorties avant la date de l'achèvement substantiel des travaux. Les intérêts découlant des fonds utilisés pour financer les bâtiments scolaires en construction sont capitalisés pour les périodes précédant la date de l'achèvement substantiel des travaux.

Avantages sociaux futurs

La Province paie les prestations de l'employeur au Teachers' Retirement Allowances Fund (TRAF) qui est le régime de retraite de tous les enseignants certifiés de la Division scolaire. La Division scolaire ne contribue pas au TRAF, et aucuns frais se rapportant à ce régime ne sont inclus dans les états financiers consolidés de la Division scolaire.

La Division scolaire fournit un régime de retraite et d'autres avantages sociaux à son personnel de soutien. Ces avantages sociaux incluent un régime de retraite à cotisations déterminées, un congé parental et une pension de retraite anticipée. La Division scolaire a adopté les politiques comptables suivantes pour les avantages sociaux futurs :

Régime de retraite à cotisations déterminées

La Division scolaire verse la cotisation de l'employeur au régime de retraite à cotisations déterminées administré par l'Association des commissaires d'écoles du Manitoba - Manitoba Association of School Trustees (MAST) - pour son personnel de soutien. Selon ce régime, des contributions spécifiques et déterminées sont versées par la Division scolaire à chaque période pour les services rendus par les employés à la hauteur des contributions des employés. Aucune responsabilité n'est assumée par la Division scolaire à l'égard de contributions futures.

Régimes à prestations déterminées/et régimes autogérés d'avantages sociaux futurs des employés

En ce qui concerne les obligations liées aux régimes à prestations déterminées/régimes autogérés de prestations en fonction des événements de la vie, comme le congé parental non acquis, le coût des prestations n'est comptabilisé et inscrit que pour la période de l'événement. Pour ce qui est des obligations de bonification liées à la possibilité de prendre une retraite anticipée qui sont aussi liées aux événements de la vie, le coût des prestations est comptabilisé pour la période durant laquelle l'engagement de verser les prestations est approuvé par la Commission scolaire.

Utilisations des prévisions

Pour la préparation des états financiers conformément aux principes comptables généralement reconnus du Canada, la direction doit s'appuyer sur des prévisions et des hypothèses qui influent sur les montants inscrits d'actif et de passif à la date des états financiers, ainsi que sur les montants déclarés de recettes et de dépenses pendant la période visée. Les résultats réels peuvent différer des meilleures prévisions possibles de la direction au fur et à mesure qu'elle dispose de renseignements supplémentaires.

Instruments financiers

Les instruments financiers de la Division scolaire comprennent l'encaisse et fonds en banque, les placements à court terme, les sommes recevables et payables (gouvernement du Manitoba, gouvernement fédéral, administration municipale, autres divisions scolaires et Premières nations), les comptes clients, les revenus de placements à recevoir, les découverts, les comptes fournisseurs, les charges à payer, les avantages sociaux futurs, les intérêts courus à payer, la dette obligatoire et les autres emprunts.

À moins d'indication contraire, la direction est d'avis que la Division scolaire n'est pas exposée d'une façon significative au risque d'intérêt, d'échange ou de crédit découlant de ces instruments financiers.

3. Découverts

La Division a autorisé des marges de crédit sous forme de découverts bancaires auprès de la Banque de Montréal pour des sommes de 13 500 000 $ pour le financement d'activités et de 12 500 000 $ pour le financement de projets d'immobilisations, sommes qui sont remboursables sur demande au taux préférentiel de la banque moins 0,5 % et dont l'intérêt est payé mensuellement. Les découverts comprennent des sommes pour projets d'immobilisations totalisant environ 1 223 700 $ qui seront présentés à la Commission des finances des écoles publiques aux fins du financement d'obligations. Les garanties sont un contrat de sûreté en plus d'une résolution d'emprunt.

4. Avantages sociaux futurs

La Division scolaire participe à un régime de retraite à cotisations déterminées administré par l'Association des commissaires d'écoles du Manitoba - Manitoba Association of School Trustees (MAST). Le régime à cotisations déterminées est offert aux membres du personnel de soutien selon leur âge au début de l'année et leur rémunération. Dans le cadre du régime de retraite du MAST, les contributions des employés sont établies en fonction d'un pourcentage spécifique selon leur groupe d'âge. La Division scolaire verse des contributions équivalentes à celles des employés. Aucun passif découlant du régime de retraite n'est présenté dans les états financiers.

Les dépenses liées aux avantages sociaux futurs sont incluses aux postes avantages sociaux et indemnités des employés. Le total des contributions au régime de retraite à cotisations déterminées pour l'exercice terminé le 30 juin 2008 se chiffre à 423 181 $ (351 975 $ en 2007).

5. Recettes reportées

On se sert de la méthode du report pour comptabiliser les recettes qui, en vertu de lois, de règlements ou d'ententes, ne peuvent être utilisées qu'à des fins spécifiques. Ces montants sont constatés comme recettes dans l'exercice au cours duquel les dépenses connexes sont engagées ou les services sont fournis. Voici les détails des soldes :

	Solde au 30 juin 2007	Montants reçus au cours de l'exercice	Constatés au cours de l'exercice	Solde au 30 juin 2008
	$	$	$	$
Administration – École en santé	-	11 150	-	11 150
Autres	1 896	-	1 349	547
Bébé en santé	12 427	71 800	62 889	21 338
C.T.I.	37 834	13 853	16 999	34 688
Coalition petite enfance	107 773	275 000	290 539	92 234
Parlons petite enfance	48 545	-	9 219	39 326
Structures de jeux	-	74 729	2 485	72 244
	208 475	446 532	383 480	271 527

6. Passif des fonds générés par les écoles

Le passif des fonds générés par les écoles et non contrôlés par la Division scolaire comprend l'encaisse de 198 701 $ au 30 juin 2008 (216 541 $ au 30 juin 2007) présentés au poste des découverts dans l'état consolidé de la situation financière.

7. Dette obligatoire

La dette obligatoire de la Division scolaire se présente sous la forme d'obligations de 20 ans acquittables, capital et intérêts, en 20 versements annuels égaux et arrivant à échéance à diverses dates de 2008 à 2028. Le remboursement du capital et des intérêts est entièrement financé par des subventions de la Province du Manitoba. Les obligations portent des taux d'intérêt variant de 4,875 % à 12,25 %. La dépense liée aux intérêts courus sur la dette obligatoire au 30 juin 2008 est comptabilisée au poste des intérêts courus à payer, et une subvention équivalente aux intérêts courus sur la dette obligatoire est comptabilisée et présentée au poste des sommes recevables du gouvernement du Manitoba. Voici les versements du principal et de l'intérêt pour les cinq prochaines années :

	Principal	Intérêts	Total
	$	$	$
2009	1 955 836	1 897 111	3 852 947
2010	1 822 163	1 736 549	3 558 712
2011	1 717 513	1 592 156	3 309 669
2012	1 637 210	1 464 582	3 101 792
2013	1 553 824	1 350 902	2 904 726
	8 686 546	8 041 300	16 727 846

8. Autres emprunts

Les autres emprunts incluent les dettes autres que les découverts et la dette obligatoire. Ils comprennent les emprunts pour l'amélioration du rendement énergétique, l'emprunt pour amélioration de garderie et des contrats de location-acquisition pour des photocopieuses.

	2008	2007
	$	$
Amélioration du rendement énergétique	803 553	892 038
Amélioration de garderies	581 864	594 503
Contrats de location-acquisition	195 009	220 224
	1 580 426	1 706 765

Les emprunts pour l'amélioration du rendement énergétique et l'amélioration de garderies portent des intérêts au taux préférentiel de la banque moins 0,5 % arrivant à échéance sur demande, et les versements mensuels sont de 10 485 $ et 3 452 $, respectivement, principal et intérêts. Les garanties sont un contrat de sûreté en plus d'une résolution d'emprunt.

Les contrats de location-acquisition pour les photocopieuses et voitures portent des intérêts à des taux allant de 4,08 % à 9,85 % par année, assortis d'échéances qui vont de 2008 à 2014 et d'un paiement mensuel global d'environ 8 498 $, principal et intérêts. Ces emprunts sont garantis par un contrat de location-acquisition.

Voici les versements de principal et d'intérêts des autres emprunts pour les cinq prochaines années :

	Principal	Intérêts	Total
	$	$	$
2009	174 083	77 384	251 467
2010	160 299	67 892	228 191
2011	155 125	58 984	214 109
2012	155 417	50 476	205 893
2013	137 391	42 484	179 875
	782 315	297 220	1 079 535

9. Immobilisations corporelles nettes

L'état des immobilisations corporelles, qui est inclus à la page 23 des états financiers vérifiés, donne la ventilation des coûts, amortissements cumulés et valeurs comptables nettes par catégorie. Le montant des intérêts capitalisés au cours de l'exercice terminé le 30 juin 2008 et inclus au poste immeubles en construction s'élève à néant $ (257 283 $ en 2007).

10. Excédents accumulés

Les excédents accumulés consolidés comprennent les éléments suivants au 30 juin 2008 :

	2008	2007
	$	$
Fonds d'administration générale		
Excédent désigné	-	-
Excédent non désigné	827 037	192 057
	827 037	192 057
Fonds de capital		
Comptes de réserve de capital	-	-
Avoir propre dans les immobilisations corporelles	7 856 821	4 998 085
	7 856 821	4 998 085
Fonds à fins spéciales		
Fonds générés par les écoles	296 227	282 900
Autres fonds à fins spéciales	19 407	10 483
	315 634	293 383
Excédents accumulés consolidés	8 999 492	5 483 525

11. Administration municipale – Impôt foncier et sommes recevables connexes auprès de l'administration municipale

Des impôts fonciers scolaires ou un prélèvement spécial sont recueillis à titre de la contribution de la Division au financement des coûts de la prestation des services d'éducation publique auprès des élèves qui résident au sein de la division. Le montant inclus au poste Recettes - Administration municipale - Impôt foncier qui figure dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé est prélevé sur une période de deux années civiles (d'imposition); dont 40 % provient de l'année d'imposition 2007 et 60 % de l'année d'imposition 2008. Voici ci-dessous les recettes et les créances connexes à percevoir :

	2008	2007
	$	$
Recettes – Administration municipale – Impôt foncier	12 790 320	12 456 169
Sommes recevables auprès de l'administration municipale – Impôt foncier	7 732 666	7 593 358

12. Intérêts reçus et versés

La Division a reçu au cours de l'exercice terminé le 30 juin 2008 des intérêts de 18 054 $ (21 112 $ en 2007); et a versé des intérêts de 2 136 282 $ (3 038 470 $ en 2007).

Voici les dépenses d'intérêts incluses aux postes frais et impôts pour l'exercice terminé le 30 juin 2008 :

	2008	2007
	$	$
Fonds d'administration générale		
Frais et impôts – prêt à court terme, intérêts et frais bancaires	85 313	136 044
Fonds de capital		
Intérêts sur la dette obligatoire	1 962 647	2 803 823
Autres intérêts	88 322	98 603
	2 050 969	2 902 426
	2 136 282	3 038 470

La part cumulative des dépenses d'intérêts sur la dette obligatoire de 967 317 $ au 30 juin 2008 (1 020 893 $ au 30 juin 2007) qui est incluse au poste Fonds de capital et d'emprunt - Intérêts sur la dette obligatoire, est contrebalancée par le montant cumulatif de la subvention pour le remboursement de la dette de la Province du Manitoba.

13. Provision pour créances douteuses

Toutes les créances à percevoir présentées dans l'état consolidé de la situation financière sont inscrites après déduction de la provision pour les créances douteuses spécifiques. Voici la provision totale pour créances douteuses en date du 30 juin 2008 :

	2008	2007
	$	$
Provision pour créances douteuses (recouvrement) déduites des créances	(52)	39 245
Créances douteuses (recouvrement) (incluses au poste frais et impôts)	(52)	39 245

14. Dépenses selon l'objet

Les dépenses incluses dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé sont présentées par fonction conformément au manuel FRAME. Voici les détails des dépenses par objet :

	Chiffres réels 2008	Budget 2008	Chiffres réels 2007
	$	$	$
Salaires	36 014 254	35 562 061	33 684 752
Avantages sociaux et indemnités des employés	2 458 322	2 596 393	2 206 679
Services	10 516 015	11 171 885	9 740 019
Fournitures, matériel et petit équipement	2 497 528	2 713 643	2 598 589
Intérêts et frais bancaires	2 136 282	2 237 040	3 038 470
Créances douteuses (recouvrements)	(52)	-	39 245
Impôt sur la paie	778 806	780 000	715 797
Transferts	196 962	235 100	183 203
Amortissements	1 536 686	-	1 342 351
Autres éléments de capital	90 980	-	156 793
Fonds générés par les écoles	1 177 429	-	885 077
Autres fonds à fins spéciales	59 186	-	44 856
	57 462 398	55 296 122	54 635 831

15. Éventualités

La Division scolaire a inscrit dans son fonds de capital et d'emprunt les coûts liés à l'actif immobilisé de l'École Taché. La DSFM est en voie d'effectuer l'expropriation d'un terrain adjacent à l'École Taché. Les coûts engagés jusqu'à maintenant pour l'expropriation sont inscrits dans le fonds de capital et d'emprunt. Les coûts supplémentaires seront enregistrés au fonds de capital et d'emprunt dans l'année où ces coûts seront déterminés.

La Cour d'appel a déposé une décision en mai 2007 qui rejetait une partie de la décision de la Commission de l'évaluation foncière. Cette décision demandait à la Division scolaire de payer immédiatement les dépenses associées aux pertes d'affaires de l'entreprise suite à l'expropriation. Les pertes d'affaires comprises dans la réclamation seront seulement identifiées une fois que l'entreprise a déménagé dans leurs nouveaux locaux. Il est donc impossible de déterminer les pertes ou les gains relativement à cette situation en ce moment. Si des pertes sont déclarées, les charges seront inscrites au cours de l'exercice dès qu'elles seront connues.

16. Engagements contractuels

Des ententes pour le transport des élèves ont été conclues jusqu'à juin 2009. Les frais pour ces services se chiffrent à environ 4 500 000 $ par année.

Des ententes de location des écoles ont été conclues avec diverses divisions scolaires et organismes. Un montant estimé a été inscrit comme créance et comme dépense pour l'année courante car les montants pour la location n'ont pas été finalisés. Tous les ajustements rétroactifs seront enregistrés dans l'année où ils auront été déterminés

17. Fonds en fiducie

La Division scolaire n'administre aucun fonds en fiducie.

18. Société contrôlée

La Division scolaire contrôle un organisme de bienfaisance. Les actifs, passifs et excédent accumulé de l'organisme de bienfaisance sont présentés dans l'état de la situation financière du fonds à fins spéciales. Les recettes, dépenses et retraitement de l'excédent accumulé d'ouverture de l'organisme de bienfaisance sont présentés dans l'état des recettes, des dépenses et de l'excédent accumulé du fonds à fins spéciales.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Evergreen School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

___________________	_____________________
Chairperson	Secretary-Treasurer

September 25, 2008

Collins Barrow

Chartered Accountants

401 Century Plaza
One Wesley Avenue
Winnipeg, Manitoba
R3C 4C6

T. 204.942.0221
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Auditors' Report

To the Chairperson and Trustees
Evergreen School Division

We have audited the Consolidated Statement of Financial Position for the Evergreen School Division as at June 30, 2008, and the Consolidated Statement of Revenue, Expenses, Consolidated Statement of change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2008. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded in the Division and we were not able to determine whether any adjustments might be necessary to revenue, current year surplus (deficit) and accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly in all material respects, the supplementary information shown.

Winnipeg, Canada
September 25, 2008

Collins Barrow

CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

October 22, 2008

DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	615,888	-
4	Short Term Investments	100,386	99,669
	Due from - Provincial Government	773,687	577,847
	- Federal Government	115,971	122,982
	- Municipal Government	2,955,994	2,833,716
	- Other School Divisions	-	-
	- First Nations	39,347	-
	Accounts Receivable	74,605	118,204
	Accrued Investment Income	1,830	1,991
	Other Investments	-	-
		4,677,708	3,754,409
	Liabilities		
	Overdraft	-	819,188
	Accounts Payable	237,897	547,969
	Accrued Liabilities	1,644,976	1,224,227
	Employee Future Benefits	-	-
	Accrued Interest Payable	387,201	319,750
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	839,433	14,644
7	Debenture Debt	13,792,720	12,006,109
7	Other Borrowings	83,318	180,932
	School Generated Funds Liability	4,487	15,806
		16,990,032	15,128,625
	Net Debt	(12,312,324)	(11,374,216)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	16,062,125	14,445,929
	Inventories	-	-
	Prepaid Expenses	62,936	44,707
		16,125,061	14,490,636
9	**Accumulated Surplus**	3,812,737	3,116,420

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	11,407,666	10,785,537
	Federal Government	-	-
	Municipal Government - Property Tax	5,543,992	5,219,149
	- Other	-	-
	Other School Divisions	52,436	57,090
	First Nations	124,465	208,930
	Private Organizations and Individuals	146,895	140,079
	Other Sources	75,171	28,917
	School Generated Funds	338,890	275,250
	Other Special Purpose Funds	16,766	20,499
		17,706,281	16,735,451
	Expenses		
	Regular Instruction	8,215,778	7,996,890
	Student Support Services	2,359,930	2,096,079
	Adult Learning Centres	-	-
	Community Education and Services	207,237	193,919
	Divisional Administration	618,914	548,036
	Instructional and Other Support Services	501,926	433,969
	Transportation of Pupils	1,042,901	907,988
	Operations and Maintenance	1,806,327	1,762,827
11	Fiscal - Interest	847,874	1,148,281
	- Other	239,735	221,209
	Amortization	858,355	822,775
	Other Capital Items	-	-
	School Generated Funds	296,027	262,953
	Other Special Purpose Funds	14,960	13,050
		17,009,964	16,407,976
	Current Year Surplus (Deficit)	696,317	327,475
	Opening Accumulated Surplus	3,116,420	10,269,201
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(7,679,702)
	Other than Tangible Cap. Assets	-	199,446
	Opening Accumulated Surplus, as adjusted	3,116,420	2,788,945
	Closing Accumulated Surplus	3,812,737	3,116,420

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	696,317	327,475
Amortization of Tangible Capital Assets	858,355	822,775
Acquisition of Tangible Capital Assets	(2,478,400)	(714,968)
(Gain) / Loss on Disposal of Tangible Capital Assets	(6,996)	(3,000)
Proceeds on Disposal of Tangible Capital Assets	10,845	3,000
	(1,616,196)	107,807
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(18,229)	(2,408)
	(18,229)	(2,408)
(Increase)/Decrease in Net Debt	(938,108)	432,874
Net Debt at Beginning of Year	(11,374,216)	(12,006,536)
Adjustments Other than Tangible Cap. Assets	-	199,446
Net Debt at Beginning of Year as Adjusted	(11,374,216)	(11,807,090)
Net Debt at End of Year	(12,312,324)	(11,374,216)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	696,317	327,475
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	858,355	822,775
(Gain)/Loss on Disposal of Tangible Capital Assets	(6,996)	(3,000)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	(717)	(99,669)
Due from Other Organizations (Increase)/Decrease	(350,454)	(374,675)
Accounts Receivable & Accrued Income (Increase)/Decrease	43,760	104,606
Inventories and Prepaid Expenses - (Increase)/Decrease	(18,229)	(2,408)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	178,128	670,926
Deferred Revenue Increase/(Decrease)	824,789	9,728
School Generated Funds Liability Increase/(Decrease)	(11,319)	15,806
Adjustments Other than Tangible Cap. Assets	-	199,446
Cash Provided by Operating Transactions	2,213,634	1,671,010
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,478,400)	(714,968)
Proceeds on Disposal of Tangible Capital Assets	10,845	3,000
Cash (Applied to)/Provided by Capital Transactions	(2,467,555)	(711,968)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	1,786,611	(225,925)
Other Borrowings Increase/(Decrease)	(97,614)	(88,968)
Cash Provided by (Applied to) Financing Transactions	1,688,997	(314,893)
Cash and Bank / Overdraft (Increase)/Decrease	1,435,076	644,149
Cash and Bank (Overdraft) at Beginning of Year	(819,188)	(1,463,337)
Cash and Bank (Overdraft) at End of Year	615,888	(819,188)

Evergreen School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements										
	School	Non-School	School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	21,550,300	702,758	2,062,102	174,104	283,297	-	238,078	-	465,787	25,476,426	22,233,438
Adjustments	-	-	-	-	-	-	-	-	-	-	2,570,596
Opening Cost adjusted	21,550,300	702,758	2,062,102	174,104	283,297	-	238,078	-	465,787	25,476,426	24,804,034
Add: Additions during the year	2,151,604	-	381,705	-	177,097	-	-	-	(232,006)	2,478,400	714,968
Less: Disposals and write downs	-	-	41,619	-	53,069	-	-	-	-	94,688	42,576
Closing Cost	23,701,904	702,758	2,402,188	174,104	407,325	-	238,078	-	233,781	27,860,138	25,476,426
Accumulated Amortization											
Opening, as previously reported	8,920,840	319,534	1,475,130	142,913	172,080	-	-	-	-	11,030,497	-
Adjustments	-	-	-	-	-	-	-	-	-	-	10,250,298
Opening adjusted	8,920,840	319,534	1,475,130	142,913	172,080	-	-	-	-	11,030,497	10,250,298
Add: Current period Amortization	651,849	18,634	130,901	16,871	40,100	-	-	-		858,355	822,775
Less: Accumulated Amortization on Disposals and Writedowns	-	-	37,770	-	53,069	-	-	-	-	90,839	42,576
Closing Accumulated Amortization	9,572,689	338,168	1,568,261	159,784	159,111	-	-	-	-	11,798,013	11,030,497
Net Tangible Capital Asset	14,129,215	364,590	833,927	14,320	248,214	-	238,078	-	233,781	16,062,125	14,445,929
Proceeds from Disposal of Capital As	-	-	1,150	-	9,695	-	-			10,845	3,000

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and The Evergreen Foundation of Manitoba Inc. controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation wherever possible.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, may raise, hold, administer and expend for the purposes of the school, subject to the rules of the school board.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

2. Significant Accounting Policies - Continued

d) School Generated Funds - Continued

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land and buildings acquired before June 30, 1995, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

All land acquired prior to June 30, 1995 has been valued by the Crown Lands and Property Agency.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

2. Significant Accounting Policies - Continued

(f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

(g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

(i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with The Gimli Credit Union Limited of $4,000,000.00 by way of overdrafts and is repayable on demand at prime less .875%; interest is paid monthly). In addition, the Division has a line of credit with The Gimli Credit Union Limited of $2,000,000 by way of overdraft for a capital project totaling approximately $1,964,000 which will be submitted to PSFB for debenture funding. Overdrafts are secured by a temporary borrowing by-law.

4. Short Term Investments

Short term investments consist of deposit certificates that mature within one year. Investment income earned during the year was $4,321.

5. Deferred Revenue

The deferral method of accounting is used to properly match revenues with expenditures. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

6. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $4,487.

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 1987 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 644,522	$ 849,290	$ 1,493,812
2010	670,754	811,573	1,482,327
2011	714,823	767,505	1,482,328
2012	741,919	720,410	1,462,329
2013	789,935	672,403	1,462,338
	$ 3,561,953	$ 3,821,181	$ 7,383,134

Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans to purchase school buses.

The school bus loan bears interest at June 30, 2008 of 4.75% and is repayable in monthly installments of $8,808, Principal and interest included, and matures April 15, 2009.

Principal and interest repayment of total Other Borrowings in the next year is:

	Principal	Interest	Total
2009	$ 83,318	$ 1,765	$ 85,083
	$ 83,318	$ 1,765	$ 85,083

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$ 27,860,138	$ 11,798,013	$ 16,062,125	$ 14,445,929
Capital lease	-	-	-	-
	$ 27,860,138	$ 11,798,013	$ 16,062,125	$ 14,445,929

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	188,266	431,148
Undesignated Surplus	300,124	472,666
	488,390	903,814
Capital Fund		
Reserve Accounts	1,135,710	433,064
Equity in Tangible Capital Assets	1,924,776	1,560,350
	3,060,486	1,993,414
Special Purpose Fund		
School Generated Funds	112,587	69,726
Other Special Purpose Funds	151,274	149,466
	263,861	219,192
Total Accumulated Surplus	$ 3,812,737	$ 3,116,420

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use, Scholarship Awards and donations for school projects.

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 44% from 2007 tax year and 57% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 5,543,992	$ 5,219,149
Receivable-Due from Municipal-Property Tax	$ 2,955,994	$ 2,833,715

11. Interest Received and Paid

The Division received interest during the year of $42,997 (previous year $25,917); interest paid during the year was $847,874 (previous year $1,148,281).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 10,682	$ 32,447
Capital Fund		
Debenture debt interest	829,401	1,102,248
Other interest	7,791	13,586
	$ 847,874	$ 1,148,281

The accrual portion of debenture debt interest expense of $387,049 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 11,075,988	$ 11,154,972	$ 10,379,998
Employees benefits & allowances	903,427	947,730	840,175
Services	1,533,665	1,654,075	1,538,442
Supplies, materials & minor equipment	1,190,581	1,231,376	1,129,114
Interest	847,874	801,655	1,148,281
Bad debts	-	-	-
Payroll tax	239,735	220,000	221,209
Transfers	49,352	75,500	51,979
Amortization	858,355	-	822,775
Other capital items	-	-	-
School generated funds	296,027	-	262,953
Other special purpose funds	14,960	-	13,050
	$ 17,009,964	$ 16,085,308	$ 16,407,976

13. Subsequent Events

Subsequent to June 30, 2008, debentures listed below have been committed from the Province of Manitoba. These debentures cover the overdraft and account payable in the Capital Fund in addition to other project costs covered in the overdraft in the Operating Fund.

Debenture Date	By-law	Debenture Amount
October 31, 2008	5/08	$ 102,400

KENDALL W[illegible]L PANDYA

Chartered Accountants

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Partners .... David Kendall, FCA
Robert Wall, FCA
Manisha Pandya, CA

AUDITOR'S REPORT

To the Board of Trustees
Flin Flon School Division
Flin Flon, Manitoba

We have audited the Consolidated statements of Financial Position, Revenue, Expenses, and Accumulated Surplus, Change in Net Debt and Cash Flow of the Flin Flon School Division as at June 30, 2008 and for the year then ended. The consolidated financial statements include the operating, capital and special purpose funds.

These financial statements are the responsibility of the School Division's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluation the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles.

Our examination also included supplemental schedules of revenue and expenditure details for the year ended June 30, 2008. In our opinion, supplemental schedules when considered in relation to the basic financial statements, present fairly in all material respects, the information shown therein.

Our examination did not include the budget figures, student enrolments, and full time equivalent personnel.

Kendall Wall Pandya
Chartered Accountants

Flin Flon, Manitoba
September 29, 2008

I hereby certify that this report and the statements and reports references herein have been presented to the members of the Board of the above-mentioned School Division.

October 14, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	113,715	392,976
	Short Term Investments	-	-
	Due from - Provincial Government	321,710	111,701
	- Federal Government	-	-
	- Municipal Government	1,210,551	1,372,245
	- Other School Divisions	125,347	-
	- First Nations	17,685	32,487
	Accounts Receivable	180,579	185,804
	Accrued Investment Income	-	-
	Other Investments	-	-
		1,969,587	2,095,213
	Liabilities		
	Overdraft	-	-
	Accounts Payable	64,327	93,177
	Accrued Liabilities	1,101,308	1,085,463
	Employee Future Benefits	-	-
	Accrued Interest Payable	18,055	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
#7	Deferred Revenue	412,941	397,235
#6	Debenture Debt	1,508,374	1,566,724
#15	Other Borrowings	22,246	-
	School Generated Funds Liability	145,580	141,069
		3,272,831	3,283,668
	Net Debt	(1,303,244)	(1,188,455)
	Non-Financial Assets		
#13	Net Tangible Capital Assets (TCA Schedule)	2,960,110	3,139,402
	Inventories	-	-
	Prepaid Expenses	34,565	23,795
		2,994,675	3,163,197
#16	**Accumulated Surplus**	1,691,431	1,974,742

See accompanying notes to the Financial Statements

Flin Flon School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		7,952,999	7,527,767
	Federal Government		48,629	30,338
	Municipal Government	- Property Tax	2,622,059	2,798,304
		- Other	-	-
	Other School Divisions		206,424	215,476
	First Nations		64,162	99,213
	Private Organizations and Individuals		298,140	322,753
	Other Sources		119,322	68,314
	School Generated Funds		335,191	416,032
	Other Special Purpose Funds		-	-
			11,646,926	11,478,197
	Expenses			
	Regular Instruction		6,095,274	6,209,580
	Student Support Services		1,996,325	1,770,936
	Adult Learning Centres		84,000	82,800
	Community Education and Services		5,244	10,750
	Divisional Administration		548,363	550,663
	Instructional and Other Support Services		300,192	293,449
	Transportation of Pupils		328,686	287,487
	Operations and Maintenance		1,696,362	1,656,786
#9	Fiscal	- Interest	124,774	99,642
		- Other	177,769	212,893
	Amortization		238,057	257,841
	Other Capital Items		-	-
	School Generated Funds		383,183	429,666
	Other Special Purpose Funds		-	-
			11,978,229	11,862,493
	Current Year Surplus (Deficit)		(331,303)	(384,296)
	Opening Accumulated Surplus		1,974,742	10,265,434
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(7,920,030)
#14		Other than Tangible Cap. Assets	47,992	13,634
	Opening Accumulated Surplus, as adjusted		2,022,734	2,359,038
	Closing Accumulated Surplus		1,691,431	1,974,742

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(331,303)	(384,296)
Amortization of Tangible Capital Assets	238,057	257,841
Acquisition of Tangible Capital Assets	(58,765)	(724,666)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	179,292	(466,825)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(10,770)	51,384
	(10,770)	51,384
(Increase)/Decrease in Net Debt	(162,781)	(799,737)
Net Debt at Beginning of Year	(1,188,455)	(402,352)
Adjustments Other than Tangible Cap. Assets	47,992	13,634
Net Debt at Beginning of Year as Adjusted	(1,140,463)	(388,718)
Net Debt at End of Year	(1,303,244)	(1,188,455)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(331,303)	(384,296)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	238,057	257,841
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(158,860)	(34,662)
Accounts Receivable & Accrued Income (Increase)/Decrease	5,225	175,470
Inventories and Prepaid Expenses - (Increase)/Decrease	(10,770)	51,384
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	5,050	(65,301)
Deferred Revenue Increase/(Decrease)	15,706	125,183
School Generated Funds Liability Increase/(Decrease)	4,511	141,069
Adjustments Other than Tangible Cap. Assets	47,992	13,634
Cash Provided by Operating Transactions	(184,392)	280,322
Capital Transactions		
Acquisition of Tangible Capital Assets	(58,765)	(724,666)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(58,765)	(724,666)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(58,350)	592,359
Other Borrowings Increase/(Decrease)	22,246	(710)
Cash Provided by (Applied to) Financing Transactions	(36,104)	591,649
Cash and Bank / Overdraft (Increase)/Decrease	(279,261)	147,305
Cash and Bank (Overdraft) at Beginning of Year	392,976	245,671
Cash and Bank (Overdraft) at End of Year	113,715	392,976

Flin Flon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,295,076	373,249	-	54,630	267,246	-	379,113	-	-	10,369,314	10,592,607
Adjustments	-	-	-	-	-	-	-	-	-	-	(947,959)
Opening Cost adjusted	9,295,076	373,249	-	54,630	267,246	-	379,113	-	-	10,369,314	9,644,648
Add: Additions during the year	28,753	-	-	30,012	-	-	-	-	-	58,765	724,666
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	9,323,829	373,249	-	84,642	267,246	-	379,113	-	-	10,428,079	10,369,314
Accumulated Amortization											
Opening, as previously reported	6,809,251	320,784	-	45,378	54,499	-	-	-	-	7,229,912	-
Adjustments	-	-	-	-	-	-	-	-	-	-	6,972,071
Opening adjusted	6,809,251	320,784	-	45,378	54,499	-	-	-	-	7,229,912	6,972,071
Add: Current period Amortization	181,401	9,965	-	9,169	37,522	-	-	-		238,057	257,841
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	6,990,652	330,749	-	54,547	92,021	-	-	-	-	7,467,969	7,229,912
Net Tangible Capital Asset	2,333,177	42,500	-	30,095	175,225	-	379,113	-	-	2,960,110	3,139,402
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The Flin Flon School Division is a public body that provides education services to the residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

b) Trust Funds

The Division administers a number of bursary and scholarship funds. These bursary and scholarship funds and their related expenses are not included in the consolidated financials statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements. (see Note # 10)

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school. Funds raised for this purpose within the Flin Flon School Division are used for such activities as travel for school teams, school clubs and graduation.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction. To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold	Estimated Useful Life (Years)
Land Improvements	$ 25,000	10
Buildings – brick, mortar, steel	$ 25,000	40
Buildings – wood frame	$ 25,000	25
School Buses	$ 20,000	10
Vehicles	$ 10,000	5
Equipment	$ 5,000	5
Network Infrastructure	$ 25,000	10
Computer Hardware, Servers, Peripherals	$ 5,000	4
Computer Software	$ 10,000	4
Furniture and Fixtures	$ 5,000	10
Leasehold Improvements	$ 25,000	Over term of lease

Grouping of assets in not permitted except for computer work stations. With the exception of land, donated capital assets and capital leases, all tangible capital assets are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit of the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets except for land, capital leases, and assets under construction, are amortized on a straight line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employees Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no cost relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and future benefits to its employees. These benefits include life insurance and supplemental unemployment benefits, dental, prescription drugs and long term disability.

The Division has adopted the following policies with respect to accounting for these employee future benefits.

(i) Defined Contribution/Insured Benefit Plans

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Support staff who belong to the Manitoba Association of School Trustees (MAST) pension plan, make defined contributions into the plan based upon age and CPP insurable earnings. The Division matches 100% of the employee contribution. In addition the Division cost shares the basic life insurance premium. The Division fully funds a prescription drug plan for support staff employees, spouses/partners and dependent children.

Other benefit plans available to teaching staff such as long term disability, and extended health care benefits are fully paid by the employees. The Division collects the premiums and remits the funds to the appropriate organization.

h) Capital Reserves

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), can be set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Statement of Financial Position.

The Flin Flon School Division has NO amounts set aside in Capital Reserves at this time.

I) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

j) Financial Instruments

. There are no significant terms and conditions related to financial instruments(cash, accounts receivable, investments, bank indebtedness, accounts payable and long term debt) that may affect the amount, timing, and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial, and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB)

Commencing with the 2006/2007 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employees Future Benefit Liability was not required at June 30, 2008.

(iv) Accrued Interest Payable was established to account for the accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. OVERDRAFT

The Division has an authorized revolving line of credit with the Royal Bank of Canada valued at $ 3,050,000. The line of credit is used as required when inflow of revenues do not match the outflow of expenses. It is generally used in the latter half of the year as the payment from the City of Flin Flon for the Municipal Special Levy is not paid to the Division until January 31st of each year. The Division receives funding from the province on the 10th and 25th of each month from September through June. It does not receive any funding in July and August, although the Division incurs similar expenses in these months as during the rest of the year.

The Division's Operating Fund was in an overdraft position of $ 31,864 at June 30, 2008.

5. SHORT TERM INVESTMENTS

The Division does not invest in short term investments because it's cash flow is such that there are never any substantial amount of funds to invest for any length of time. Instead the Division receives interest on its positive balance in the operating bank account at a rate of prime less 2%.

6. DEBENTURE DEBT

Issue	Interest Rate	Maturity Date	Balance June 30, 2008	Balance June 30, 2007
$ 62,000	8.375%	15/12/2013	29,673.67	33,370.92
$ 90,000	8.875%	30/09/2015	54,335.77	58,881.55
$ 74,000	6.125%	30/04/2019	51,073.95	54,267.35
$ 170,000	6.625%	31/01/2022	139,391.10	145,344.17
$ 563,500	5.375%	30/06/2025	511,679.70	529,864.95
$ 119,200	5.000%	28/02/2026	111,809.98	115,595.08
$ 257,100	4.875%	15/02/2027	249,221.35	257,100.00
$ 372,300	5.125%	15/05/2027	361,188.58	372,300.00
			$**1,508,374.10**	$1,566,724.02

Under the terms of the debenture agreements, the approximate annual principal payments over the next five years are as follows:

2009	$ 61,773
2010	$ 65,406
2011	$ 69,263
2012	$ 73,357
2013	$ 77,704

The payments are being made by the Public Schools Finance Board, Province of Manitoba

7. DEFERRED REVENUE

Deferred Revenue on Consolidation valued at $ 412,941 at June 30, 2008 consists of the following:

a) Education Property Tax Credit is valued at $ 706,387 for Calendar 2008. $ 353,194 or 50% was taken into Revenue in the 2007/2008 school year for the period from January to June 30, 2008, while the remaining $ 353,193.34 relating to July through December 2008 was setup as Deferred Revenue at June 30, 2008 and will be taken into Revenue in the 2008/2009 school year. An amount of $ 2,654 representing band fees collected in June 2008 but relating to the 2008/2009 school year makes up the remaining difference in the Deferred Revenue account. These balance sit on the Operating Fund.

b) Playground Equipment purchased by the McIsaac Playground Committee has been recognized as a donation in accordance with rules as per the Public Sector Accounting Board. The original value of the donation recorded as Deferred Revenue in 2006/2007 was $ 71,367. The equipment is considered to have a useful life of 5 years. An amount of $ 14,274 was recognized as revenue in 2007/2008, reducing the Deferred Revenue balance to $ 57,093 at June 30, 2008. This item sits on the Capital Fund.

8. DISCLOSURE UNDER PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

(a) There were no members of the Board of Trustees who individually received compensation $50,000 or more.

(b) Total compensation paid to the Board of Trustees in aggregate was $ 42,705.

(c) The employees and officers of the Flin Flon School Division who received compensation $50,000 or more are as follows:

Abbott, R.	Teacher	$ 62,383		Hyndman, M.	Teacher	$ 57,882
Anderson, T	Teacher	$ 68,129		Mack, D.	Teacher	$ 73,085
Aune, L.	Teacher	$ 62,661		Halpin, G.	Teacher	$ 70,876
Baker. L.	Teacher	$ 57,515		Hill, R.	Teacher	$ 63,794
Ballantyne, T.	Teacher	$ 71,114		Larouche, M.	Teacher	$ 57,492
Britton, M.	Teacher	$ 76,976		Lindsay, S.	Teacher	$ 70,966
Bedford, B.	Teacher	$ 74,908		Meyer, B.	Teacher	$ 58,780
Belfry, J.	Phys. Ed.	$ 85,626		Kowal, S.	Teacher	$ 71,409
Bodnarus, D	Teacher	$ 77,050		Lytwyn, S	Teacher	$ 58,172
Bongfeldt, D.	Sec-Treas	$ 85,071		Ly, D.	Teacher	$ 60,757
Bortis, B.	Principal	$ 76,478		Minter, C.	Vice-Principal	$ 85,959
Chrupalo, B.	Teacher	$ 53,502		Reid, S.	Teacher	$ 71,336
Clark, J.	Principal	$ 92,260		Myden, G.	Teacher	$ 76,089
Clark, K.	Teacher	$ 74,423		Nagy, L.	Teacher	$ 68,130
Collins, A.	Teacher	$ 66,941		Nowosad, J.	Teacher	$ 71,185
Danielson, L.	Teacher	$ 71,336		Pauley, W.	Principal	$90,581
Danko, J.	Teacher	$ 71,336		Payne, S.	Teacher	$ 74,053
Davey, C.	Teacher	$ 70,688		Pettersen, C.	Teacher	$ 71,858
Kristof-Hall, P.	Teacher	$ 57,058		Phelan, A.M.	Teacher	$ 71,616
Dufour, S.	Vice-Principal	$ 79,411		Power, S.	Teacher	$71,440
Priddle, S.	Vice-Principal	$ 82,041		Reagan, M.	Teacher	$ 71,402
Dumenko, J.	Teacher	$ 59,965		Nychuk, M.	Teacher	$ 56,413
Garinger, A.	Teacher	$ 72,699		Slater, B.	Teacher	$ 74,350
Enns, J.	Teacher	$ 50,209	*	Garinger, S.	Teacher	$71,336
Gawiak, D.	Teacher	$ 74,700		Tardiff, J.	Teacher	$58,965
Grove, D.	Assist. Sup't	$ 94,148		Tremblay,N	Teacher	$68,415
Lawrence, L.	Teacher	$ 50,461		McIntosh, C.	Teacher	$69,628
Moore, S.	Teacher	$54,390		Rideout, T	Teacher	$59,990
Veitch, B.	Superintend't	$118,128		Walker, B.	Teacher	$71,466
Willetts, R	Teacher	$ 62,871		Woodward, K	Principal	$80,096
Jedele, C	Teacher	$ 63,345		Myden, D.	Teacher	$71,336
Nowosad, L.	Teacher	$ 51,689		Perera, R.	Network Admin	$52,558
Reitlo, M.	Teacher	$ 56,980		Clark-Watt, L.	Clinician	$55,085
Wollenhaupt, D.	Teacher	$ 72,443		Tuttosi, T	Teacher	$74,642
Bedford, N.	Teacher	$ 60,557		Priddle, S.	Vice-Principal	$82,041

Salary information is based on the 2007 calendar year payroll information.

* Sandra Garinger is on secondment to the Department of Education and although her salary is paid by the division, it is subsequently recovered from Manitoba Education

9. FISCAL INTEREST

Fiscal interest is recorded at June 30, 2008 in the amount of $ 124,344. This is comprised of the following:

Interest on Short Term borrowing	$ 47,935
Interest on Debenture Debt	$ 76,409

10. TRUST FUNDS

The School Division administers a number of Trust Funds established primarily for student bursaries. These trust funds are not reflected in these Financial Statements. The total balance in the Trust Funds is as follows:

	2008	**2007**
Bank Balance at Beginning	**$ 146,518**	$ 144,349
Add:		
Contributions	**6,889**	11,201
Interest/Change In Investments	**6,176**	5,795
	159,583	161,335
Deduct: Scholarships Paid/Transferred	**(28,281)**	(14,817)
Ending Bank Balance	**131,302**	146,518
Deduct: Scholarships Payable	**(8,000)**	(5,150)
Add: Due (to) from Operating	**(1,400)**	(6,710)
Ending Fund Balance	**$ 121,902**	$ 134,658

11. BUDGET FIGURES

Budget figures have been included for information purposes only and have not been audited.

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

An amount Due from First Nations of $ 32,487 setup at June 30, 2007 as an allowance for doubtful accounts, proved uncollectible and has been taken off the books.

13. NET TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible Capital Assets	$ 10,428,079	$ 7,467,969	$ 2,960,110

The Division does not have any capital leases at this time.

14. OTHER THAN TANIGIBLE CAPITAL ASSETS

An adjustment of $ 47,992 was required to the School Accounts to reflect the actual bank balances at June 30, 2007, as compared to an estimate of some balances that was used. As a result of this estimate the bank balances at June 30, 2007 were underestimated.

15. OTHER BORROWINGS

The Division purchased a new maintenance truck in August of 2007 for $ 30,012 with a borrowing cost of 2.99% over three years. The balance of the loan outstanding at June 30, 2008 was $ 22,246.

16. ACCUMULATED SURPLUS – JUNE 30, 2008

The operating surplus at June 30, 2008 was $ 321,020 or 2.8% of operating expenditures for the 2007/2008 school year.

Carryovers of professional development and bulk budgets in accordance with Policy 7:9 are valued at $ 52,624, and if fully expended in the current year would reduce the surplus by a similar amount.

The accumulated surplus is comprised of the following:

Operating Fund	
Designated Surplus	$ 52,624
Undesignated Surplus	$ 268,396
Total Operating Fund	$ 321,020
Capital Fund	
Reserve Accounts	$ 0
Equity in Tangible Capital Assets	$1,370,411
Total Capital Fund	$1,370,411
Special Purpose Fund	
School Generated Funds	$ 0
Other Special Purpose Funds	$ 0
Total Special Purpose Fund	$ 0
Total Accumulated Assets	$ 1,691,431

MANAGEMENT RESPONSIBILITY REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of The Fort La Bosse School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson	Secretary-Treasurer

October 15, 2008

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Fort La Bosse School Division

We have audited the consolidated statement of financial position of the Fort La Bosse School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 17, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

October 27/08
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,539,219	1,231,415
	- Federal Government	54,164	111,962
	- Municipal Government	2,740,555	2,661,793
	- Other School Divisions	-	-
	- First Nations	236,148	219,479
	Accounts Receivable	10,060	20,648
	Accrued Investment Income	-	-
6	Other Investments	88,039	89,307
		4,668,185	4,334,604
	Liabilities		
5	Overdraft	2,564,244	2,156,956
	Accounts Payable	240,911	222,987
	Accrued Liabilities	82,527	77,685
	Employee Future Benefits	-	-
	Accrued Interest Payable	252,509	274,147
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	24,981	20,207
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	598,546	549,420
8	Debenture Debt	8,079,816	8,644,198
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		11,843,534	11,945,600
	Net Debt	(7,175,349)	(7,610,996)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	11,215,412	11,526,806
	Inventories	30,784	34,596
	Prepaid Expenses	45,892	53,664
		11,292,088	11,615,066
10	**Accumulated Surplus**	4,116,739	4,004,070

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		9,883,563	9,876,602
	Federal Government		-	-
	Municipal Government	- Property Tax	4,863,835	4,737,627
		- Other	-	-
	Other School Divisions		16,700	14,300
	First Nations		764,344	757,855
	Private Organizations and Individuals		6,205	15,200
	Other Sources		63,011	93,068
	School Generated Funds		492,588	500,441
	Other Special Purpose Funds		21,657	18,172
			16,111,903	16,013,265
	Expenses			
	Regular Instruction		7,942,610	7,863,219
	Student Support Services		1,802,969	1,544,200
	Adult Learning Centres		-	-
	Community Education and Services		171,705	122,903
	Divisional Administration		576,012	501,999
	Instructional and Other Support Services		353,856	339,542
	Transportation of Pupils		1,241,911	1,160,128
	Operations and Maintenance		1,750,635	1,670,371
13	Fiscal	- Interest	667,031	1,017,487
		- Other	221,374	211,737
	Amortization		789,406	750,592
	Other Capital Items		-	-
	School Generated Funds		460,509	403,412
	Other Special Purpose Funds		21,216	16,665
			15,999,234	15,602,255
	Current Year Surplus (Deficit)		112,669	411,010
	Opening Accumulated Surplus		4,004,070	13,200,537
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(9,824,661)
		Other than Tangible Cap. Assets	-	217,184
	Opening Accumulated Surplus, as adjusted		4,004,070	3,593,060
	Closing Accumulated Surplus		4,116,739	4,004,070

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	112,669	411,010
Amortization of Tangible Capital Assets	789,406	750,592
Acquisition of Tangible Capital Assets	(478,012)	(669,777)
(Gain) / Loss on Disposal of Tangible Capital Assets	(200)	(1,250)
Proceeds on Disposal of Tangible Capital Assets	200	1,250
	311,394	80,815
Inventories (Increase)/Decrease	3,812	9,628
Prepaid Expenses (Increase)/Decrease	7,772	39,779
	11,584	49,407
(Increase)/Decrease in Net Debt	435,647	541,232
Net Debt at Beginning of Year	(7,610,996)	(8,369,412)
Adjustments Other than Tangible Cap. Assets	-	217,184
Net Debt at Beginning of Year as Adjusted	(7,610,996)	(8,152,228)
Net Debt at End of Year	(7,175,349)	(7,610,996)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	112,669	411,010
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	789,406	750,592
(Gain)/Loss on Disposal of Tangible Capital Assets	(200)	(1,250)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(345,437)	(548,033)
Accounts Receivable & Accrued Income (Increase)/Decrease	10,588	316,895
Inventories and Prepaid Expenses - (Increase)/Decrease	11,584	49,407
Due to Other Organizations Increase/(Decrease)	4,774	(111)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,128	215,919
Deferred Revenue Increase/(Decrease)	49,126	115,828
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	217,184
Cash Provided by Operating Transactions	633,638	1,527,441
Capital Transactions		
Acquisition of Tangible Capital Assets	(478,012)	(669,777)
Proceeds on Disposal of Tangible Capital Assets	200	1,250
Cash (Applied to)/Provided by Capital Transactions	(477,812)	(668,527)
Investing Transactions		
Other Investments (Increase)/Decrease	1,268	(89,307)
Cash Provided by (Applied to) Investing Transactions	1,268	(89,307)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(564,382)	(331,809)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(564,382)	(331,809)
Cash and Bank / Overdraft (Increase)/Decrease	(407,288)	437,798
Cash and Bank (Overdraft) at Beginning of Year	(2,156,956)	(2,594,754)
Cash and Bank (Overdraft) at End of Year	(2,564,244)	(2,156,956)

Fort La Bosse School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,135,440	528,602	1,933,585	50,653	237,721	93,241	226,015	-	196,228	22,401,485	21,432,282
Adjustments	-	-	-	-	-	-	-	-	-	-	299,426
Opening Cost adjusted	19,135,440	528,602	1,933,585	50,653	237,721	93,241	226,015	-	196,228	22,401,485	21,731,708
Add: Additions during the year	203,189	-	179,708	22,500	31,221	6,208	4,866	-	30,320	478,012	669,777
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	19,338,629	528,602	2,113,293	73,153	268,942	99,449	230,881	-	226,548	22,879,497	22,401,485
Accumulated Amortization											
Opening, as previously reported	9,464,929	419,918	870,462	12,102	64,573	42,695	-	-	-	10,874,679	-
Adjustments	-	-	-	-	-	-	-	-	-	-	10,124,087
Opening adjusted	9,464,929	419,918	870,462	12,102	64,573	42,695	-	-	-	10,874,679	10,124,087
Add: Current period Amortization	508,818	15,639	193,485	12,381	47,186	11,897	-	-		789,406	750,592
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	9,973,747	435,557	1,063,947	24,483	111,759	54,592	-	-	-	11,664,085	10,874,679
Net Tangible Capital Asset	9,364,882	93,045	1,049,346	48,670	157,183	44,857	230,881	-	226,548	11,215,412	11,526,806
Proceeds from Disposal of Capital As	-	-	200	-	-	-	-			200	1,250

* Includes network infrastructure.

FORT LA BOSSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Fort La Bosse School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and the Fort La Bosse School Division Foundation Inc. controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, continuation of benefits for health care, life insurance, long-term disability, supplemental unemployment benefits. The Division adopted the following policy with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution:

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the Division's fixed contribution for the period.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with CIBC of $3,600,000 by way of overdrafts and is repayable on demand at prime less .5%; interest is paid monthly.

6. Other Investments

Other investments consist of guaranteed investment certificates that mature between 2008 and 2009. Other investments are recorded at the lower of cost or market. As at June 30, 2008, the cost of short term investments was $88,039; investment income earned during the year was $3,005.

7. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized In the period	Balance as at June 30, 2008
Local Government General Support Grant	83,447	84,840	83,447	84,840
Education Property Tax Credit	420,403	476,220	420,403	476,220
Teacher PD Inservice	0	2,654		2,654
Donated Capital Assets	45,570		10,738	34,832
	549,420	563,714	514,588	598,546

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.000% to 12.250%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	682,975	556,178	1,239,153
2010	556,842	496,081	1,052,923
2011	564,689	452,489	1,017,178
2012	598,718	408,444	1,007,162
2013	526,462	361,952	888,414
	2,929,686	2,275,144	5,204,830

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	22,879,497	11,664,085	11,215,412
Capital Lease	0	0	0
	22,879,497	11,664,085	11,215,412

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	
Undesignated Surplus	569,015
	569,015
Capital Fund	
Reserve Accounts	408,000
Equity in Tangible Capital Assets	2,786,676
	3,194,676
Special Purpose Fund	
School Generated Funds	252,501
Other Special Purpose Funds	100,547
	353,048
Total Accumulated Surplus	4,116,739

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved appropriation by motion	0
School budget carryovers by board policy	0
Designated surplus	0

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	122,975
Other reserves	285,025
	408,000

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and Foundation-Scholarship use.

	2008
Foundation Scholarship	100,547
Other	0
Other Special Purpose Funds	100,547

11. Restatement of Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2007
Capital Fund	
Tangible Capital Assets	299,426
Accumulated amortization	(10,124,087)
Donated Assets	
Accumulated amortization of deferred revenue	(4,808)
	(9,829,469)
Special Purpose Fund	
School Generated Funds	123,393
Other Special Purpose Funds	98,599
	221,992
Total Restatement of Opening Accumulated Surplus	(9,607,477)

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period. These adjustments are the result of adopting PSAB standards.

12. Municipal Government – Property Tax and Related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 43% from 2007 tax year and 57% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	4,863,835	4,737,627
Receivable-Due from Municipal-Property Tax	2,740,555	2,661,793

13. Interest Received and Paid

The Division received interest during the year of $5,045 (previous year $1,470); interest paid during the year was $667,031 (previous year $1,017,487).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	73,775
Capital Fund	
Debenture debt interest	592,862
Other interest	394
	667,031

The accrual portion of debenture debt interest expense of $252,509 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	10,243,225	10,089,650	9,818,187
Employee benefits & allowances	692,846	721,500	673,430
Services	1,482,627	1,535,417	1,462,994
Supplies, materials & minor equipment	1,263,384	1,267,215	1,107,849
Interest	667,031	102,000	1,017,487
Bad debts	0	0	0
Payroll tax	221,374	216,000	211,737
Tuition and transfers	157,616	133,000	139,902
Amortization	789,406		750,592
School generated funds	460,509		403,412
Other special purpose funds	21,216		16,665
	15,999,234	14,064,782	15,602,255

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Frontier School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

November 20, 2008

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AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
FRONTIER SCHOOL DIVISION

We have audited the following financial statements of Frontier School Division (the "Division") as at June 30, 2008 and for the year then ended:

Consolidated – Statement of Financial Position
Consolidated – Statement of Revenues, Expenses and Accumulated Surplus
Consolidated – Statement of Change in Net Debt
Consolidated – Statement of Cash Flow
Operating Fund – Schedule of Financial Position
Operating Fund – Schedule of Revenues, Expenses and Accumulated Surplus
Capital Fund – Schedule of Financial Position
Capital Fund – Schedule of Revenues, Expenses and Accumulated Surplus
Capital Fund – Schedule of Tangible Capital Assets
Capital Fund – Schedule of Reserve Accounts
Special Purpose Fund – Schedule of Financial Position
Special Purpose Fund – Schedule of Revenues, Expenses and Accumulated Surplus
Notes to the Financial Statements

These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Our examination also included the statements presented on pages 5 and 8 to 20. In our opinion, such supplemental exhibits and schedules when considered in relation to the basic financial statements, present fairly, in all material respects, the information shown therein.

Our opinion on these financial statements does not extend to any budget information contained there-in.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
November 7, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above-mentioned school division.

November 21/08
Date

Chairperson

Member of
Deloitte Touche Tohmatsu

Frontier School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	5,680,945	1,863,227
	Short Term Investments	-	-
	Due from - Provincial Government	2,657,778	3,796,490
	- Federal Government	407,141	2,617
	- Municipal Government	1,950,000	2,100,841
	- Other School Divisions	-	-
	- First Nations	877,875	599,444
	Accounts Receivable	10,298,429	11,451,399
	Accrued Investment Income	-	-
	Other Investments	-	-
		21,872,168	19,814,018
	Liabilities		
	Overdraft	-	-
	Accounts Payable	9,798,319	10,557,707
	Accrued Liabilities	6,973,772	5,632,098
*	Employee Future Benefits	1,033,090	656,982
	Accrued Interest Payable	721,605	711,401
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	288,349	419,052
	- First Nations	-	-
*	Deferred Revenue	529,729	428,287
*	Debenture Debt	27,710,304	26,691,543
*	Other Borrowings	1,508,866	1,249,871
	School Generated Funds Liability	272,960	324,617
		48,836,994	46,671,558
	Net Debt	(26,964,826)	(26,857,540)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	34,292,711	33,567,763
	Inventories	-	-
	Prepaid Expenses	219,404	270,229
		34,512,115	33,837,992
*	**Accumulated Surplus**	7,547,289	6,980,452

See accompanying notes to the Financial Statements

Frontier School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		43,538,053	40,981,998
	Federal Government		-	218,480
	Municipal Government	- Property Tax	2,678,456	3,130,992
		- Other	166,187	178,236
	Other School Divisions		8,450	6,500
	First Nations		50,883,336	46,023,215
	Private Organizations and Individuals		3,491,756	3,250,706
	Other Sources		1,133,715	913,023
	School Generated Funds		695,998	-
	Other Special Purpose Funds		-	-
			102,595,951	94,703,150
	Expenses			
	Regular Instruction		43,138,836	41,048,930
	Student Support Services		14,350,349	13,518,961
	Adult Learning Centres		1,828,654	1,651,662
	Community Education and Services		1,993,080	1,597,243
	Divisional Administration		5,437,263	5,689,683
	Instructional and Other Support Services		5,164,823	4,753,198
	Transportation of Pupils		7,366,356	6,429,911
	Operations and Maintenance		16,414,917	14,920,342
*	Fiscal	- Interest	2,061,241	2,118,157
		- Other	1,580,284	1,256,434
	Amortization		1,967,080	1,801,594
	Other Capital Items		28,213	-
	School Generated Funds		698,018	20,551
	Other Special Purpose Funds		-	-
			102,029,114	94,806,666
	Current Year Surplus (Deficit)		566,837	(103,516)
	Opening Accumulated Surplus		6,980,452	68,556,337
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(60,234,885)
		Other than Tangible Cap. Assets	-	(1,237,484)
	Opening Accumulated Surplus, as adjusted		6,980,452	7,083,968
	Closing Accumulated Surplus		7,547,289	6,980,452

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	566,837	(103,516)
Amortization of Tangible Capital Assets	1,967,080	1,801,594
Acquisition of Tangible Capital Assets	(2,754,438)	(11,899,173)
(Gain) / Loss on Disposal of Tangible Capital Assets	(2,250)	(2,843)
Proceeds on Disposal of Tangible Capital Assets	64,660	19,060
	(724,948)	(10,081,362)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	50,825	(116,969)
	50,825	(116,969)
(Increase)/Decrease in Net Debt	(107,286)	(10,301,847)
Net Debt at Beginning of Year	(26,857,540)	(15,318,209)
Adjustments Other than Tangible Cap. Assets	-	(1,237,484)
Net Debt at Beginning of Year as Adjusted	(26,857,540)	(16,555,693)
Net Debt at End of Year	(26,964,826)	(26,857,540)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	566,837	(103,516)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,967,080	1,801,594
(Gain)/Loss on Disposal of Tangible Capital Assets	(2,250)	(2,843)
Employee Future Benefits Increase/(Decrease)	376,108	656,982
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	606,598	(3,122,656)
Accounts Receivable & Accrued Income (Increase)/Decrease	1,152,970	(630,715)
Inventories and Prepaid Expenses - (Increase)/Decrease	50,825	(116,969)
Due to Other Organizations Increase/(Decrease)	(130,703)	139,681
Accounts Payable & Accrued Liabilities Increase/(Decrease)	592,490	4,776,829
Deferred Revenue Increase/(Decrease)	101,442	356,842
School Generated Funds Liability Increase/(Decrease)	(51,657)	324,617
Adjustments Other than Tangible Cap. Assets	-	(1,237,484)
Cash Provided by Operating Transactions	5,229,740	2,842,362
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,754,438)	(11,899,173)
Proceeds on Disposal of Tangible Capital Assets	64,660	19,060
Cash (Applied to)/Provided by Capital Transactions	(2,689,778)	(11,880,113)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	1,018,761	11,299,922
Other Borrowings Increase/(Decrease)	258,995	1,249,871
Cash Provided by (Applied to) Financing Transactions	1,277,756	12,549,793
Cash and Bank / Overdraft (Increase)/Decrease	3,817,718	3,512,042
Cash and Bank (Overdraft) at Beginning of Year	1,863,227	(1,648,815)
Cash and Bank (Overdraft) at End of Year	5,680,945	1,863,227

OPERATING FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

		2008	2007
Financial Assets			
Cash and Bank		5,371,092	4,561,375
Short Term Investments		-	-
Due from	- Provincial Government	1,936,173	1,751,153
	- Federal Government	407,141	2,617
	- Municipal Government	1,950,000	2,100,841
	- Other School Divisions	-	-
	- First Nations	877,875	599,444
	- Other Funds	-	-
Accounts Receivable		10,294,946	11,292,119
Accrued Investment Income		-	-
		20,837,227	20,307,549
Liabilities			
Overdraft		-	3,061,678
Accounts Payable		6,587,990	6,676,671
Accrued Liabilities		6,973,772	5,632,098
Employee Future Benefits		1,033,090	656,982
Accrued Interest Payable		-	-
Due to	- Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	288,349	419,052
	- First Nations	-	-
	- Capital Fund	3,061,163	1,473,331
Deferred Revenue		529,729	428,287
Other Borrowings		-	-
		18,474,093	18,348,099
Net Financial Assets (Net Debt)		2,363,134	1,959,450
Non-Financial Assets			
Inventories		-	-
Prepaid Expenses		219,404	270,229
		219,404	270,229
Accumulated Surplus (Deficit)		2,582,538	2,229,679

OPERATING FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

	2008 Actual	2008 Budget	2007 Actual
Revenue			
Provincial Government	40,663,059	39,413,683	38,417,906
Federal Government	-	-	218,480
Municipal Government - Property Tax	2,678,456	2,824,085	3,130,992
- Other	166,187	178,000	178,236
Other School Divisions	8,450	-	6,500
First Nations	50,883,336	50,735,275	46,023,215
Private Organizations and Individuals	3,491,756	3,696,339	3,250,706
Other Sources	741,305	395,999	606,655
	98,632,549	97,243,381	91,832,690
Expenses			
Regular Instruction	43,138,836	42,128,698	41,048,930
Student Support Services	14,350,349	16,418,173	13,518,961
Adult Learning Centres	1,828,654	1,644,447	1,651,662
Community Education and Services	1,993,080	1,464,538	1,597,243
Divisional Administration	5,437,263	5,621,702	5,689,683
Instructional and Other Support Services	5,164,823	5,214,536	4,753,198
Transportation of Pupils	7,366,356	6,955,566	6,429,911
Operations and Maintenance	16,414,917	15,995,721	14,920,342
Fiscal	1,974,816	1,600,000	1,590,341
	97,669,094	97,043,381	91,200,271
Current Year Surplus (Deficit)	963,455	200,000	632,419
Net Transfers from (to) Capital Fund	(610,596)	(200,000)	(400,000)
Transfers from Special Purpose Funds	-		
Net Current Year Surplus (Deficit)	352,859	0	232,419
Opening Accumulated Surplus (Deficit)	2,229,679		2,195,372
Adjustments:	-		(198,112)
	-		
Opening Accumulated Surplus (Deficit), as adjusted	2,229,679		1,997,260
Closing Accumulated Surplus (Deficit)	2,582,538		2,229,679

CAPITAL FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

	2008	2007
Financial Assets		
Cash and Bank	-	-
Short Term Investments	-	-
Due from - Provincial Government	721,605	2,045,337
- Federal Government	-	-
- Municipal Government	-	-
- First Nations	-	-
- Other Funds	3,061,163	1,473,331
Accounts Receivable	3,483	159,280
Accrued Investment Income	-	-
	3,786,251	3,677,948
Liabilities		
Overdraft	-	-
Accounts Payable	3,210,329	3,881,036
Accrued Liabilities		-
Accrued Interest Payable	721,605	711,401
Due to - Provincial Government	-	-
- Federal Government	-	-
- Municipal Government	-	-
- First Nations	-	-
- Operating Fund	-	-
Deferred Revenue	-	-
Debenture Debt	27,710,304	26,691,543
Other Borrowings	1,508,866	1,249,871
	33,151,104	32,533,851
Net Debt	(29,364,853)	(28,855,903)
Non-Financial Assets		
Net Tangible Capital Assets	34,292,711	33,567,763
Accumulated Surplus / Equity *	4,927,858	4,711,860
* Comprised of:		
Reserve Accounts	260,715	237,214
Equity in Tangible Capital Assets	4,667,143	4,474,646
	4,927,858	4,711,860

CAPITAL FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2008	2007
Revenue			
Provincial Government			
Grants		789	-
Debt Servicing - Principal		1,276,939	844,578
- Interest		1,597,266	1,719,514
Federal Government		-	-
Municipal Government		-	-
Other Sources:			
Investment Income		-	-
Donations		-	-
Gain / (Loss) on Disposal of Capital Assets		2,250	2,843
Amortization/Interest Cap Leases	390,160		
	-	390,160	303,525
		3,267,404	2,870,460
Expenses			
Amortization		1,967,080	1,801,594
Debenture Debt Interest		1,597,266	1,719,514
Other Interest		69,443	64,736
Other Capital Items		28,213	-
		3,662,002	3,585,844
Current Year Surplus / (Deficit)		(394,598)	(715,384)
Net Transfers from (to) Operating Fund		610,596	400,000
Transfers from Special Purpose Fund		-	-
Net Current Year Surplus (Deficit)		215,998	(315,384)
Opening Accumulated Surplus / Equity		4,711,860	66,360,965
Adjustments:	Tangible Capital Assets and Accum. Amortization	-	(60,234,885)
		-	(1,098,836)
Opening Accumulated Surplus / Equity as adjusted		4,711,860	5,027,244
Closing Accumulated Surplus / Equity		4,927,858	4,711,860

Frontier School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	71,989,779	13,025,122	4,086,164	-	1,038,241	-	1,225,210	-	9,767,311	101,131,827	83,721,286
Adjustments	-	-	-	-	-	-	-	-	-	-	5,742,317
Opening Cost adjusted	71,989,779	13,025,122	4,086,164	-	1,038,241	-	1,225,210	-	9,767,311	101,131,827	89,463,603
Add: Additions during the year	10,931,172	-	997,704	18,238	226,821	-	237,038	-	(9,656,535)	2,754,438	11,899,173
Less: Disposals and write downs	-	-	89,158	-	-	-	-	-	-	89,158	230,949
Closing Cost	82,920,951	13,025,122	4,994,710	18,238	1,265,062	-	1,462,248	-	110,776	103,797,107	101,131,827
Accumulated Amortization											
Opening, as previously reported	54,441,401	10,913,769	1,957,875	-	251,019	-	-	-	-	67,564,064	-
Adjustments	-	-	-	-	-	-	-	-	-	-	65,977,202
Opening adjusted	54,441,401	10,913,769	1,957,875	-	251,019	-	-	-	-	67,564,064	65,977,202
Add: Current period Amortization	1,226,577	190,024	381,309	1,824	167,346	-	-	-		1,967,080	1,801,594
Less: Accumulated Amortization on Disposals and Writedowns	-	-	26,748	-	-	-	-	-	-	26,748	214,732
Closing Accumulated Amortization	55,667,978	11,103,793	2,312,436	1,824	418,365	-	-	-	-	69,504,396	67,564,064
Net Tangible Capital Asset	27,252,973	1,921,329	2,682,274	16,414	846,697	-	1,462,248	-	110,776	34,292,711	33,567,763
Proceeds from Disposal of Capital As	-	-	64,660		-	-	-			64,660	19,060

* Includes network infrastructure.

SCHEDULE OF CAPITAL RESERVE ACCOUNTS

For the Year Ended June 30, 2008

Fund Name >	**Buses**					**Totals**
Opening Balance, July 1, 2007	237,214	-	-	-	-	237,214
Additions: (Provide a description of each transaction)						
Transfer from Operation	400,000	-				400,000
						-
						-
						-
						-
						-
						-
						-
						-
Total Additions	400,000	-	-	-	-	400,000
Withdrawals: (Provide a description of each transaction)						
Bus Purchases	376,499	-				376,499
	-					-
						-
						-
						-
						-
						-
						-
						-
Total Withdrawals	376,499	-	-	-	-	376,499
Closing Balance, June 30, 2008	260,715	-	-	-	-	260,715

SPECIAL PURPOSE FUND
SCHEDULE OF FINANCIAL POSITION

as at June 30

	2008	2007
Financial Assets		
Cash and Bank	309,853	363,530
Short Term Investments	-	-
GST Receivable	-	
Accrued Investment Income	-	-
Other Investments	-	-
	309,853	363,530
Liabilities		
School Generated Funds Liability	272,960	324,617
Accounts Payable	-	-
Accrued Liabilities	-	-
Due to Other Funds	-	-
Deferred Revenue	-	-
	272,960	324,617
Accumulated Surplus *	36,893	38,913
* Comprised of:		
School Generated Funds Accumulated Surplus	36,893	38,913
Other Funds Accumulated Surplus	-	-
	36,893	38,913

SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2008	2007
Revenue			
School Generated Funds		695,998	-
Other Funds		-	-
		-	-
		695,998	0
Expenses			
School Generated Funds		698,018	20,551
Other Funds		-	-
		-	-
		698,018	20,551
Current Year Surplus (Deficit)		(2,020)	(20,551)
Transfers (to) Operating Fund		-	-
Transfers (to) Capital Fund		-	-
Net Current Year Surplus (Deficit)		(2,020)	(20,551)
Opening Accumulated Surplus		38,913	-
Adjustments:	School Generated Funds	-	59,464
	Other Funds	-	-
Opening Accumulated Surplus as adjusted		38,913	59,464
Closing Accumulated Surplus		36,893	38,913

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries, and funding from First Nation government. The Division is exempt from income tax.

2. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been reclassified to conform to the current year's method of presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) *Reporting Entity and Consolidation*

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) *Trust funds*

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) *Basis of Accounting*

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extracurricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

School generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses, and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generate funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled schools generated funds are parent council funds, other parent group funds, student council funds, and travel club funds. Uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Tangible Capital Assets (continued)

Asset Description	Capitalization Threshold	Estimated Useful Life (years)
Land improvements	$ 25,000	10
Buildings – bricks, mortar and steel	25,000	40
Buildings – wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer hardware, servers and peripherals	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10
Leasehold improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized

All land acquired prior to June 30, 2006 has been valued at $1,225,210.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) *Tangible Capital Assets (continued)*

Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) *Employee Future Benefits*

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, life insurance, and retirement allowances. The Division adopted the following policy(ies) with respect to accounting for these employee future benefits:

(i) *Defined contribution/insured benefit plans*

Frontier School Division established a future benefit liability for life insurance premiums paid on behalf of retired employees.

(ii) *Defined benefit/self-insured employee future benefit plans*

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division.

Frontier School Division has a Defined Benefit Pension Plan for non-teaching employees. Employees and Frontier School Division currently contribute equal amounts (2007/08, 7%, 2006/07, 6%, and 2005-6 5%). The plan is evaluated using both the "Going Concern Valuation" and the "Solvency Valuation". The last review was on December 2005 and there was a surplus in the plan using both methods.

The Employee contribution for 2005 was $1,088,800 (2006/07 estimate is $1,138,439; 2007/08 estimate is $2,313,951). Frontier School Division contributed an equal amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employee Future Benefits (continued)

For self-insured employee future benefits other than pension plans, that are vesting and accumulating over the employees' length of service (e.g. vesting sick days; continuation of benefits for health care, dental or life insurance), the benefit costs are accounted for on a full accrual basis determined using actuarial valuation of salary escalation, accumulated sick days, insurance & health care costs trends, long-term inflation rates.

For those self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits; non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

The employee future benefits liability is the total accrued benefit obligation. The employee future benefits expense includes the Division's contribution for the period.

h) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

i) Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates. Changes in estimates are recorded in the accounting period in which these changes are determined.

j) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, accounts payable accrued liabilities, accrued interest payable, debenture debt and other borrowings) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to a potential risk any time credit is granted. The carrying amounts of the financial instruments approximate their fair value, unless otherwise noted.

4. CONVERSION TO PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

i. Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets is recorded in the Statement of Revenue, Expenses and Accumulated Surplus.
ii. Asset acquired under capital leases as well as the related obligations were capitalized.

iii. The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

iv. The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

v. Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. OVERDRAFT

The Division has an authorized Line of Credit with the Royal Bank of $15,000,000 by way of overdrafts and is repayable on demand at prime less 0.75%; interest paid monthly. Any overdrafts are secured through a Borrowing By-Law.

6. EMPLOYEE FUTURE BENEFITS

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. Employee future benefits are comprised of future insurance payments to retired employees, provision for teacher special leave, and a provision for Superintendents retirement, as follows:

	2008	2007
Employee Future Benefit Liability (EFBL)		
Retirement Insurance Plan	**$ 80,000**	$ 80,000
Superintendent Retirement	**511,538**	458,870
Special Leave	**441,551**	118,112
	$ 1,033,089	$ 656,982

6. EMPLOYEE FUTURE BENEFITS (continued)

The defined benefit plan provided to non-teaching staff is actuarially valuated every three years using a number of assumptions about future events, including, interest rates, wage and salary increases, and employee turnover and mortality to determine the accrued benefit obligation. The most recent actuarial report was prepared on December 31, 2005. The net unamortized actuarial gain is amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Pension plan assets are valued at market values and the expected rate of return is 6.25%. See Appendix 1.

Long-term disability benefits are covered by an insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Continuation of benefits for life insurance are defined benefits and vesting to certain employees at or after retirement. The related benefit costs and liabilities are included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution and amortized actuarial gains for the period. Any related pension interest expense is recorded under the Interest and Bank Charges account of the Operating Fund.

7. SCHOOL GENERATED FUNDS LIABILITY

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $272,960.

	2008	2007
Student Council funds	$ **38,204**	$ 33,333
Travel clubs	**52,681**	66,266
Graduation	**8,673**	38,383
Music enhancement	**33,853**	55,530
Community development	**29,854**	56,501
Other	**136,005**	72,604
	$ **272,960**	$ 324,617

8. DEBENTURE DEBT

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 1,247,551	$ 1,591,956	$ 2,839,507
2010	1,318,694	1,509,418	2,828,112
2011	1,254,423	1,422,228	2,676,652
2012	1,311,308	1,344,587	2,655,896
2013	1,382,523	1,264,194	2,646,717
	$ 6,514,499	$ 7,132,384	$ 13,646,883

The fair market value of the debenture debt is approximately $18,186,424.

9. OTHER BORROWINGS

Other borrowings are debts other than overdrafts or debentures and include obligations related to capital leases.

Capital lease loans on buses, satellite equipment and copiers have interest rates ranging from 3.6% to 7.3% per annum, due between 2009 and 2013. Payments are monthly, quarterly and annual and include principal and interest.

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2009	$ 503,438	$ 65,259	$ 568,697
2010	473,936	39,384	513,320
2011	292,413	18,755	311,168
2012	173,674	8,055	181,729
2013	65,405	1,425	66,829
	$ 1,508,866	$ 132,878	$ 1,641,743

The fair value of Other Borrowing is approximately $1,519,851.

10. NET TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	2008			2007
	Gross Amount	Accumulated Amortization	Net Book Value	Net Book Value
Tangible capital assets	**$ 100,748,930**	**$ 68,618,159**	**$ 32,130,771**	$ 31,948,926
Capital lease	**3,048,177**	**886,237**	**2,161,940**	1,618,83
	$ 103,797,107	**$ 69,504,396**	**$ 34,292,711**	$ 33,567,763

11. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated		
Undesignated	**$ 2,582,538**	$ 2,229,679
Capital Fund		
Reserve Accounts	**260,715**	237,214
Equity in Tangible Assets	**4,667,143**	4,474,646
Special Purpose Funds	**$ 36,893**	$ 38,913
Total Accumulated Surplus	**$ 7,547,289**	$ 6,980,452

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus reserves	**$ 260,715**	$ 237,214

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and (*provide details of Other Special Purpose Funds*) use.

12. MUNICIPAL GOVERNMENT – PROPERTY TAX AND RELATED DUE FROM MUNICIPAL GOVERNMENT

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 60% from 2007 tax year and 40% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	**$ 3,104,371**	$ 3,502,474
Receivable – Due from Municipal – Property Tax	**$ 1,950,000**	$ 2,100,841

13. INTEREST RECEIVED AND PAID

The Division received interest during the year of $2,222,995 (2006/07 - $2,099,846); interest paid during the year was $2,060,653 (2006/07 - $2,118,157).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal – short term loan, interest and bank charges	**$ 394,532**
Capital Fund	
Debenture debt interest	**1,597,266**
Other interest	**68,855**
	$ 2,060,653

The accrual portion of debenture debt interest expense of $721,605 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables presented on the consolidated statement of financial position are net of an allowance for doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2008:

	2008
Allowance for doubtful accounts deducted from Receivables below:	
Due from First Nations	$ -
Accounts receivable	230,000
	$ 230,000
Bad debts expense (included in fiscal-Other)	$ 230,000

15. EXPENSES BY OBJECT

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 62,713,623	$ 62,311,442	$ 58,705,943
Employees benefits and allowances	6,662,923	6,755,972	6,344,480
Services	14,710,800	14,758,859	13,402,602
Supplies, materials and minor equipment	7,959,778	7,503,265	6,955,034
Interest	394,532	300,000	333,907
Bad debts	230,000	-	-
Payroll tax	1,350,284	1,300,000	1,256,434
Amortization	1,967,080	-	1,801,594
Other capital items	-	-	-
School generated funds	698,018	-	20,551
Other special purpose funds	-	-	-
	$ 96,687,038	$ 92,929,538	$ 88,928,657

16. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's method of presentation.

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Garden Valley School Division

We have audited the consolidated statement of financial position of **The Garden Valley School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 30, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

Oct. 28/08
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
*	Short Term Investments	25,000	25,000
	Due from - Provincial Government	1,639,090	983,760
	- Federal Government	65,546	109,427
	- Municipal Government	3,220,957	3,762,053
	- Other School Divisions	275,525	207,752
	- First Nations	-	-
	Accounts Receivable	70,021	34,711
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,296,139	5,122,703
	Liabilities		
*	Overdraft	2,138,679	241,765
	Accounts Payable	759,098	947,249
	Accrued Liabilities	518,567	33,339
*	Employee Future Benefits	51,160	53,288
	Accrued Interest Payable	506,557	525,615
	Due to - Provincial Government	9,703	109,615
	- Federal Government	(264)	1,287,142
	- Municipal Government	137,093	123,856
	- Other School Divisions	178,586	164,233
	- First Nations	-	-
*	Deferred Revenue	1,148,043	976,946
*	Debenture Debt	19,170,828	19,404,657
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		24,618,050	23,867,705
	Net Debt	(19,321,911)	(18,745,002)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	31,095,182	31,230,447
	Inventories	-	-
	Prepaid Expenses	26,838	72,574
		31,122,020	31,303,021
*	**Accumulated Surplus**	11,800,109	12,558,019

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		21,687,259	19,918,458
	Federal Government		-	-
	Municipal Government	- Property Tax	6,613,011	7,795,300
		- Other	-	-
	Other School Divisions		301,510	237,180
	First Nations		-	-
	Private Organizations and Individuals		-	15,000
	Other Sources		370,857	301,591
	School Generated Funds		259,048	230,437
	Other Special Purpose Funds		-	-
			29,231,685	28,497,966
	Expenses			
	Regular Instruction		16,799,511	15,818,205
	Student Support Services		4,353,573	3,874,009
	Adult Learning Centres		-	-
	Community Education and Services		35,416	33,087
	Divisional Administration		922,312	836,183
	Instructional and Other Support Services		721,450	674,257
	Transportation of Pupils		1,200,034	982,998
	Operations and Maintenance		2,342,868	2,255,228
*	Fiscal	- Interest	1,263,605	1,614,996
		- Other	439,979	407,004
	Amortization		1,658,360	1,446,663
	Other Capital Items		-	-
	School Generated Funds		244,990	233,820
	Other Special Purpose Funds		-	-
			29,982,098	28,176,450
	Current Year Surplus (Deficit)		(750,413)	321,516
	Opening Accumulated Surplus		12,558,019	18,785,435
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(6,635,831)
*		Other than Tangible Cap. Assets	(7,497)	86,899
	Opening Accumulated Surplus, as adjusted		12,550,522	12,236,503
	Closing Accumulated Surplus		11,800,109	12,558,019

See accompanying notes to the Financial Statements

Garden Valley School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(750,413)	321,516
Amortization of Tangible Capital Assets	1,658,360	1,446,663
Acquisition of Tangible Capital Assets	(1,523,095)	(3,975,453)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(55,493)
Proceeds on Disposal of Tangible Capital Assets	-	55,493
	135,265	(2,528,790)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	45,736	(8,883)
	45,736	(8,883)
(Increase)/Decrease in Net Debt	(569,412)	(2,216,157)
Net Debt at Beginning of Year	(18,745,002)	(16,615,744)
Adjustments Other than Tangible Cap. Assets	(7,497)	86,899
Net Debt at Beginning of Year as Adjusted	(18,752,499)	(16,528,845)
Net Debt at End of Year	(19,321,911)	(18,745,002)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(750,413)	321,516
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,658,360	1,446,663
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(55,493)
Employee Future Benefits Increase/(Decrease)	(2,128)	53,288
Short Term Investments (Increase)/Decrease	-	6,646
Due from Other Organizations (Increase)/Decrease	(138,126)	(1,415,083)
Accounts Receivable & Accrued Income (Increase)/Decrease	(35,310)	17,036
Inventories and Prepaid Expenses - (Increase)/Decrease	45,736	(8,883)
Due to Other Organizations Increase/(Decrease)	(1,359,728)	156,225
Accounts Payable & Accrued Liabilities Increase/(Decrease)	278,019	671,651
Deferred Revenue Increase/(Decrease)	171,097	271,192
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	(7,497)	86,899
Cash Provided by Operating Transactions	(139,990)	1,551,657
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,523,095)	(3,975,453)
Proceeds on Disposal of Tangible Capital Assets	-	55,493
Cash (Applied to)/Provided by Capital Transactions	(1,523,095)	(3,919,960)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(233,829)	4,162,258
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(233,829)	4,162,258
Cash and Bank / Overdraft (Increase)/Decrease	(1,896,914)	1,793,955
Cash and Bank (Overdraft) at Beginning of Year	(241,765)	(2,035,720)
Cash and Bank (Overdraft) at End of Year	(2,138,679)	(241,765)

Garden Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	47,265,003	1,010,902	1,324,802	32,200	882,588	73,002	1,611,975	-	1,191,745	53,392,217	35,337,488
Adjustments	-	-	-	-	-	-	-	-	-	-	14,079,276
Opening Cost adjusted	47,265,003	1,010,902	1,324,802	32,200	882,588	73,002	1,611,975	-	1,191,745	53,392,217	49,416,764
Add: Additions during the year	713,809	-	384,308	-	226,956	-	-	-	198,022	1,523,095	3,975,453
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	47,978,812	1,010,902	1,709,110	32,200	1,109,544	73,002	1,611,975	-	1,389,767	54,915,312	53,392,217
Accumulated Amortization											
Opening, as previously reported	20,408,632	551,188	714,173	19,900	432,255	35,622	-	-	-	22,161,770	-
Adjustments	-	-	-	-	-	-	-	-	-	-	20,715,107
Opening adjusted	20,408,632	551,188	714,173	19,900	432,255	35,622	-	-	-	22,161,770	20,715,107
Add: Current period Amortization	1,314,180	21,324	124,932	5,490	177,323	15,111	-	-		1,658,360	1,446,663
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	21,722,812	572,512	839,105	25,390	609,578	50,733	-	-	-	23,820,130	22,161,770
Net Tangible Capital Asset	26,256,000	438,390	870,005	6,810	499,966	22,269	1,611,975	-	1,389,767	31,095,182	31,230,447
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	55,493

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Garden Valley School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Trust Funds

The Division administers a trust fund. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

School Generated Funds (continued)

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	5,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	5,000	10 years
Leasehold improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its administrative employees. These benefits include defined contribution pension, parental leave and early retirement window enhancements. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Pension Plan

The Division pays the employer portion of a defined contribution plan handled by the Manitoba Association of School Trustees (MAST) for administrative employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Defined Benefit/Self-Insured Employee Future Benefit Plans

For those defined benefit/self-insured benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs. For early retirement window enhancements obligations which are also event driven, the benefit costs are recognized in the period when the commitment to pay the benefit is approved by the Board of Trustees.

Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with the Heartland Credit Union Ltd. of $5,200,000 by way of overdrafts and is repayable on demand. The various overdrafts bear interest at the bank's prime rate minus .50% and minus .625%; interest is paid monthly. Included in the overdraft are capital projects totalling approximately $1,389,767 which will be submitted to PSFB for debenture funding. Overdrafts are secured by a demand promissory note, line of credit agreement, borrowing by-law and banking documents.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2008 year was $243,927 ($226,580 in 2007).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in period	Revenue recognized in period	Balance as at June 30, 2008
Education Property Tax Credit (EPTC)	$ 976,946	2,296,086	2,124,989	1,148,043

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The total debenture principal and interest repayments in the next five years are:

2009	$ 2,206,603
2010	2,197,867
2011	2,159,874
2012	1,841,011
2013	1,799,563
	$ 10,204,918

7. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in School Buildings was $nil (included in School Buildings in previous year $78,596).

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 144,513	128,974
Undesignated Surplus	386,980	1,073,170
	$ 531,493	1,202,144
Capital Fund		
Reserve Accounts	$ (7,094)	12,214
Equity in Tangible Capital Assets	11,185,633	11,260,145
	$11,178,539	11,272,359
Special Purpose Fund		
School Generated Funds	$ 90,077	83,516
Other Special Purpose Funds	-	-
	$ 90,077	83,516
Total Accumulated Surplus	$11,800,109	12,558,019

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by board policy. The details of the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2008	2007
School budget carryovers by board policy	$ 144,513	73,481
Board approved appropriation by motion	-	55,493
Designated surplus	$ 144,513	128,974

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus reserves (deficit)	$ (7,094)	12,214
Other reserves	-	-
Capital Reserve	$ (7,094)	12,214

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

9. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 50% from 2007 tax year and 50% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 6,613,011	7,795,300
Receivable – Due from Municipal – Property Tax	$ 3,220,957	3,762,053

10. Interest Received and Paid

The Division received interest during the year of $1,767,622 (previous year $1,587,009); interest paid during the year was $1,789,219 (prior year $1,089,381).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 76,779	81,200
Capital Fund		
Debenture interest	1,186,826	1,533,796
Other interest	-	-
	$1,263,605	1,614,996

The accrual portion of debenture debt interest expense of $506,557 at June 30, 2008 ($525,615 at June 30, 2007) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 20,776,700	20,386,800	18,782,081
Employees benefits and allowances	1,584,841	1,456,100	1,445,061
Services	2,170,724	1,959,685	2,018,281
Supplies, materials & minor equipment	1,630,989	1,436,400	2,029,734
Interest	1,263,605	36,000	1,614,996
Payroll tax	439,979	356,000	407,004
Transfers	211,910	147,000	198,810
Amortization	1,658,360	-	1,446,663
Other capital items	-	-	-
School generated funds	244,990	-	233,820
Other special purpose funds	-	-	-
	$ 29,982,098	25,777,985	28,176,450

12. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $144,513 at June 30, 2008 ($128,974 at June 30, 2007). The details of the Designated Surplus as disclosed at note 8 and page 5 of the audited financial statements

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 17,200
2010	8,900

The school division has committed to purchase administrative offices property and equipment located at 750 Triple E Boulevard in Winkler, Manitoba with possession in July 2008 for $2,400,000 plus GST. The purchase will be financed by a mortgage secured by real property for $2,500,000.

The school division approved the purchase of land in Schanzenfeld, Manitoba for construction of a future school for $240,000 subject to PSFB and financing approval.

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Auditors' Report

To the Chairperson and Board of Trustees of
Hanover School Division

We have audited the consolidated statement of financial position of **Hanover School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned consolidated financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 18, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

Oct. 21/08
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
*	Short Term Investments	10	10
	Due from - Provincial Government	1,715,029	1,559,163
	- Federal Government	191,836	133,073
	- Municipal Government	7,809,634	8,067,969
	- Other School Divisions	-	183
	- First Nations	-	-
	Accounts Receivable	229,857	206,275
	Accrued Investment Income	-	-
	Other Investments	-	-
		9,946,366	9,966,673
	Liabilities		
*	Overdraft	1,578,662	879,064
	Accounts Payable	4,958,079	2,435,217
	Accrued Liabilities	1,279,907	2,150,248
*	Employee Future Benefits	118,401	102,444
	Accrued Interest Payable	753,381	800,957
	Due to - Provincial Government	1,895	271
	- Federal Government	-	5,028
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	1,676,322	1,409,948
*	Debenture Debt	24,683,394	25,560,438
*	Other Borrowings	2,430,000	450,000
	School Generated Funds Liability	111,478	71,428
		37,591,519	33,865,043
	Net Debt	(27,645,153)	(23,898,370)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	36,339,148	33,055,260
	Inventories	111,681	177,071
	Prepaid Expenses	374,442	406,935
		36,825,271	33,639,266
*	**Accumulated Surplus**	9,180,118	9,740,896

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	40,371,308	37,999,876
	Federal Government	-	-
	Municipal Government - Property Tax	13,638,165	13,816,180
	- Other	-	-
	Other School Divisions	164,620	230,346
	First Nations	-	-
	Private Organizations and Individuals	395,225	395,797
	Other Sources	255,785	114,860
	School Generated Funds	1,636,389	1,963,274
	Other Special Purpose Funds	-	-
		56,461,492	54,520,333
	Expenses		
	Regular Instruction	31,538,403	28,759,920
	Student Support Services	6,851,513	6,484,136
	Adult Learning Centres	-	-
	Community Education and Services	156,891	146,528
	Divisional Administration	1,692,950	1,282,669
	Instructional and Other Support Services	1,566,588	1,360,641
	Transportation of Pupils	2,793,170	2,542,821
	Operations and Maintenance	5,804,175	4,986,499
*	Fiscal - Interest	2,078,180	2,113,751
	- Other	795,016	734,363
	Amortization	2,073,708	1,962,868
	Other Capital Items	(4,898)	-
	School Generated Funds	1,632,832	1,906,236
	Other Special Purpose Funds	-	-
		56,978,528	52,280,432
	Current Year Surplus (Deficit)	(517,036)	2,239,901
	Opening Accumulated Surplus	9,740,896	35,175,593
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(27,948,351)
*	Other than Tangible Cap. Assets	(43,742)	273,753
	Opening Accumulated Surplus, as adjusted	9,697,154	7,500,995
	Closing Accumulated Surplus	9,180,118	9,740,896

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(517,036)	2,239,901
Amortization of Tangible Capital Assets	2,073,708	1,962,868
Acquisition of Tangible Capital Assets	(5,357,596)	(932,085)
(Gain) / Loss on Disposal of Tangible Capital Assets	(13,151)	(1,000)
Proceeds on Disposal of Tangible Capital Assets	13,151	1,000
	(3,283,888)	1,030,783
Inventories (Increase)/Decrease	65,390	(55,631)
Prepaid Expenses (Increase)/Decrease	32,493	(103,123)
	97,883	(158,754)
(Increase)/Decrease in Net Debt	(3,703,041)	3,111,930
Net Debt at Beginning of Year	(23,898,370)	(27,284,053)
Adjustments Other than Tangible Cap. Assets	(43,742)	273,753
Net Debt at Beginning of Year as Adjusted	(23,942,112)	(27,010,300)
Net Debt at End of Year	(27,645,153)	(23,898,370)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(517,036)	2,239,901
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,073,708	1,962,868
(Gain)/Loss on Disposal of Tangible Capital Assets	(13,151)	(1,000)
Employee Future Benefits Increase/(Decrease)	15,957	102,444
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	43,889	(1,518,252)
Accounts Receivable & Accrued Income (Increase)/Decrease	(23,582)	(48,267)
Inventories and Prepaid Expenses - (Increase)/Decrease	97,883	(158,754)
Due to Other Organizations Increase/(Decrease)	(3,404)	(164,570)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,604,945	528,981
Deferred Revenue Increase/(Decrease)	266,374	365,316
School Generated Funds Liability Increase/(Decrease)	40,050	71,428
Adjustments Other than Tangible Cap. Assets	(43,742)	273,753
Cash Provided by Operating Transactions	3,541,891	3,653,848
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,357,596)	(932,085)
Proceeds on Disposal of Tangible Capital Assets	13,151	1,000
Cash (Applied to)/Provided by Capital Transactions	(5,344,445)	(931,085)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(877,044)	(1,548,752)
Other Borrowings Increase/(Decrease)	1,980,000	(450,000)
Cash Provided by (Applied to) Financing Transactions	1,102,956	(1,998,752)
Cash and Bank / Overdraft (Increase)/Decrease	(699,598)	724,011
Cash and Bank (Overdraft) at Beginning of Year	(879,064)	(1,603,075)
Cash and Bank (Overdraft) at End of Year	(1,578,662)	(879,064)

Hanover School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	52,266,228	2,116,403	6,081,333	157,037	1,267,451	83,443	646,667	-	215,112	62,833,674	62,034,394
Adjustments	-	-	-	-	-	-	-	-	-	-	(57,630)
Opening Cost adjusted	52,266,228	2,116,403	6,081,333	157,037	1,267,451	83,443	646,667	-	215,112	62,833,674	61,976,764
Add: Additions during the year	467,673	2,346,399	772,628	21,177	156,787	38,645	281,363	-	1,272,924	5,357,596	932,085
Less: Disposals and write downs	-	-	263,727	-	-	-	-	-	-	263,727	75,175
Closing Cost	52,733,901	4,462,802	6,590,234	178,214	1,424,238	122,088	928,030	-	1,488,036	67,927,543	62,833,674
Accumulated Amortization											
Opening, as previously reported	24,002,111	735,902	3,745,984	133,854	1,079,716	80,847	-	-	-	29,778,414	-
Adjustments	-	-	-	-	-	-	-	-	-	-	27,890,721
Opening adjusted	24,002,111	735,902	3,745,984	133,854	1,079,716	80,847	-	-	-	29,778,414	27,890,721
Add: Current period Amortization	1,417,753	65,187	497,523	14,825	71,650	6,770	-	-		2,073,708	1,962,868
Less: Accumulated Amortization on Disposals and Writedowns	-	-	263,727	-	-	-	-	-	-	263,727	75,175
Closing Accumulated Amortization	25,419,864	801,089	3,979,780	148,679	1,151,366	87,617	-	-	-	31,588,395	29,778,414
Net Tangible Capital Asset	27,314,037	3,661,713	2,610,454	29,535	272,872	34,471	928,030	-	1,488,036	36,339,148	33,055,260
Proceeds from Disposal of Capital As	-	-	13,151	-	-	-	-			13,151	1,000

* Includes network infrastructure.

HANOVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008

1. Nature of Organization and Economic Dependence

The Hanover School Division is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba, and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its administrative employees as a defined contribution plan, under the Manitoba Association of School Trustees Pension Plan (MAST). The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined contribution plan

Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with Royal Bank of $ 23,000,000 by way of overdrafts and is repayable on demand at the bank's prime rate less .75%; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $633,773 in 2008 ($560,334 in 2007).

Employee future benefits recorded as a liability represents vacation and sick leave payable for administrative employees.

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in period	Revenue recognized in period	Balance as at June 30, 2008
Education Property Tax Credit (EPTC)	$ 1,409,948	$ 4,167,522	$3,901,148	$1,676,322

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $ 111,478.

As a transition measure in the implementation of the new accounting policies in 2007, school generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2007 covers a period of twelve months from April 1, 2006 to March 31, 2007 with the difference in cash at June 30, 2007 and the net income for the year ending March 31, 2007 being booked to School Funds liability.

School generated funds revenue and expenses reported as at June 30, 2008 covers the twelve month period from July 1, 2007 to June 30, 2008. An adjustment was made in the amount of $43,742 to decrease Opening Accumulated Surplus for the deficit for the period April 1, 2007 to June 30, 2007.

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5% to 12.25%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Total
2009	$ 3,412,248
2010	3,274,883
2011	3,126,001
2012	2,880,694
2013	2,784,269
	$ 15,478,096

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes two loans to fund the acquisition and renovation of the new Hanover School Division Administration Building.

	2008	2007
RBC Term Loan, unsecured, payable at 5.35%, due January 2017 Interest is paid monthly with principal repayments of $200,000.	$ 1,800,000	-
RBC Term Loan, unsecured, payable at 4.75%, due January 2017 Interest is paid monthly with principal repayments of $70,000 annually beginning January 2009	$ 630,000	-
Bus Garage loan	-	$ 450,000
	2,430,000	$450,000

The bus garage loan was paid out in November 2007.

Principal repayments for the next five years and thereafter are as follows:

	Total
2009	$ 270,000
2010	270,000
2011	270,000
2012	270,000
2013	270,000
Thereafter	1,080,000
	$ 2,430,000

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $ 0 (previous year $ 0).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	0	0
Undesignated Surplus	$ 713,963	2,557,801
	713,963	2,557,801
Capital Fund		
Reserve Accounts	0	0
Equity in Tangible Capital Assets	8,175,549	6,852,304
	8,889,512	6,852,304
Special Purpose Fund		
School Generated Funds	290,606	330,791
	290,606	330,791
Total Accumulated Surplus	9,180,118	9,740,896

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 17,168,057	$ 16,971,484
Receivable – Due from Municipal – Property Tax	$ 7,809,634	$ 8,067,969

12. Interest Received and Paid

The Division received interest during the year of $ 6,402 (previous year $ 6,683); interest paid during the year was $ 2,078,180 (previous year $2,113,751).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 212,372	176,548
Capital Fund		
Debenture interest	1,750,502	1,937,203
Other interest	115,306	0
	$ 2,078,180	2,113,751

13. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 38,826,649	$38,024,471	$ 35,520,587
Employees benefits and allowances	2,836,831	2,750,176	2,623,936
Services	3,658,301	3,212,402	3,106,057
Supplies, materials & minor equipment	4,658,126	4,868,889	3,968,157
Interest	2,078,180	225,000	2,113,751
Bad debts	0	0	0
Payroll tax	795,016	800,000	734,363
Amortization	2,073,708	0	1,962,868
Transfers	423,783	388,000	344,477
Other capital items	(4,898)	0	0
School generated funds	1,632,832	0	1,906,236
Other special purpose funds	0	0	0
	$ 56,978,528	$ 50,268,938	$ 52,280,432

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $ 120,231 (2007 - $113,845). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 366,838
2010	326,082
2011	259,067
2012	73,699
2013	31,217
Thereafter	3,755

Auditors' Report

To the Chairperson and Board of Trustees of
Interlake School Division

We have audited the consolidated statement of financial position of **Interlake School Division** as at June 30, 2008 and the consolidated statement of revenues, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements, schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
October 1, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

Date Oct 27/08

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	9,655	10,293
	Due from - Provincial Government	959,835	1,219,803
	- Federal Government	45,559	51,396
	- Municipal Government	4,461,789	4,608,160
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	32,886	34,786
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,509,724	5,924,438
	Liabilities		
3	Overdraft	565,851	1,688,278
	Accounts Payable	152,490	91,971
	Accrued Liabilities	342,573	269,798
4	Employee Future Benefits	1,132,982	748,654
	Accrued Interest Payable	221,083	239,456
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	1,373,028	1,176,285
7	Debenture Debt	9,020,159	9,573,492
	Other Borrowings	-	-
6	School Generated Funds Liability	174,907	226,149
		12,983,073	14,014,083
	Net Debt	(7,473,349)	(8,089,645)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	11,831,225	12,395,142
	Inventories	70,728	66,787
	Prepaid Expenses	60,063	61,368
		11,962,016	12,523,297
9	**Accumulated Surplus**	4,488,667	4,433,652

See accompanying notes to the Financial Statements

Interlake School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		20,425,279	19,351,089
	Federal Government		-	-
	Municipal Government	- Property Tax	8,910,700	8,999,380
		- Other	-	-
	Other School Divisions		45,426	39,950
	First Nations		-	-
	Private Organizations and Individuals		213,313	187,301
	Other Sources		137,676	155,615
	School Generated Funds		682,492	623,795
	Other Special Purpose Funds		1,188	-
			30,416,074	29,357,130
	Expenses			
	Regular Instruction		15,757,297	15,186,214
	Student Support Services		4,309,828	4,285,210
	Adult Learning Centres		-	-
	Community Education and Services		117,680	96,858
	Divisional Administration		1,043,807	990,383
	Instructional and Other Support Services		1,064,646	985,041
	Transportation of Pupils		1,925,141	1,789,239
	Operations and Maintenance		3,512,233	3,091,346
11	Fiscal	- Interest	636,677	654,178
		- Other	457,246	438,137
	Amortization		937,097	903,765
	Other Capital Items		-	(3,102)
	School Generated Funds		598,219	661,554
	Other Special Purpose Funds		1,188	-
			30,361,059	29,078,823
	Current Year Surplus (Deficit)		55,015	278,307
	Opening Accumulated Surplus		4,433,652	22,085,505
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(18,045,780)
		Other than Tangible Cap. Assets	-	115,620
	Opening Accumulated Surplus, as adjusted		4,433,652	4,155,345
	Closing Accumulated Surplus		4,488,667	4,433,652

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	55,015	278,307
Amortization of Tangible Capital Assets	937,097	903,765
Acquisition of Tangible Capital Assets	(373,180)	(1,569,466)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,650)	-
Proceeds on Disposal of Tangible Capital Assets	1,650	-
	563,917	(665,701)
Inventories (Increase)/Decrease	(3,941)	2,028
Prepaid Expenses (Increase)/Decrease	1,305	3,629
	(2,636)	5,657
(Increase)/Decrease in Net Debt	616,296	(381,737)
Net Debt at Beginning of Year	(8,089,645)	(7,823,528)
Adjustments Other than Tangible Cap. Assets	-	115,620
Net Debt at Beginning of Year as Adjusted	(8,089,645)	(7,707,908)
Net Debt at End of Year	(7,473,349)	(8,089,645)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	55,015	278,307
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	937,097	903,765
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,650)	-
Employee Future Benefits Increase/(Decrease)	384,328	748,654
Short Term Investments (Increase)/Decrease	638	(10,293)
Due from Other Organizations (Increase)/Decrease	412,176	(967,123)
Accounts Receivable & Accrued Income (Increase)/Decrease	1,900	(13,292)
Inventories and Prepaid Expenses - (Increase)/Decrease	(2,636)	5,657
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	114,921	(402,265)
Deferred Revenue Increase/(Decrease)	196,743	305,114
School Generated Funds Liability Increase/(Decrease)	(51,242)	226,149
Adjustments Other than Tangible Cap. Assets	-	115,620
Cash Provided by Operating Transactions	2,047,290	1,190,293
Capital Transactions		
Acquisition of Tangible Capital Assets	(373,180)	(1,569,466)
Proceeds on Disposal of Tangible Capital Assets	1,650	-
Cash (Applied to)/Provided by Capital Transactions	(371,530)	(1,569,466)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(553,333)	584,435
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(553,333)	584,435
Cash and Bank / Overdraft (Increase)/Decrease	1,122,427	205,262
Cash and Bank (Overdraft) at Beginning of Year	(1,688,278)	(1,893,540)
Cash and Bank (Overdraft) at End of Year	(565,851)	(1,688,278)

Interlake School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	18,943,041	1,214,424	4,020,947	183,827	480,705	-	170,631	-	-	25,013,575	29,775,221
Adjustments	(2,049,300)	-	-	-	-	-	-	-	2,049,300	-	(6,217,998)
Opening Cost adjusted	16,893,741	1,214,424	4,020,947	183,827	480,705	-	170,631	-	2,049,300	25,013,575	23,557,223
Add: Additions during the year	2,073,137	-	292,978	-	47,576	-	-	-	(2,040,511)	373,180	1,569,466
Less: Disposals and write downs	-	-	114,206	-	92,329	-	-	-	-	206,535	113,114
Closing Cost	18,966,878	1,214,424	4,199,719	183,827	435,952	-	170,631	-	8,789	25,180,220	25,013,575
Accumulated Amortization											
Opening, as previously reported	9,478,864	272,968	2,498,961	106,704	260,936	-	-	-	-	12,618,433	-
Adjustments	-	-	-	-	-	-	-	-	-	-	11,827,782
Opening adjusted	9,478,864	272,968	2,498,961	106,704	260,936	-	-	-	-	12,618,433	11,827,782
Add: Current period Amortization	509,832	44,044	289,259	27,813	66,149	-	-	-		937,097	903,765
Less: Accumulated Amortization on Disposals and Writedowns	-	-	114,206	-	92,329	-	-	-	-	206,535	113,114
Closing Accumulated Amortization	9,988,696	317,012	2,674,014	134,517	234,756	-	-	-	-	13,348,995	12,618,433
Net Tangible Capital Asset	8,978,182	897,412	1,525,705	49,310	201,196	-	170,631	-	8,789	11,831,225	12,395,142
Proceeds from Disposal of Capital As	-	-	1,650	-	-	-	-			1,650	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Interlake School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

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Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency, except for the land at 192 2nd Avenue North, which is valued at historical cost as management believes the Crown Lands and Property Agency to have overvalued this land by $221,867.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, sick leave payouts, and supplementary unemployment benefits. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Plan

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Pension - No amounts are recorded in the financial statements for future pension costs. The Division participates in the Manitoba Association of School Trustees (MAST) Pension Plan for non-teaching employees. Contributions are made by the Division and each eligible employee. After two years of participating, contributions become vested. The Division pays the operating costs of the plan and investment management fees for the plan for all active employees. Contribution costs are calculated as a percentage of salary, which ranges from 9.0% to 11.65%, depending upon the employees age, less the employees contributions to the Canada Pension Plan in that particular year.

Long-term Disability - Long term disability benefits are covered by a defined contribution/insured plan fully financed by employees. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Life Insurance - The Division participates in the Manitoba Public School Employee Life Insurance Plan, underwritten by Canada Life. Costs for the compulsory 200% x salary coverage are shared equally by the employee and the Division. Expenses are recorded as incurred. No future obligation is recorded on the financial statements.

Defined Benefit Plan

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division.

Sick Leave Allowance - The Division offers a sick leave allowance to employees, of which unused days are accumulated to maximum ranging from 85 to 120 days depending upon the employee group. Employees with five years of continuous year's employment are eligible upon their retirement, death or severance to receive a lump sum payment equal to one half of their accumulated allowance. The lump sum is paid out at the rate of pay in effect at the time of payment. Costs recorded in the financial statements are based on current earnings of employees.

Supplemental Employment Benefits Plan - The Division offers Teachers a Supplemental Employment Benefits (SEB) plan for members taking parenting leave, which provides a top up to employment insurance for seventeen weeks. Benefit costs are accrued and expensed when an employee commences their leave. Future obligations for employees who have commenced their leaves are recorded in the financial statements based on current earnings of employees.

Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized revolving demand facility with Sunova Credit Union of $8,000,000 by way of overdrafts. Overdrafts bear interest at Prime less 0.75% and are secured by a borrowing by-law supporting the facility.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to non-teaching employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements. Employee benefits and allowances include the Division's contribution of $340,279 ($316,650 in 2007).

Employee future benefits recorded as a liability represents sick leave allowance and supplemental employment benefits payable for eligible employees of $1,132,982 ($748,654 in 2007).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in period	Revenue recognized in period	Balance as at June 30, 2008
Education Property Tax Credit (EPTC)	$ 1,176,285	$ 2,860,474	$ 2,663,731	$ 1,373,028

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $ 174,907 ($226,149 in 2007).

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2008 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.00% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Interest	Principal	Total
2008/2009	$ 582,461	$ 547,411	$ 1,129,872
2009/2010	541,728	580,297	1,122,025
2010/2011	498,610	609,560	1,108,170
2011/2012	453,510	630,455	1,083,964
2012/2013	407,567	555,335	962,903
	$ 2,483,876	$ 2,923,058	$ 5,406,934

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $ nil (previous year $ nil).

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	1,092,508	1,194,855
	1,092,508	1,194,855
Capital Fund		
Reserve Accounts	422,959	339,286
Equity in Tangible Capital Assets	2,811,066	2,821,650
	3,234,025	3,160,936
Special Purpose Fund		
School Generated Funds	162,134	77,861
Other Special Purpose Funds	-	-
	162,134	77,861
Total Accumulated Surplus	$ 4,488,677	$ 4,433,652

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus Reserve	$ 347,959	339,286
Stonewall Collegiate Gym Reserve	75,000	-
Capital Reserve	$ 422,959	339,286

10. Municipal Government – Property Tax and Related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 48% from 2007 tax year and 52% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 8,910,700	$ 8,999,380
Receivable – Due from Municipal – Property Tax	$ 4,461,789	$ 4,608,160

11. Interest Received and Paid

The Division received interest during the year of $48,203 (previous year $46,123); interest paid during the year was $636,677 (previous year $654,178).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 29,917	$ 44,544
Capital Fund		
Debenture interest	606,760	609,634
Other interest	-	-
	$ 636,677	$ 654,178

The accrual portion of debenture debt interest expense of $ 221,083 ($239,456 in 2007) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 21,061,604	$ 21,179,268	$ 20,327,156
Employees benefits and allowances	1,469,125	1,513,414	1,430,406
Services	2,833,752	2,452,730	2,398,102
Supplies, materials & minor equipment	1,979,194	1,929,488	1,822,385
Interest	636,677	661,753	654,178
Payroll tax	457,246	460,000	438,137
Amortization	937,097	-	903,765
Transfers	386,957	416,100	446,242
Loss / (Gain) on disposal of capital assets	-	-	(3,102)
School generated funds	598,219	-	661,554
Other special purpose funds	1,188	-	-
	$ 30,361,059	$ 28,612,753	$ 29,078,823

13. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $11,568 ($10,810 in 2007). These amounts are not included in the Division's consolidated financial statements.

14. Trust Funds

The school division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Kelsey School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Haugen Morrish Angers, Chartered Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Chairperson

Secretary-Treasurer

February 5, 2009

HAUGEN MORRISH ANGERS
CHARTERED ACCOUNTANTS

P.O. Box 1200, [illegible] Ross Avenue
The Pas, Manitoba R9A [illegible]
Tel [illegible]
Fax [illegible]
1-800 [illegible]

AUDITORS' REPORT

(in accordance with subsection 41(11) of the Public Schools Act)

KELSEY SCHOOL DIVISION NO. 45

We have audited the consolidated statement of financial position of Kelsey School Division No. 45 as at June 30, 2008 and the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt and the consolidated statement of cash flow for the year then ended. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Kelsey School Division No. 45 as at June 30, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Haugen Morrish Angers
CHARTERED ACCOUNTANTS

The Pas, Manitoba
February 5, 2009

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

Feb 9/09

Date Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	627,787	524,249
	- Federal Government	39,747	51,910
	- Municipal Government	1,726,810	1,600,244
	- Other School Divisions	20,460	6,825
	- First Nations	357,882	389,507
	Accounts Receivable	20,466	14,890
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,793,152	2,587,625
	Liabilities		
*	Overdraft	789,802	1,199,993
	Accounts Payable	634,642	589,144
	Accrued Liabilities	561,955	473,792
	Employee Future Benefits	-	-
	Accrued Interest Payable	-	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	210,963	14,720
*	Debenture Debt	3,033,324	2,976,168
	Other Borrowings	-	-
	School Generated Funds Liability	50,604	48,695
		5,281,290	5,302,512
	Net Debt	(2,488,138)	(2,714,887)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	3,324,668	3,361,814
	Inventories	-	-
	Prepaid Expenses	72,442	40,179
		3,397,110	3,401,993
*	**Accumulated Surplus**	908,972	687,106

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		11,800,043	12,086,775
	Federal Government		-	-
	Municipal Government	- Property Tax	4,102,107	3,303,642
		- Other	-	-
	Other School Divisions		20,460	6,825
	First Nations		55,905	164,090
	Private Organizations and Individuals		82,388	74,949
	Other Sources		99,058	95,876
	School Generated Funds		408,853	495,197
	Other Special Purpose Funds		-	-
			16,568,814	16,227,354
	Expenses			
	Regular Instruction		7,600,099	7,362,016
	Student Support Services		3,432,925	3,365,191
	Adult Learning Centres		488,986	478,327
	Community Education and Services		52,274	59,373
	Divisional Administration		580,405	557,741
	Instructional and Other Support Services		471,256	441,822
	Transportation of Pupils		484,899	465,775
	Operations and Maintenance		1,979,422	1,977,011
*	Fiscal	- Interest	244,161	362,969
		- Other	253,848	251,800
	Amortization		339,626	363,632
	Other Capital Items		15,692	11,242
	School Generated Funds		403,355	468,478
	Other Special Purpose Funds		-	-
			16,346,948	16,165,377
	Current Year Surplus (Deficit)		221,866	61,977
	Opening Accumulated Surplus		687,106	11,824,258
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(11,377,056)
		Other than Tangible Cap. Assets	-	177,927
	Opening Accumulated Surplus, as adjusted		687,106	625,129
	Closing Accumulated Surplus		908,972	687,106

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	221,866	61,977
Amortization of Tangible Capital Assets	339,626	363,632
Acquisition of Tangible Capital Assets	(302,480)	(260,038)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	37,146	103,594
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(32,263)	(15,506)
	(32,263)	(15,506)
(Increase)/Decrease in Net Debt	226,749	150,065
Net Debt at Beginning of Year	(2,714,887)	(3,042,879)
Adjustments Other than Tangible Cap. Assets	-	177,927
Net Debt at Beginning of Year as Adjusted	(2,714,887)	(2,864,952)
Net Debt at End of Year	(2,488,138)	(2,714,887)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	221,866	61,977
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	339,626	363,632
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(199,951)	50,929
Accounts Receivable & Accrued Income (Increase)/Decrease	(5,576)	505,632
Inventories and Prepaid Expenses - (Increase)/Decrease	(32,263)	(15,506)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	133,661	(127,526)
Deferred Revenue Increase/(Decrease)	196,243	(4,855)
School Generated Funds Liability Increase/(Decrease)	1,909	48,695
Adjustments Other than Tangible Cap. Assets	-	177,927
Cash Provided by Operating Transactions	655,515	1,060,905
Capital Transactions		
Acquisition of Tangible Capital Assets	(302,480)	(260,038)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(302,480)	(260,038)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	57,156	(104,166)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	57,156	(104,166)
Cash and Bank / Overdraft (Increase)/Decrease	410,191	696,701
Cash and Bank (Overdraft) at Beginning of Year	(1,199,993)	(1,896,694)
Cash and Bank (Overdraft) at End of Year	(789,802)	(1,199,993)

Kelsey School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	13,959,455	303,458	788,089	70,201	143,945	104,700	196,213	-	60,212	15,626,273	14,842,464
Adjustments	-	-	-	-	-	-	-	-	-	-	523,771
Opening Cost adjusted	13,959,455	303,458	788,089	70,201	143,945	104,700	196,213	-	60,212	15,626,273	15,366,235
Add: Additions during the year	268,840	-	-	-	45,461	-	-	-	(11,821)	302,480	260,038
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	14,228,295	303,458	788,089	70,201	189,406	104,700	196,213	-	48,391	15,928,753	15,626,273
Accumulated Amortization											
Opening, as previously reported	11,432,467	303,458	271,758	64,681	109,896	82,199	-	-	-	12,264,459	-
Adjustments	-	-	-	-	-	-	-	-	-	-	11,900,827
Opening adjusted	11,432,467	303,458	271,758	64,681	109,896	82,199	-	-	-	12,264,459	11,900,827
Add: Current period Amortization	233,324	-	73,035	5,520	24,747	3,000	-	-		339,626	363,632
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	11,665,791	303,458	344,793	70,201	134,643	85,199	-	-	-	12,604,085	12,264,459
Net Tangible Capital Asset	2,562,504	-	443,296	-	54,763	19,501	196,213	-	48,391	3,324,668	3,361,814
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

Kelsey School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. COMPARATIVE FIGURES

The 2007 comparative figures have been restated to account for a change in the amortization period from 15 to 25 years for the buildings in the capital fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants.

a) *Reporting Entity and Consolidation*

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) *Basis of Accounting*

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) *Fund Accounting*

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

d) *School Generated Funds*

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) *Tangible Capital Assets*

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

The Division adopted the following policy(ies) with respect to accounting for these employee future benefits:

I) Defined contribution / insured benefit plans

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution:

TRAF pension is determined by number of years of service and salary. Contributions are 6.8% of salary and 8.4% when you reach your yearly maximum pensionable earnings amount.

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the Division's fixed contribution for the period.

g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

h) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. OVERDRAFT

The Division has an authorized borrowing agreement with the Westoba Credit Union of $3,000,000 by way of overdrafts and is repayable on demand at prime less .05%, interest is paid monthly. Overdrafts are secured by the assignment of all taxes levied or to be levied by the School Division for the current year.

5. DEFERRED REVENUE

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Time Expired Funding Lost	Balance as at June 30, 2008
Environmental Assistance	$ 14,720	$ -	$ 4,860	$ 9,860
Kelsey Learning Centre		191,380		191,380
Heathy Schools Grant		9,723		9,723
	$ 14,720	$ 201,103	$ 4,860	$ 210,963

6. SCHOOL GENERATED FUNDS LIABILITY

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $260,748 (2007 - $48,695).

7. DEBENTURE DEBT

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2026. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.5%. Debenture interest expense payable as at June 30, 2008 is accrued and recorded in accrued interest payable and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in due from provincial government.

The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 249,073	$ 209,617	$ 458,690
2010	230,630	187,906	418,536
2011	241,120	168,577	409,697
2012	207,422	148,584	356,006
2013	207,498	131,126	338,624
	$ 1,135,743	$ 845,810	$ 1,981,553

8. NET TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$ 15,928,753	$ 12,604,085	$ 3,324,668	$ 3,021,797
	$ 15,928,753	$ 12,604,085	$ 3,324,668	$ 3,021,797

9. ACCUMULATED SURPLUS (DEFICIT)

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	-	-
Undesignated Surplus	455,875	157,026
	455,875	157,026

Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets (as restated)	242,953	325,434
	242,953	325,434
Special Purpose Fund		
School Generated Funds	210,144	204,646
Other Special Purpose Funds	-	-
	210,144	204,646
Total Accumulated Surplus (Deficit)	$ 908,972	$ 687,106

10. RESTATEMENT OF OPENING CAPITAL FUND ACCUMULATED SURPLUS

The restatement of Opening Capital Fund Accumulated Surplus is a prior period adjustment and is comprised of:

	2007
Capital Fund	
Tangible Capital Assets, as previously reported at June 30, 2007	(14,583)
Accumulated Amortization for 2006 & prior	304,006
Change in Amortization for 2007	36,011
Capital Surplus, as restated	$ 325,434

These adjustments are a result of the change in the amortization policy for buildings. Amortization period increased from 15 to 25 years for 2007 year and prior on certain additions.

11. MUNICIPAL GOVERNMENT - PROPERTY TAX AND RELATED DUE FROM MUNICIPAL GOVERNMENT

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 4,102,107	$ 3,303,642
Receivable-Due from Municipal-Property Tax	$ 1,726,810	$ 1,600,244

12. INTEREST RECEIVED AND PAID

The Division received interest during the year of $512 (previous year $793); interest paid during the year was $244,161 (previous year $362,969).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 34,021
Capital Fund	
Debenture debt	210,140
Interest	
Other interest	-
	$ 244,161

The accrual portion of debenture debt interest expense of $91,338 (2007 - $95,872) included under the capital fund - debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. EXPENSES BY OBJECT

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 11,902,786	$ 11,776,328	$ 11,460,869
Employees benefits & allowances	1,001,553	1,000,912	1,004,018
Services	1,299,500	1,323,270	1,322,235
Supplies, materials & minor equipment	871,530	938,408	904,381
Interest	244,161	40,000	362,969
Bad debts	-	-	-
Payroll tax	253,848	245,000	251,800
Amortization	339,626	-	363,632
Other capital items	15,692	-	11,242
School generated funds	403,355	-	468,478
Transfers	14,897	20,000	15,753
	$ 16,346,948	$ 15,343,918	$ 16,165,377

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Lakeshore School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson	Secretary-Treasurer

October 30, 2008

Collins Barrow
Chartered Accountants

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One Wesley Avenue
Winnipeg, Manitoba
R3C 4C6

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Auditors' Report

To the Chairperson and Trustees
Lakeshore School Division

We have audited the Consolidated Statement of Financial Position for the Lakeshore School Division as at June 30, 2008, and the Consolidated Statement of Revenue, Expenses and Accumulated Surplus, Consolidated Statement of Change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2008. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to Special Purpose Fund Revenue, Net Current year surplus (deficit) and Closing Accumulated Surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of Special Purpose Fund Revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplementary information shown.

Winnipeg, Canada
October 30, 2008

Collins Barrow
CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

Nov. 25, 2008

DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	805,199	810,019
	Short Term Investments	-	-
	Due from - Provincial Government	496,010	350,787
	- Federal Government	28,096	199,762
8	- Municipal Government	1,700,872	1,868,562
	- Other School Divisions	19,762	13,865
	- First Nations	139,648	34,320
	Accounts Receivable	18,906	38,783
	Accrued Investment Income	-	-
	Other Investments	-	-
		3,208,493	3,316,098
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	388,481	1,484,991
	Accrued Liabilities	1,155,782	1,000,734
	Employee Future Benefits	134,829	52,243
	Accrued Interest Payable	295,891	293,596
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Deferred Revenue	186,518	90,165
5	Debenture Debt	11,641,133	11,492,107
	Other Borrowings	-	-
4	School Generated Funds Liability	-	-
		13,802,634	14,413,836
	Net Debt	(10,594,141)	(11,097,738)
	Non-Financial Assets		
6	Net Tangible Capital Assets (TCA Schedule)	13,820,484	14,155,310
	Inventories	-	-
	Prepaid Expenses	20,521	47,770
		13,841,005	14,203,080
7	**Accumulated Surplus**	3,246,864	3,105,342

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		10,344,168	9,464,274
	Federal Government		-	-
8	Municipal Government	- Property Tax	2,864,787	3,445,326
		- Other	-	-
	Other School Divisions		77,775	94,735
	First Nations		776,496	627,247
	Private Organizations and Individuals		285,880	231,014
	Other Sources		(28,408)	93,718
	School Generated Funds		346,511	428,355
	Other Special Purpose Funds		10,051	10,903
			14,677,260	14,395,572
	Expenses			
	Regular Instruction		6,488,883	6,820,421
	Student Support Services		2,223,528	1,896,021
	Adult Learning Centres		239,942	207,851
	Community Education and Services		304,651	241,663
	Divisional Administration		457,871	434,448
	Instructional and Other Support Services		428,353	401,380
	Transportation of Pupils		1,274,691	1,231,521
	Operations and Maintenance		1,243,967	1,121,896
9	Fiscal	- Interest	641,212	695,283
		- Other	199,681	193,253
	Amortization		676,895	542,774
	Other Capital Items		-	-
	School Generated Funds		343,368	438,098
	Other Special Purpose Funds		12,696	9,332
			14,535,738	14,233,941
	Current Year Surplus (Deficit)		141,522	161,631
	Opening Accumulated Surplus		3,105,342	13,597,714
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(10,783,212)
		Other than Tangible Cap. Assets	-	129,209
	Opening Accumulated Surplus, as adjusted		3,105,342	2,943,711
	Closing Accumulated Surplus		3,246,864	3,105,342

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	141,522	161,631
Amortization of Tangible Capital Assets	676,895	542,774
Acquisition of Tangible Capital Assets	(508,080)	(5,450,248)
(Gain) / Loss on Disposal of Tangible Capital Assets	159,097	(3,097)
Proceeds on Disposal of Tangible Capital Assets	6,914	3,097
	334,826	(4,907,474)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	27,249	(29,555)
	27,249	(29,555)
(Increase)/Decrease in Net Debt	503,597	(4,775,398)
Net Debt at Beginning of Year	(11,097,738)	(6,451,549)
Adjustments Other than Tangible Cap. Assets	-	129,209
Net Debt at Beginning of Year as Adjusted	(11,097,738)	(6,322,340)
Net Debt at End of Year	(10,594,141)	(11,097,738)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	141,522	161,631
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	676,895	542,774
(Gain)/Loss on Disposal of Tangible Capital Assets	159,097	(3,097)
Employee Future Benefits Increase/(Decrease)	82,586	52,243
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	82,908	(465,443)
Accounts Receivable & Accrued Income (Increase)/Decrease	19,877	66,445
Inventories and Prepaid Expenses - (Increase)/Decrease	27,249	(29,555)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(939,167)	843,416
Deferred Revenue Increase/(Decrease)	96,353	(51,261)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	129,209
Cash Provided by Operating Transactions	347,320	1,246,362
Capital Transactions		
Acquisition of Tangible Capital Assets	(508,080)	(5,450,248)
Proceeds on Disposal of Tangible Capital Assets	6,914	3,097
Cash (Applied to)/Provided by Capital Transactions	(501,166)	(5,447,151)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	149,026	5,052,158
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	149,026	5,052,158
Cash and Bank / Overdraft (Increase)/Decrease	(4,820)	851,369
Cash and Bank (Overdraft) at Beginning of Year	810,019	(41,350)
Cash and Bank (Overdraft) at End of Year	805,199	810,019

Lakeshore School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	12,438,905	498,069	2,127,421	-	341,780	-	36,265	-	7,587,045	23,029,485	20,031,048
Adjustments	-	-	-	-	-	-	-	-	-	-	(2,451,811)
Opening Cost adjusted	12,438,905	498,069	2,127,421	-	341,780	-	36,265	-	7,587,045	23,029,485	17,579,237
Add: Additions during the year	7,920,847	-	-	25,738	57,761	-	-	-	(7,496,266)	508,080	5,450,248
Less: Disposals and write downs	547,236	-	-	-	-	-	-	-		547,236	-
Closing Cost	19,812,516	498,069	2,127,421	25,738	399,541	-	36,265	-	90,779	22,990,329	23,029,485
Accumulated Amortization											
Opening, as previously reported	7,335,741	479,263	899,119	-	160,052	-	-	-	-	8,874,175	-
Adjustments	-	-	-	-	-	-	-	-	-	-	8,331,401
Opening adjusted	7,335,741	479,263	899,119	-	160,052	-	-	-	-	8,874,175	8,331,401
Add: Current period Amortization	416,973	1,393	206,577	2,574	49,378	-	-	-		676,895	542,774
Less: Accumulated Amortization on Disposals and Writedowns	381,225	-	-	-	-	-	-	-	-	381,225	-
Closing Accumulated Amortization	7,371,489	480,656	1,105,696	2,574	209,430	-	-	-	-	9,169,845	8,874,175
Net Tangible Capital Asset	12,441,027	17,413	1,021,725	23,164	190,111	-	36,265	-	90,779	13,820,484	14,155,310
Proceeds from Disposal of Capital As	-	-	6,914	-	-	-	-			6,914	3,097

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and The Lakeshore Foundation of Manitoba Inc. controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation wherever possible.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statue. The trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set our in the trust indenture.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

2. Significant Accounting Policies - Continued

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are student council funds, yearbook funds, graduation funds and specified sports and cultural funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land and buildings acquired before June 30, 1995, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

All land acquired prior to June 30, 1995 has been valued using information provided by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets - Continued

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides other future benefits to its employees. Theses benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with the Canadian Imperial Bank of Commerce of $3,000,000 by way of overdrafts and is repayable on demand at prime less 0.25%: interest is paid monthly. $3,000,000 remains available on this line of credit. Overdrafts are secured by temporary borrowing by-laws.

4. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances.

5. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.625%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture repayments in the next five years are:

	Principal	Interest	Total
2009	$ 463,995	645,105	1,109,100
2010	484,329	617,450	1,101,779
2011	512,878	588,901	1,101,779
2012	543,194	558,585	1,101,779
2013	557,771	526,389	1,084,160
	$2,562,167	$2,936,430	$5,498,597

6. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$ 22,990,329	$ 9,169,845	$ 13,820,484	$ 14,155,310
Capital lease	-	-	-	-
	$ 22,990,329	$ 9,169,845	$ 13,820,484	$ 14,155,310

7. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	549,827	673,650
	549,827	673,850
Capital Fund		
Reserve Accounts	585,877	3,097
Equity in Tangible Capital Assets	1,989,625	2,307,558
	2,575,502	2,310,655
Special Purpose Fund		
School Generated Funds	107,135	103,991
Other Special Purpose Funds	14,400	17,046
	121,535	121,037
Total Accumulated Surplus	$ 3,246,864	$ 3,105,342

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use, Scholarship Awards and donations for school projects.

8. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$2,864,787	$3,445,326
Receivable-Due from Municipal-Property Tax	$1,700,872	$1,868,562

9. Interest Received and Paid

The Division received interest during the year of $37,891 (2007; $40,135); interest paid during the year was $641,212 (2007; $695,283).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ -	$ 11,089
Capital Fund		
Debenture debt interest	641,212	684,194
	$ 641,212	$ 695,283

The accrual portion of debenture debt interest expense of $295,891 (2007; $293,596) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

10. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 9,516,018	$ 9,500,542	$ 9,056,782
Employees benefits and allowances	775,224	822,959	763,778
Services	1,285,515	1,039,209	1,117,900
Supplies, materials and minor equipment	1,046,680	1,188,865	1,380,783
Interest	641,212	25,000	695,283
Payroll tax	199,681	200,000	193,253
Transfers	671,332	43,100	35,958
Amortization	676,895		542,774
Loss (Gain) and disposal of capital assets	159,097		(3,097)
School generated funds	343,368		438,098
Other special purpose funds	12,696		9,332
	$ 15,327,718	$ 12,819,675	$ 14,230,844

11. Budget Figures and Non Financial Information

The 2008 budget figures, student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Lord Selkirk School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 2, 2008

BDO .woody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Chairperson and Board of Trustees of
Lord Selkirk School Division

We have audited the consolidated statement of financial position of **Lord Selkirk School Division** as at June 30, 2008 and the consolidated statement of revenues, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements, schedules and reports, when considered in relation to the aforementioned consolidated financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
October 2, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

October 21, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	837,521
	Short Term Investments	-	-
	Due from - Provincial Government	1,529,511	1,032,135
	- Federal Government	104,759	129,842
	- Municipal Government	8,306,271	8,762,510
	- Other School Divisions	12,902	12,285
	- First Nations	152,835	100,221
	Accounts Receivable	81,050	41,597
	Accrued Investment Income	-	-
	Other Investments	-	-
		10,187,328	10,916,111
	Liabilities		
*	Overdraft	69,700	-
	Accounts Payable	3,315,266	3,986,208
	Accrued Liabilities	2,600,252	2,949,511
	Employee Future Benefits	-	-
	Accrued Interest Payable	557,969	463,883
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	2,296,029	1,770,140
*	Debenture Debt	20,475,797	17,892,950
	Other Borrowings	-	-
	School Generated Funds Liability	70,153	50,820
		29,385,166	27,113,512
	Net Debt	(19,197,838)	(16,197,401)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	29,151,387	27,542,760
	Inventories	30,601	34,427
	Prepaid Expenses	61,835	58,755
		29,243,823	27,635,942
*	**Accumulated Surplus**	10,045,985	11,438,541

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		29,626,782	27,879,594
	Federal Government		150,782	38,464
	Municipal Government	- Property Tax	14,269,862	14,978,085
		- Other	-	-
	Other School Divisions		183,700	178,550
	First Nations		489,846	410,787
	Private Organizations and Individuals		597,315	600,270
	Other Sources		(188,275)	199,614
	School Generated Funds		1,154,676	982,624
	Other Special Purpose Funds		-	-
			46,284,688	45,267,988
	Expenses			
	Regular Instruction		25,500,911	24,072,706
	Student Support Services		6,700,438	6,231,547
	Adult Learning Centres		307,279	300,880
	Community Education and Services		496,746	342,549
	Divisional Administration		1,308,165	1,212,096
	Instructional and Other Support Services		1,214,482	1,106,032
	Transportation of Pupils		2,090,807	2,014,279
	Operations and Maintenance		4,705,792	4,154,631
*	Fiscal	- Interest	1,217,085	820,023
		- Other	711,851	673,872
	Amortization		2,020,934	1,810,537
	Other Capital Items		281,891	-
	School Generated Funds		1,120,863	970,184
	Other Special Purpose Funds		-	-
			47,677,244	43,709,336
	Current Year Surplus (Deficit)		(1,392,556)	1,558,652
	Opening Accumulated Surplus		11,438,541	35,397,084
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(25,781,719)
		Other than Tangible Cap. Assets	-	264,524
	Opening Accumulated Surplus, as adjusted		11,438,541	9,879,889
	Closing Accumulated Surplus		10,045,985	11,438,541

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(1,392,556)	1,558,652
Amortization of Tangible Capital Assets	2,020,934	1,810,537
Acquisition of Tangible Capital Assets	(4,184,481)	(9,069,616)
(Gain) / Loss on Disposal of Tangible Capital Assets	550,847	-
Proceeds on Disposal of Tangible Capital Assets	4,073	-
	(1,608,627)	(7,259,079)
Inventories (Increase)/Decrease	3,826	2,108
Prepaid Expenses (Increase)/Decrease	(3,080)	12,105
	746	14,213
(Increase)/Decrease in Net Debt	(3,000,437)	(5,686,214)
Net Debt at Beginning of Year	(16,197,401)	(10,775,711)
Adjustments Other than Tangible Cap. Assets	-	264,524
Net Debt at Beginning of Year as Adjusted	(16,197,401)	(10,511,187)
Net Debt at End of Year	(19,197,838)	(16,197,401)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(1,392,556)	1,558,652
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,020,934	1,810,537
(Gain)/Loss on Disposal of Tangible Capital Assets	550,847	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(69,285)	(1,181,695)
Accounts Receivable & Accrued Income (Increase)/Decrease	(39,453)	20,109
Inventories and Prepaid Expenses - (Increase)/Decrease	746	14,213
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(926,115)	1,263,245
Deferred Revenue Increase/(Decrease)	525,889	305,992
School Generated Funds Liability Increase/(Decrease)	19,333	50,820
Adjustments Other than Tangible Cap. Assets	-	264,524
Cash Provided by Operating Transactions	690,340	4,106,397
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,184,481)	(9,069,616)
Proceeds on Disposal of Tangible Capital Assets	4,073	-
Cash (Applied to)/Provided by Capital Transactions	(4,180,408)	(9,069,616)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	2,582,847	6,727,063
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	2,582,847	6,727,063
Cash and Bank / Overdraft (Increase)/Decrease	(907,221)	1,763,844
Cash and Bank (Overdraft) at Beginning of Year	837,521	(926,323)
Cash and Bank (Overdraft) at End of Year	(69,700)	837,521

Lord Selkirk School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	29,376,579	3,774,929	3,669,020	100,259	1,375,884	1,356,433	279,518	1,297,990	9,143,040	50,373,652	46,065,400
Adjustments	-	-	-	-	-	-	-	-	-	-	(4,761,364)
Opening Cost adjusted	29,376,579	3,774,929	3,669,020	100,259	1,375,884	1,356,433	279,518	1,297,990	9,143,040	50,373,652	41,304,036
Add: Additions during the year	11,079,952	5,736	566,322	53,054	326,888	186,187	-	81,133	(8,114,791)	4,184,481	9,069,616
Less: Disposals and write downs	693,094	75,983	-	-	32,662	61,365	-	-		863,104	-
Closing Cost	39,763,437	3,704,682	4,235,342	153,313	1,670,110	1,481,255	279,518	1,379,123	1,028,249	53,695,029	50,373,652
Accumulated Amortization											
Opening, as previously reported	17,459,937	1,830,770	1,710,352	88,544	567,857	750,400	-	423,032	-	22,830,892	-
Adjustments	-	-	-	-	-	-	-	-	-	-	21,020,355
Opening adjusted	17,459,937	1,830,770	1,710,352	88,544	567,857	750,400	-	423,032	-	22,830,892	21,020,355
Add: Current period Amortization	948,833	100,142	357,334	11,805	251,366	217,598	-	133,856		2,020,934	1,810,537
Less: Accumulated Amortization on Disposals and Writedowns	191,869	75,983	-	-	32,662	7,670	-	-	-	308,184	-
Closing Accumulated Amortization	18,216,901	1,854,929	2,067,686	100,349	786,561	960,328	-	556,888	-	24,543,642	22,830,892
Net Tangible Capital Asset	21,546,536	1,849,753	2,167,656	52,964	883,549	520,927	279,518	822,235	1,028,249	29,151,387	27,542,760
Proceeds from Disposal of Capital As	-	-	4,073	-	-		-			4,073	-

* Includes network infrastructure.

LORD SELKIRK SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008

1. Nature of Organization and Economic Dependence

The Lord Selkirk School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its administrative employees as a defined contribution plan, under the Manitoba Association of School Trustees Pension Plan (MAST). The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Plan

Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with TD Canada Trust of $4,500,000 by way of overdrafts and is repayable on demand at prime less .75%; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $592,305 in 2008.

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in period	Revenue recognized in period	Balance as at June 30, 2008
Operating Fund				
Education Property Tax Credit (EPTC)	$ 1,397,549	$ 4,740,949	$4,317,455	$ 1,821,043
Making Education Work	17,618	82,648	85,925	14,341
START	20,648	55,079	48,240	27,487
Breakfast Programs	9,461	5,209	8,698	5,972
International Students Program	164,886	178,102	191,653	151,335
Community Stadium	27,590	1,109	-	28,699
Other	24,997	139,656	24,997	139,656
	1,662,749	5,202,752	4,676,968	2,188,533
Capital Fund				
Capital Fund Donations	107,391	6,000	5,895	107,496
Total	$ 1,770,140	5,208,752	4,682,863	2,296,029

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $ 70,153.

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2007 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 12%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Total
2009	$ 2,136,619
2010	2,101,550
2011	1,969,010
2012	1,891,062
2013	1,871,989
	$ 9,970,230

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $ nil (previous year $ nil).

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ -	807,016
Undesignated Surplus	1,433,349	1,567,052
	1,433,349	2,374,068
Capital Fund		
Reserve Accounts	431,109	196,395
Equity in Tangible Capital Assets	7,870,850	8,591,114
	8,301,859	8,787,509
Special Purpose Fund		
School Generated Funds	310,777	276,964
Other Special Purpose Funds	-	-
	310,777	276,964
Total Accumulated Surplus	$10,045,985	11,438,541

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 18,587,317	$ 18,568,903
Receivable – Due from Municipal – Property Tax	$ 8,306,271	$ 8,762,510

11. Interest Received and Paid

The Division received interest during the year of $55,778 (previous year $42,026); interest paid during the year was $1,122,998 (previous year $820,023).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 65,180	$ 64,755
Capital Fund		
Debenture interest	1,151,905	755,268
Other interest	-	-
	$ 1,217,085	$ 820,023

The accrual portion of debenture debt interest expense of $ 557,970 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 32,814,972	$32,383,665	$31,140,183
Employees benefits and allowances	2,730,627	2,568,295	2,523,319
Services	3,357,171	3,235,765	3,045,313
Supplies, materials & minor equipment	3,219,197	3,322,275	2,531,246
Interest	1,217,085	75,000	820,023
Bad debts	-	-	-
Payroll tax	711,851	697,505	673,872
Amortization	2,020,934	-	1,810,537
Transfers	202,653	245,800	194,659
Other capital items	281,891	-	-
School generated funds	1,120,863	-	970,184
Other special purpose funds		-	-
	$ 47,677,244	$ 42,528,305	$ 43,709,336

DIVISION SCOLAIRE
LOUIS RIEL
SCHOOL DIVISION

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Louis Riel School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Dunwoody LLP Chartered Accountants and Advisors, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Chairperson

Secretary-Treasurer

September 25, 2008

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Chairperson and Board of Trustees of
Louis Riel School Division

We have audited the consolidated statement of financial position of **Louis Riel School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 25, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

Oct 21, 2008

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	2,237,921	-
	Short Term Investments	-	-
	Due from - Provincial Government	4,220,854	1,782,514
	- Federal Government	531,530	229,004
	- Municipal Government	24,463,184	24,233,619
	- Other School Divisions	119,762	279,420
	- First Nations	-	-
	Accounts Receivable	479,081	1,204,315
	Accrued Investment Income	-	-
	Other Investments	-	-
		32,052,332	27,728,872
	Liabilities		
	Overdraft	-	4,572,956
	Accounts Payable	10,970,714	4,079,088
	Accrued Liabilities	1,865,107	1,450,925
	Employee Future Benefits	-	-
	Accrued Interest Payable	622,490	714,136
	Due to - Provincial Government	6,323	16,911
	- Federal Government	12,183	3,622
	- Municipal Government	-	-
	- Other School Divisions	2,086,386	1,658,306
	- First Nations	-	-
*	Deferred Revenue	7,080,761	6,110,353
*	Debenture Debt	23,016,093	24,018,312
	Other Borrowings	-	-
	School Generated Funds Liability	(39,419)	178,224
		45,620,638	42,802,833
	Net Debt	(13,568,306)	(15,073,961)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	39,721,388	40,266,119
	Inventories	60,596	49,434
	Prepaid Expenses	786,391	662,142
		40,568,375	40,977,695
*	**Accumulated Surplus**	27,000,069	25,903,734

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		91,619,110	87,221,677
	Federal Government		-	-
	Municipal Government	- Property Tax	42,659,165	41,880,844
		- Other	-	-
	Other School Divisions		610,808	496,197
	First Nations		12,450	-
	Private Organizations and Individuals		1,369,312	1,245,733
	Other Sources		328,874	490,232
	School Generated Funds		2,837,410	4,828,638
	Other Special Purpose Funds		-	-
			139,437,129	136,163,321
	Expenses			
	Regular Instruction		74,115,366	72,455,264
	Student Support Services		26,075,853	23,829,540
	Adult Learning Centres		-	-
	Community Education and Services		817,048	781,357
	Divisional Administration		4,224,094	4,292,200
	Instructional and Other Support Services		6,626,932	6,049,509
	Transportation of Pupils		2,313,619	2,145,754
	Operations and Maintenance		14,861,671	14,353,687
*	Fiscal	- Interest	1,760,378	2,770,018
		- Other	2,159,999	2,043,275
	Amortization		2,627,116	2,565,310
	Other Capital Items		175,169	-
	School Generated Funds		2,647,866	4,597,270
	Other Special Purpose Funds		-	-
			138,405,111	135,883,184
	Current Year Surplus (Deficit)		1,032,018	280,137
	Opening Accumulated Surplus		25,903,734	112,011,205
*	Adjustments:	Tangible Cap. Assets and Accum. Amort.	63,230	(88,383,000)
*		Other than Tangible Cap. Assets	1,087	1,995,392
	Opening Accumulated Surplus, as adjusted		25,968,051	25,623,597
	Closing Accumulated Surplus		27,000,069	25,903,734

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	1,032,018	280,137
Amortization of Tangible Capital Assets	2,627,116	2,565,310
Acquisition of Tangible Capital Assets	(2,152,292)	(1,953,783)
(Gain) / Loss on Disposal of Tangible Capital Assets	133,137	2,574
Proceeds on Disposal of Tangible Capital Assets	-	-
	607,961	614,101
Inventories (Increase)/Decrease	(11,162)	5,419
Prepaid Expenses (Increase)/Decrease	(124,249)	(250,196)
	(135,411)	(244,777)
(Increase)/Decrease in Net Debt	1,504,568	649,461
Net Debt at Beginning of Year	(15,073,961)	(17,718,814)
Adjustments Other than Tangible Cap. Assets	1,087	1,995,392
Net Debt at Beginning of Year as Adjusted	(15,072,874)	(15,723,422)
Net Debt at End of Year	(13,568,306)	(15,073,961)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	1,032,018	280,137
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,627,116	2,565,310
(Gain)/Loss on Disposal of Tangible Capital Assets	133,137	2,574
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(2,810,773)	1,398,310
Accounts Receivable & Accrued Income (Increase)/Decrease	725,234	(910,558)
Inventories and Prepaid Expenses - (Increase)/Decrease	(135,411)	(244,777)
Due to Other Organizations Increase/(Decrease)	426,053	339,955
Accounts Payable & Accrued Liabilities Increase/(Decrease)	7,214,162	(5,020,608)
Deferred Revenue Increase/(Decrease)	970,408	1,221,374
School Generated Funds Liability Increase/(Decrease)	(217,643)	178,224
Adjustments Other than Tangible Cap. Assets	1,087	1,995,392
Cash Provided by Operating Transactions	9,965,388	1,805,333
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,152,292)	(1,953,783)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(2,152,292)	(1,953,783)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,002,219)	(1,852,690)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(1,002,219)	(1,852,690)
Cash and Bank / Overdraft (Increase)/Decrease	6,810,877	(2,001,140)
Cash and Bank (Overdraft) at Beginning of Year	(4,572,956)	(2,571,816)
Cash and Bank (Overdraft) at End of Year	2,237,921	(4,572,956)

Louis Riel School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	92,633,268	3,418,397	1,945,908	102,941	543,218	381,068	4,298,210	-	860,150	104,183,160	129,263,220
Adjustments	81,229	(75,780)	3,207	-	-	-	-	-	-	8,656	(27,033,843)
Opening Cost adjusted	92,714,497	3,342,617	1,949,115	102,941	543,218	381,068	4,298,210	-	860,150	104,191,816	102,229,377
Add: Additions during the year	2,113,529	-	188,430	-	9,136	63,748	-	309,405	(531,956)	2,152,292	1,953,783
Less: Disposals and write downs	-	-	64,137	-	-	-	69,000	-	-	133,137	-
Closing Cost	94,828,026	3,342,617	2,073,408	102,941	552,354	444,816	4,229,210	309,405	328,194	106,210,971	104,183,160
Accumulated Amortization											
Opening, as previously reported	60,199,676	2,275,712	774,291	30,942	348,125	288,295	-	-	-	63,917,041	-
Adjustments	32,837	(32,837)	(54,515)	(59)	-	-	-	-	-	(54,574)	61,349,157
Opening adjusted	60,232,513	2,242,875	719,776	30,883	348,125	288,295	-	-	-	63,862,467	61,349,157
Add: Current period Amortization	2,177,433	85,571	184,464	20,588	65,332	78,258	-	15,470		2,627,116	2,565,310
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	(2,574)
Closing Accumulated Amortization	62,409,946	2,328,446	904,240	51,471	413,457	366,553	-	15,470	-	66,489,583	63,917,041
Net Tangible Capital Asset	32,418,080	1,014,171	1,169,168	51,470	138,897	78,263	4,229,210	293,935	328,194	39,721,388	40,266,119
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

LOUIS RIEL SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Louis Riel School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension and supplemental unemployment benefits. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution plan

The division provides retirement benefits to its administrative employees through a defined contribution plan under the Manitoba Association of School Trustees Pension Plan (MAST). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contributions.

(ii) Self-insured Employee Future Benefits Plan

For those self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits; non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

h) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

j) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with The Royal Bank of $25,000,000 by way of overdrafts and is repayable on demand at prime less .75%; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employee to contribution. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee benefit expense is part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $1,596,530 in 2007/2008.

Long term disability benefits are covered by a defined contribution/ insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
Education Property Tax Credit	5,962,528	7,561,588	6,625,032	$ 6,899,084
Other	147,824	167,083	133,230	$ 181,677
	$ 6,110,353	$ 7,728,671	$ 6,758,262	$ 7,080,761

The above amounts are included in the total deferred revenue balance of the Division for funding that will not be recognized until the following fiscal year. The total deferred revenue balance at June 30, 2008 is $7,080,761 (2007 $6,110,353).

6. School Generated Funds Liability (Asset)

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of ($39,419).

	2008
Parent council funds	$ 14,473
Other parent group funds	
Students council funds	(75,389)
Travel club funds	21,497
	$ (39,419)

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.125% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	2,407,631	1,663,491	4,071,122
2010	2,046,748	1,443,781	3,490,529
2011	976,105	3,153,247	4,129,352
2012	1,827,723	1,118,904	2,946,627
2013	1,572,432	971,823	2,544,255
	$ 8,830,639	$ 8,351,246	$ 17,181,885

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	1,495,783
Undesignated Surplus	5,286,516
	6,782,299
Capital Fund	
Reserve Accounts	1,927,042
Equity in Tangible Capital Assets	16,288,180
	18,215,222
Special Purpose Fund	
School Generated Funds	2,002,548
Other Special Purpose Funds	-
	2,002,548
Total Accumulated Surplus	$ 27,000,069

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved approriation by motion	899,954
School budget carryovers by board policy	595,829
Designated surplus	$ 1,495,783

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	$ 1,927,042
Other reserves	
Capital Reserve	$ 1,927,042

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for schools.

10. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2008
Operating Fund	
Employee Future Benefits	-
Capital Fund	
Tangible Capital Assets	-
Accumulated Amortization	(64,317)
	64,317
Special Purpose Fund	
School Generated Funds	-
Other Special Purpose Funds	-
	-
Total Restatement of Opening Accumulated Surplus	$ 64,317

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period.

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 42,659,165	$ 41,880,844
Receivable-Due from Municipal-Property Tax	$ 24,463,184	$ 24,233,619

12. Interest Received and Paid

The Division received interest during the year of $329,369 (previous year $304,696); interest paid during the year was $1,760,378 (previous year $2,770,018).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 22,891
Capital Fund	
Debenture debt interest	1,737,487
Other interest	
	$ 1,760,378

13. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 100,483,320	$ 101,117,595	$ 95,992,016
Employees benefits & allowances	7,282,129	6,731,678	6,800,720
Services	13,554,179	12,673,063	13,370,454
Supplies, materials & minor equipment	6,354,622	5,745,542	6,740,954
Interest	1,760,378	150,000	2,770,018
Bad debts	-	-	-
Payroll tax	2,159,999	2,156,338	2,043,275
Amortization	2,627,116	-	2,565,310
Other capital items	175,169	-	-
School generated funds	2,647,866	-	4,597,270
Transfers	1,360,333	1,411,000	1,003,167
	$ 138,405,111	$ 129,985,216	$ 135,883,184

14. Contractual Obligations

Agreements respecting student transportation were entered into for terms ranging from one to three years. Future annual minimum operating commitments as at June 30, 2008 are as follows:

2009 $1,346,000
2010 $1,386,000

21. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act the Division is required to collect a special levy on behalf la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of the special levy was $6,894,616 ($6,673,135 in 2007).

These amounts are not included in the Division's consolidated financial statements.

MANAGEMENT RESPONSIBILITY REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Mountain View School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 2, 2008

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Mountain View School Division

We have audited the consolidated statement of financial position of the Mountain View School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 2, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

OCT 14, 2008
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,172,813	1,132,844
	- Federal Government	147,145	55,340
	- Municipal Government	5,137,235	5,089,587
	- Other School Divisions	97,351	220,754
	- First Nations	256,819	298,180
	Accounts Receivable	135,310	67,378
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,946,673	6,864,083
	Liabilities		
*	Overdraft	2,950,876	2,309,115
	Accounts Payable	1,111,944	1,127,815
	Accrued Liabilities	1,323,993	1,756,152
*	Employee Future Benefits	139,413	141,646
	Accrued Interest Payable	236,203	245,752
	Due to - Provincial Government	-	5,676
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	28,758	34,586
	- First Nations	-	-
*	Deferred Revenue	1,240,748	1,121,082
*	Debenture Debt	9,656,999	9,962,450
*	Other Borrowings	135,260	96,363
	School Generated Funds Liability	34,111	110,308
		16,858,305	16,910,945
	Net Debt	(9,911,632)	(10,046,862)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	12,733,316	13,336,757
	Inventories	280,223	184,473
	Prepaid Expenses	507,387	446,138
		13,520,926	13,967,368
*	**Accumulated Surplus**	3,609,294	3,920,506

See accompanying notes to the Financial Statements

Mountain View School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	22,824,623	22,205,441
	Federal Government	130,440	47,961
	Municipal Government - Property Tax	8,524,182	8,393,654
	- Other	-	-
	Other School Divisions	409,887	375,130
	First Nations	361,984	611,651
	Private Organizations and Individuals	257,060	320,645
	Other Sources	263,143	402,726
	School Generated Funds	515,517	369,341
	Other Special Purpose Funds	-	-
		33,286,836	32,726,549
	Expenses		
	Regular Instruction	17,866,298	17,247,490
	Student Support Services	4,495,284	4,263,175
	Adult Learning Centres	128,308	111,169
	Community Education and Services	93,563	59,055
	Divisional Administration	959,875	911,447
	Instructional and Other Support Services	987,584	1,027,194
	Transportation of Pupils	2,450,550	2,233,271
	Operations and Maintenance	3,691,944	3,768,731
*	Fiscal - Interest	736,622	931,958
	- Other	515,104	482,031
	Amortization	1,213,680	1,151,315
	Other Capital Items	-	-
	School Generated Funds	459,236	348,885
	Other Special Purpose Funds	-	-
		33,598,048	32,535,721
	Current Year Surplus (Deficit)	(311,212)	190,828
	Opening Accumulated Surplus	3,920,506	31,929,350
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(28,372,150)
	Other than Tangible Cap. Assets	-	172,478
	Opening Accumulated Surplus, as adjusted	3,920,506	3,729,678
	Closing Accumulated Surplus	3,609,294	3,920,506

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(311,212)	190,828
Amortization of Tangible Capital Assets	1,213,680	1,151,315
Acquisition of Tangible Capital Assets	(624,195)	(2,041,053)
(Gain) / Loss on Disposal of Tangible Capital Assets	6,205	(238,749)
Proceeds on Disposal of Tangible Capital Assets	7,751	286,420
	603,441	(842,067)
Inventories (Increase)/Decrease	(95,750)	(177,115)
Prepaid Expenses (Increase)/Decrease	(61,249)	(115,946)
	(156,999)	(293,061)
(Increase)/Decrease in Net Debt	135,230	(944,300)
Net Debt at Beginning of Year	(10,046,862)	(9,275,040)
Adjustments Other than Tangible Cap. Assets	-	172,478
Net Debt at Beginning of Year as Adjusted	(10,046,862)	(9,102,562)
Net Debt at End of Year	(9,911,632)	(10,046,862)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(311,212)	190,828
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,213,680	1,151,315
(Gain)/Loss on Disposal of Tangible Capital Assets	6,205	(238,749)
Employee Future Benefits Increase/(Decrease)	(2,233)	141,646
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(14,658)	(839,340)
Accounts Receivable & Accrued Income (Increase)/Decrease	(67,932)	238,668
Inventories and Prepaid Expenses - (Increase)/Decrease	(156,999)	(293,061)
Due to Other Organizations Increase/(Decrease)	(11,504)	13,198
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(457,579)	17,032
Deferred Revenue Increase/(Decrease)	119,666	229,519
School Generated Funds Liability Increase/(Decrease)	(76,197)	110,308
Adjustments Other than Tangible Cap. Assets	-	172,478
Cash Provided by Operating Transactions	241,237	893,842
Capital Transactions		
Acquisition of Tangible Capital Assets	(624,195)	(2,041,053)
Proceeds on Disposal of Tangible Capital Assets	7,751	286,420
Cash (Applied to)/Provided by Capital Transactions	(616,444)	(1,754,633)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(305,451)	2,724,016
Other Borrowings Increase/(Decrease)	38,897	(1,436,754)
Cash Provided by (Applied to) Financing Transactions	(266,554)	1,287,262
Cash and Bank / Overdraft (Increase)/Decrease	(641,761)	426,471
Cash and Bank (Overdraft) at Beginning of Year	(2,309,115)	(2,735,586)
Cash and Bank (Overdraft) at End of Year	(2,950,876)	(2,309,115)

Mountain View School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	30,749,228	2,626,963	3,909,804	395,658	2,121,791	168,931	580,392	25,000	202,263	40,780,030	40,866,840
Adjustments	-	-	-	-	-	-	-	-	-	-	(1,532,839)
Opening Cost adjusted	30,749,228	2,626,963	3,909,804	395,658	2,121,791	168,931	580,392	25,000	202,263	40,780,030	39,334,001
Add: Additions during the year	206,384	-	283,137	113,035	76,056	-	-	66,681	(121,098)	624,195	2,041,053
Less: Disposals and write downs	185,322	-	97,000	106,761	-	-	10,000	-	-	399,083	595,024
Closing Cost	30,770,290	2,626,963	4,095,941	401,932	2,197,847	168,931	570,392	91,681	81,165	41,005,142	40,780,030
Accumulated Amortization											
Opening, as previously reported	22,168,853	423,103	2,505,784	324,784	1,935,015	64,484	-	21,250	-	27,443,273	-
Adjustments	-	-	-	-	-	-	-	-	-	-	26,839,311
Opening adjusted	22,168,853	423,103	2,505,784	324,784	1,935,015	64,484	-	21,250	-	27,443,273	26,839,311
Add: Current period Amortization	717,689	96,280	259,389	36,575	67,373	30,540	-	5,834		1,213,680	1,151,315
Less: Accumulated Amortization on Disposals and Writedowns	185,322	-	97,000	102,805	-	-	-	-	-	385,127	547,353
Closing Accumulated Amortization	22,701,220	519,383	2,668,173	258,554	2,002,388	95,024	-	27,084	-	28,271,826	27,443,273
Net Tangible Capital Asset	8,069,070	2,107,580	1,427,768	143,378	195,459	73,907	570,392	64,597	81,165	12,733,316	13,336,757
Proceeds from Disposal of Capital As	-	-	6,751	-	-	-	1,000			7,751	286,420

* Includes network infrastructure.

MOUNTAIN VIEW SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

The Division also provides retirement benefits to its non-teaching employees. The Division adopted the following policy with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees.

h) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

j) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with the Bank of Montreal of $ 2,950,876 by way of overdrafts and is repayable on demand at prime - .6%; interest is paid monthly.

6. Short Term Investments

Currently the Division has no short term investments.

7. Employee Future Benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. The employee future benefit is the annual vacation earned by the twelve month non-teaching employees during the fiscal year. Typically this earned vacation entitlement is taken in the subsequent fiscal year.

	Type of Plan		2008
Employee Future Benefit Liabilities (EFBL)			
Vacation Accrual	defined benefits		$ 139,413
Pension plan	defined benefits		
Accrued EFBL		$ -	
Deduct: Pension plan assets		-	
Unamortized actuarial (gains)/losses		-	-
Long-term disability	defined contribution		-
Continuation benefits-health care, dental or life ins.	defined benefits/ vesting		-
Supplemental unemployment benefits	defined benefits/event driven		-
Total Employee Future Benefit Liability			$ 139,413
Employee future benefit expense (EFB)			$ 139,413
Payment made during the year			$ 141,646

The Division sponsors a defined contribution pension plan. The defined contribution plan is provided to non-teaching staff through the MAST Pension Plan. Eligible employees contributed a percentage of their regular salary or wage. The percentage varies according to the age of the employee. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements other than late payment interest owing for the period.

Long term disability benefits are covered by a defined contribution/ insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

8. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
Donated Capital Assets	-	-	-	-
Property Tax Credit & Healthy Child	1,121,082	1,240,748	1,121,082	1,240,748
	$ 1,121,082	$ 1,240,748	$ 1,121,082	$ 1,240,748

9. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $34,111.

		2008
Parent council funds	$	-
Other parent group funds		-
Students council funds		34,111
Travel club funds		-
	$	34,111

As a transition measure in the implementation of the new accounting policies, school generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of twelve months from April 1, 2007 to March 31, 2008.

10. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2008 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects . The debentures carry interest rates that range from 4.875% to 12.125%.

		Principal		Interest		Total
2009	$	555,542	$	601,803	$	1,157,345
2010		552,199		560,357		1,112,556
2011		564,824		520,423		1,085,247
2012		551,447		480,181		1,031,628
2013		544,111		443,066		987,177
	$	2,768,123	$	2,605,830	$	5,373,953

11. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes short term financing for the Administration facility and loans to purchase division vehicles.

		2008		2007
Admin Facility Financing - Short term	$	-		
Division Vehicle Loan		62,500		
Capital Finance for Video Conf Systems		72,760		96,363
	$	135,260	$	96,363

Admin Facility-short term financing loan had an interest rate of prime - .6%, due upon receipt of debenture and interest charges paid monthly. This loan is secured by way of a borrowing by-law.

Capital Financing for Division vehicles has an interest rate of prime - .6% interest per annum, due in 2012 and a monthly payment of $1,562 principal. This loan is secured by way of borrowing by-law.

Capital Financing for the Video Conferencing systems has an interest rate of prime - .6% interest per annum, due in 2011 and a monthly payment of $1,967 principal. This loan is secured by way of borrowing by-law.

12. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $0.00 (previous year $0.00).

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$ 41,005,142	$ 28,271,826	$ 12,733,316
Capital lease	-	-	-
	$ 41,005,142	$ 28,271,826	$ 12,733,316

13. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	84,856
Undesignated Surplus	403,439
	488,295
Capital Fund	
Reserve Accounts	100,275
Equity in Tangible Capital Assets	2,771,509
	2,871,784
Special Purpose Fund	
School Generated Funds	249,215
Other Special Purpose Funds	-
	249,215
Total Accumulated Surplus	$ 3,609,294

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved approriation by motion	-
School budget carryovers by board policy	84,856
Designated surplus	$ 84,856

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	100,275
Other reserves	-
Capital Reserve	$ 100,275

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2008
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

14. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2008
Operating Fund	
Employee Future Benefits	-
Capital Fund	
Tangible Capital Assets	-
Accumulated Amortization	-
	-
Special Purpose Fund	
School Generated Funds	-
Other Special Purpose Funds	-
	-
Total Restatement of Opening Accumulated Surplus	$ -

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period. These adjustments are the result of adopting PSAB standards.

15. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2006 tax year and 60% from 2007 tax year. Below are the related revenue and receivable amounts:

		2008		2007
Revenue-Municipal Government-Property Tax	$	8,524,182	$	8,393,654
Receivable-Due from Municipal-Property Tax	$	5,137,235	$	5,089,587

16. Interest Received and Paid

The Division received interest during the year of $1,093 (previous year $3,966); interest paid during the year was $ 736,622 (previous year $ 931,958).

Interest expense is included in Fiscal and is comprised of the following:

		2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	100,639
Capital Fund		
Debenture debt interest		629,344
Other interest		6,639
	$	736,622

17. Allowance for Doubtful Accounts

All receivables presented on the consolidated statement of financial position are net of an allowance for doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2008:

		2008
Allowance for doubtful accounts deducted from Receivables below:		
Due from First Nations	$	-
Accounts Receivable		-
	$	-
Bad debts expense (included in fiscal-Other)	$	-

18. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 23,379,312	$ 23,242,156	$ 22,551,462
Employees benefits & allowances	1,939,197	1,869,836	1,908,221
Services	2,747,345	2,667,142	2,690,633
Supplies, materials & minor equipment	2,576,133	2,664,511	2,432,264
Interest	736,622	90,000	931,958
Bad debts	-	-	-
Payroll tax and Transfer	546,523	472,209	520,983
Amortization	1,213,680	-	1,151,315
Other capital items		-	
School generated funds	459,236	-	348,885
Other special purpose funds	-	-	-
	$ 33,598,048	$ 31,005,854	$ 32,535,721

19. Contractual Obligations

Currently there are no contractual obligations affecting Mountain View School Division.

20. Contingent Liabilities

No legal action has been initiated against the Division.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Mystery Lake School District are the responsibility of the District management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 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. District management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the District met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Kendall Wall Pandya, Chartered Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibility, the scope of their examination and their opinion of the District consolidated financial statements.

Chairperson

Secretary – Treasurer

October 31, 2008

KENDALL W.-LL PANDYA

Chartered Accountants

118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919
300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957

Partners.... David Kendall, FCA
Robert Wall, FCA
Manisha Pandya, CA

AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

We have audited the Consolidated Statements of Financial Position, Revenue, Expenses and Accumulated Surplus, changes in Net Debt and Cash Flow of Mystery Lake School District as at June 30, 2008 for the year then ended. These financial statements are the responsibility of the School District's Management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects the financial position of the School District as at June 30, 2008, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

THOMPSON, MANITOBA

October 31, 2008
DATE

Kendall Wall Pandya
CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above-mentioned School Division/District.

Nov. 12/08
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	966,281	535,086
	Short Term Investments	-	-
	Due from - Provincial Government	887,097	508,583
	- Federal Government	65,421	126,683
	- Municipal Government	4,286,250	4,627,574
	- Other School Divisions	-	16,554
	- First Nations	37,103	42,447
	Accounts Receivable	306,821	66,121
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,548,973	5,923,048
	Liabilities		
	Overdraft	-	-
	Accounts Payable	334,982	179,376
	Accrued Liabilities	4,096,509	3,869,929
6	Employee Future Benefits	925,422	553,023
	Accrued Interest Payable	120,458	120,892
	Due to - Provincial Government	280,000	-
	- Federal Government	226	1,613
	- Municipal Government	-	-
	- Other School Divisions	49,560	-
	- First Nations	-	-
7	Deferred Revenue	930,529	825,956
9	Debenture Debt	6,173,730	6,045,135
	Other Borrowings	-	-
	School Generated Funds Liability	160,456	154,555
		13,071,872	11,750,479
	Net Debt	(6,522,898)	(5,827,431)
	Non-Financial Assets		
10	Net Tangible Capital Assets (TCA Schedule)	10,794,722	10,764,450
	Inventories	104,237	124,653
	Prepaid Expenses	132,744	152,360
		11,031,703	11,041,463
12	**Accumulated Surplus**	4,508,805	5,214,032

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	26,760,479	24,917,535
	Federal Government	122,763	3,875
	Municipal Government - Property Tax	5,191,213	5,914,129
	- Other	1,698,558	1,698,558
	Other School Divisions	101,244	82,259
	First Nations	384,884	430,380
	Private Organizations and Individuals	359,824	82,370
	Other Sources	216,621	300,821
	School Generated Funds	798,831	332,426
	Other Special Purpose Funds	-	-
		35,634,417	33,762,353
	Expenses		
	Regular Instruction	18,812,260	18,263,670
	Student Support Services	6,174,553	5,523,041
	Adult Learning Centres	-	-
	Community Education and Services	218,836	163,585
	Divisional Administration	1,576,912	1,511,860
	Instructional and Other Support Services	2,100,982	1,395,006
	Transportation of Pupils	165,110	165,787
	Operations and Maintenance	4,258,213	4,138,731
15	Fiscal - Interest	570,693	589,517
	- Other	537,797	511,862
	Amortization	673,674	633,057
	Other Capital Items	-	-
	School Generated Funds	857,066	298,870
	Other Special Purpose Funds	-	-
		35,946,096	33,194,986
	Current Year Surplus (Deficit)	(311,679)	567,367
	Opening Accumulated Surplus	5,214,032	24,474,232
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(19,666,319)
13	Other than Tangible Cap. Assets	(393,548)	(161,248)
	Opening Accumulated Surplus, as adjusted	4,820,484	4,646,665
	Closing Accumulated Surplus	4,508,805	5,214,032

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(311,679)	567,367
Amortization of Tangible Capital Assets	673,674	633,057
Acquisition of Tangible Capital Assets	(703,946)	(369,485)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(30,272)	263,572
Inventories (Increase)/Decrease	20,416	(15,725)
Prepaid Expenses (Increase)/Decrease	19,616	(40,635)
	40,032	(56,360)
(Increase)/Decrease in Net Debt	(301,919)	774,579
Net Debt at Beginning of Year	(5,827,431)	(6,440,762)
Adjustments Other than Tangible Cap. Assets	(393,548)	(161,248)
Net Debt at Beginning of Year as Adjusted	(6,220,979)	(6,602,010)
Net Debt at End of Year	(6,522,898)	(5,827,431)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(311,679)	567,367
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	673,674	633,057
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	372,399	553,023
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	45,970	(311,024)
Accounts Receivable & Accrued Income (Increase)/Decrease	(240,700)	37,767
Inventories and Prepaid Expenses - (Increase)/Decrease	40,032	(56,360)
Due to Other Organizations Increase/(Decrease)	328,173	1,159
Accounts Payable & Accrued Liabilities Increase/(Decrease)	381,752	1,140,826
Deferred Revenue Increase/(Decrease)	104,573	383,637
School Generated Funds Liability Increase/(Decrease)	5,901	154,555
Adjustments Other than Tangible Cap. Assets	(393,548)	(161,248)
Cash Provided by Operating Transactions	1,006,547	2,942,759
Capital Transactions		
Acquisition of Tangible Capital Assets	(703,946)	(369,485)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(703,946)	(369,485)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	128,595	(615,065)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	128,595	(615,065)
Cash and Bank / Overdraft (Increase)/Decrease	431,195	1,958,209
Cash and Bank (Overdraft) at Beginning of Year	535,086	(1,423,123)
Cash and Bank (Overdraft) at End of Year	966,281	535,086

Mystery Lake School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	24,630,318	2,252,568	-	173,929	609,653	38,325	2,914,272	-	127,000	30,746,065	30,694,341
Adjustments	-	(149,291)	-	-	-	149,291	-	-		-	(317,761)
Opening Cost adjusted	24,630,318	2,103,277	-	173,929	609,653	187,616	2,914,272	-	127,000	30,746,065	30,376,580
Add: Additions during the year	430,758	56,397	-	-	210,012	8,241	-	-	(1,462)	703,946	369,485
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	25,061,076	2,159,674	-	173,929	819,665	195,857	2,914,272	-	125,538	31,450,011	30,746,065
Accumulated Amortization											
Opening, as previously reported	18,116,427	1,534,528	-	84,706	233,906	12,048	-	-	-	19,981,615	-
Adjustments	-	(93,308)	-	-	-	93,308	-	-	-	-	19,348,558
Opening adjusted	18,116,427	1,441,220	-	84,706	233,906	105,356	-	-	-	19,981,615	19,348,558
Add: Current period Amortization	483,605	26,471	-	23,851	92,886	46,861	-	-		673,674	633,057
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	18,600,032	1,467,691	-	108,557	326,792	152,217	-	-	-	20,655,289	19,981,615
Net Tangible Capital Asset	6,461,044	691,983	-	65,372	492,873	43,640	2,914,272	-	125,538	10,794,722	10,764,450
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The Mystery Lake School District is a public body that provides education services to residents within its geographic location. The District is funded mainly by grants from the Province of Manitoba and a special levy on the property assessment included in the District's boundaries. The District is exempt from income tax under the Income Tax Act.

The District is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the District would not be able to continue its operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses for the operating fund, capital fund, and special purpose fund of the District. The District reporting entity includes school generated funds controlled by the District.

b) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the District to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the District.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school. Funds raised for this purpose within the Mystery Lake School District are used for such activities as student activities, lunch programs, student council and physical education.

Only revenue and expenses of school generated funds controlled by the District are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, and student funds for activities such as year book, prom, graduation and drama. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the District to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimate Useful Life (years)
Land Improvement	25,000	10
Buildings – bricks, mortar, steel	25,000	40
Buildings – wood frame	25,000	25
School Buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the District's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2007 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the District are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the District. The District does not contribute to TRAF, and no costs relating to this plan are included in the District's financial statements.

However, the District provides retirement and other future benefits to its employees. These benefits include life insurance, extended health benefits, dental, prescription drugs, vision and long term disability. The District has adopted the following policies with respect to accounting for these employee future benefits.

i) Defined Contribution / Insured Benefit Plans
Under these plans, specific fixed amounts are contributed by the District each period for services rendered by the employees. No responsibility is assumed by the District to make any further contribution.

The District fully funds long term, short term disability, vision, dental, prescription drugs and extended health benefits for the teachers. Additionally the District pays 50% of the teachers life insurance premiums.

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the District's fixed contribution for the period including interest accrued for late remittance.

As described under the terms of Article 23 of the Collective Agreement, certain teaching staff have been offered an early leave incentive plan. The agreement states that the payment terms under this plan will be based on annual instalments depending on the age of the teacher at the time of acceptance of the offer.

The District makes defined contributions on behalf of support staff who belong to the Manitoba School of Trustees (MAST) pension plan. The contribution amount is 10% of the total of the employee's gross earnings, employer paid benefits, CPP, and EI premiums. The District fully funds the basic life insurance, long term disability, vision, dental, prescription drugs and extended health benefits for support staff.

ii) Defined Benefits / Self Insured Employee Future Benefit Plans

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the District. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the District.

For self-insured employee future benefits other than pension plans, that are vesting and accumulating over the employees' length of service (e.g. vesting sick days;) the benefit costs are accounted for on a full accrual basis determined using management's best estimate of salary escalation, accumulated sick days, insurance & health care costs trends, long-term inflation rates.

The employee self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits; non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

For those future benefits liability is the total accrued benefit obligation. The employee future benefits expense includes the Districts contribution for the period.

g) Capital Reserves

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

The Mystery Lake School District has no amounts set aside in Capital Reserves at this time.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The District is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING BOARD

Commencing with the 2006 / 2007 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds controlled by the District.

iii) The Employee Future Benefits Liability was established to account for the District's commitment to pay vested future benefits to its employees.

iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. OVERDRAFT

The District has an authorized line of credit with the CIBC valued at $8,000,000. The line of credit is used as required when inflow of revenues do not match the outflow of expenses. It is generally used in the latter half of the year as the payment from the City of Thompson for the Municipal Special Levy is not paid until November of each year. The District receives funding from the province on the 10^{th} and 25^{th} of each month from September through June. It does not receive any funding in July and August, although the District incurs similar expenses in these months as during the rest of the year.

The District was not in an overdraft position at June 30, 2008.

5. SHORT TERM INVESTMENTS

The District does not invest in short term investments because its cash flow is such that there are never any substantial amount of funds to invest for any length of time.

6. EMPLOYEE FUTURE BENEFITS

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. The employee future benefits are comprised of the following:

Employee Future Benefit Liabilities	Type of Plan	2008
Sick Leave Buyout Teachers	Defined Contribution	**$ 281,372**
Early Leave Incentive Plan Teachers	Defined Contribution	**644,050**
		$ 925,422

7. DEFERRED REVENUE

Deferred revenue valued at $930,529 at June 30, 2008 consisted of the following:

a) Education Property Tax Credit is valued at $1,516,463 for the 2008 calendar year. $909,873 or 60% was taken into revenue in the 2007 / 2008 school year for the period from January to June 30, 2008 while the remaining $606,585 relating to September to December 2007 was set up as deferred revenue at June 30, 2008 and will be taken into revenue in the 2008 / 2009 school year.

b) Because of the change to PSAB effective the 2006 / 2007 financial reporting period, the purchases of playground equipment at Burntwood School, Deerwood School, Ecole Riverside School, Juniper School, Westwood School and Wapanohk School funded by the Playground Committees are considered to have been donated to the Schools. It is recorded on the District's books by debiting Capital Assets and crediting Deferred Revenue. The equipment is considered to have a useful life of ten years. In each of the ten years, one tenth of the value of the assets will be recorded as Revenue with an offsetting debit to Deferred Revenue. At the end of the ten year time period, the assets will be fully depreciated and the Deferred Revenue account will have a value of zero. The value of the equipment at the time of the donations was $373,009. The deferred revenue related to playground equipment is $276,233.

c) During the year a number of grants were received from various sources to be used for specific projects. Grant revenues are recognized as expenses are incurred for the related project. Revenues exceeding the project expenses are deferred until the related expenses are incurred. Deferred revenue related to specific projects was $47,711.

8. SCHOOL GENERATED FUNDS LIABILITY

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $160,456. The breakdown is as follows:

	2008
Parent Council Fund	**$ 48,543**
Playground Committees	**5,520**
Other Parent Group Funds	**13,670**
Student Funds	**92,723**
	$160,456

9. DEBENTURE DEBT

Debenture debt is comprised of the following:

Interest Rate %	Maturity Date	Balance (Dollars)
10.375	**October 31, 2009**	**$ 18,516**
10.750	**May 15, 2011**	**56,089**
9.250	**September 15, 2012**	**37,059**
7.625	**February 28, 2014**	**169,474**
8.625	**October 31, 2015**	**260,954**
7.375	**November 30, 2016**	**228,661**
7.625	**February 15, 2017**	**88,600**
6.125	**April 30, 2018**	**199,761**
5.875	**February 15, 2019**	**238,389**
5.875	**February 15, 2019**	**310,316**
6.750	**October 15, 2019**	**93,886**
7.250	**February 28, 2020**	**159,908**
6.625	**April 15, 2021**	**379,566**
6.500	**January 15, 2022**	**835,243**
6.875	**May 31, 2022**	**733,068**
6.000	**February 15, 2024**	**814,645**
6.125	**June 15, 2024**	**671,544**
5.375	**June 30, 2025**	**395,451**
5.25	**March 15, 2028**	**482,600**
		$6,173,730

Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 348,310	$ 399,268	$ 747,578
2010	372,533	375,046	747,579
2011	387,782	349,074	736,856
2012	391,671	322,332	714,003
2013	417,865	296,139	714,004
	$1,918,161	$1,741,859	$3,660,020

10. NET TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned Tangible Capital Assets	$31,450,011	$20,655,289	**$10,794,722**	$10,764,450

The District does not have any Capital Leases at this time.

11. OBLIGATION UNDER OPERATING LEASES

Operating lease commitments for the next five years are:

Year ending June 30, 2009	$ 26,143
2010	15,157
2011	-
2012	-
2013	-
	$ 43,300

12. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	**$ -**	$ -
Undesignated Surplus	**103,841**	746,929
	$ 103,841	$ 746,929
Capital Fund		
Reserve Accounts	**$ -**	$ -
Equity in Tangible Capital Assets	**4,344,760**	4,348,664
	$4,344,760	4,348,664
Special Purpose Fund		
School Generated Funds	**$ 60,204**	$ 118,439
Other Special Purpose Funds	**-**	-
	$ 60,204	$ 118,439
Total Accumulated Surplus	**$4,508,805**	$5,214,032

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. The District does not have any designated surplus at this time.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. The District does not have any reserve accounts at this time.

School generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2008	2007
Other Student Activity	**$ 60,204**	$118,439
Other Special Purpose Funds	**-**	-
	$ 60,204	$118,439

13. RESTATEMENT OF OPENING ACCUMULATED SURPLUS

Restatement of Opening Accumulated Surplus is comprised of:

	2008	2007
Operating Fund		
Employee Future Benefits	**$ -**	$ -
Accounts payable to Province	**(350,000)**	-
	(350,000)	-
Capital Fund		
Tangible Capital Assets	**$ -**	$ (299,138)
Accumulated Amortization	**-**	(19,367,181)
Other than Tangible Capital Assets	**(43,548)**	(246,131
	$ (43,548)	(19,912,450)
Special Purpose Fund		
School Generated Funds	**$ -**	$ 84,883
Other Special Purpose Funds	**-**	-
	-	84,883
Total Restatement of Opening Accumulated Surplus	**$ (393,548)**	$(19,827,567)

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period. These adjustments in 2007 are the result of adopting PSAB standards.

14. MUNICIPAL GOVERNMENT – PROPERTY TAX AND RELATED DUE FROM MUNICIPAL GOVERNMENT

Education property tax or Special Levy is raised as the District's contribution to the cost of providing public education for the student residents in the District. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. The Municipal receivable and revenue does not include the Vale Inco Grant the district receives. Below are the related revenue and receivable amounts:

		2008	2007
Revenue	Municipal Government Property Tax	**$5,191,213**	$5,914,129
Receivable	Due from Municipal Property Tax	**$3,262,700**	$3,600,973

15. INTEREST RECEIVED AND PAID

The District received interest during the year of $566,567 (2007-$566,824); interest paid during the year was $450,235 (2007-$468,626).

	2008	2007
Operating Fund		
Fiscal-short Term Loan, Interest and Bank Charges	**$ 50,006**	$ 15,324
Capital Fund		
Debenture Debt Interest	**520,687**	566,824
Other Interest	**-**	7,369
	$ 570,693	$ 589,517

The accrual portion of debenture debt interest expense of $120,458 (2007-$120,892) included under the Capital Fund-Debenture debt interest, is offset by an accrual of debt servicing grant.

16. ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables presented on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts. There is no allowance for doubtful accounts as at June 30, 2008.

17. BUDGET FIGURES

Budget figures have been included for information purposes only and have not been audited.

MANAGEMENT RESPONSIBILITY REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Park West School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 27, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Park West School Division

We have audited the consolidated statement of financial position of the Park West School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Brandon, Manitoba
October 8, 2008

Meyers Norris Penny LLP
AUDITOR

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

Oct 27/2008
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	571,520	600,197
	- Federal Government	99,692	163,957
	- Municipal Government	2,980,379	3,100,891
	- Other School Divisions	-	-
	- First Nations	326,462	899,654
	Accounts Receivable	87,681	100,647
	Accrued Investment Income	-	-
	Other Investments	-	-
		4,065,734	4,865,346
	Liabilities		
5	Overdraft	1,975,792	1,763,229
	Accounts Payable	630,268	371,057
	Accrued Liabilities	-	-
	Employee Future Benefits	-	-
	Accrued Interest Payable	179,747	200,863
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	480,466	540,891
7	Debenture Debt	7,311,481	7,856,411
8	Other Borrowings	26,357	38,063
	School Generated Funds Liability	-	-
		10,604,111	10,770,514
	Net Debt	(6,538,377)	(5,905,168)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	8,678,528	8,778,856
	Inventories	107,455	106,039
	Prepaid Expenses	65,057	30,144
		8,851,040	8,915,039
10	**Accumulated Surplus**	2,312,663	3,009,871

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		12,888,413	12,809,776
	Federal Government		-	-
	Municipal Government	- Property Tax	5,471,599	5,656,009
		- Other	-	-
	Other School Divisions		18,200	21,450
	First Nations		1,278,108	1,102,143
	Private Organizations and Individuals		3,050	1,400
	Other Sources		42,041	46,681
	School Generated Funds		897,186	883,853
	Other Special Purpose Funds		-	-
			20,598,597	20,521,312
	Expenses			
	Regular Instruction		10,496,682	9,957,087
	Student Support Services		2,527,642	2,376,994
	Adult Learning Centres		-	-
	Community Education and Services		13,750	15,225
	Divisional Administration		760,533	667,368
	Instructional and Other Support Services		420,956	420,715
	Transportation of Pupils		1,955,949	1,784,881
	Operations and Maintenance		2,021,788	2,000,717
12	Fiscal	- Interest	580,698	867,435
		- Other	879,546	265,530
	Amortization		765,271	755,259
	Other Capital Items		-	-
	School Generated Funds		872,990	854,526
	Other Special Purpose Funds		-	-
			21,295,805	19,965,737
	Current Year Surplus (Deficit)		(697,208)	555,575
	Opening Accumulated Surplus		3,009,871	21,199,684
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(18,944,962)
		Other than Tangible Cap. Assets	-	199,574
	Opening Accumulated Surplus, as adjusted		3,009,871	2,454,296
	Closing Accumulated Surplus		2,312,663	3,009,871

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(697,208)	555,575
Amortization of Tangible Capital Assets	765,271	755,259
Acquisition of Tangible Capital Assets	(664,943)	(443,211)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(2,795)
Proceeds on Disposal of Tangible Capital Assets	-	2,795
	100,328	312,048
Inventories (Increase)/Decrease	(1,416)	33,795
Prepaid Expenses (Increase)/Decrease	(34,913)	4,114
	(36,329)	37,909
(Increase)/Decrease in Net Debt	(633,209)	905,532
Net Debt at Beginning of Year	(5,905,168)	(7,010,274)
Adjustments Other than Tangible Cap. Assets	-	199,574
Net Debt at Beginning of Year as Adjusted	(5,905,168)	(6,810,700)
Net Debt at End of Year	(6,538,377)	(5,905,168)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(697,208)	555,575
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	765,271	755,259
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(2,795)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	786,646	(1,449,356)
Accounts Receivable & Accrued Income (Increase)/Decrease	12,966	872,386
Inventories and Prepaid Expenses - (Increase)/Decrease	(36,329)	37,909
Due to Other Organizations Increase/(Decrease)	-	(9,905)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	238,095	281,828
Deferred Revenue Increase/(Decrease)	(60,425)	82,263
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	199,574
Cash Provided by Operating Transactions	1,009,016	1,322,738
Capital Transactions		
Acquisition of Tangible Capital Assets	(664,943)	(443,211)
Proceeds on Disposal of Tangible Capital Assets	-	2,795
Cash (Applied to)/Provided by Capital Transactions	(664,943)	(440,416)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(544,930)	(530,960)
Other Borrowings Increase/(Decrease)	(11,706)	(10,897)
Cash Provided by (Applied to) Financing Transactions	(556,636)	(541,857)
Cash and Bank / Overdraft (Increase)/Decrease	(212,563)	340,465
Cash and Bank (Overdraft) at Beginning of Year	(1,763,229)	(2,103,694)
Cash and Bank (Overdraft) at End of Year	(1,975,792)	(1,763,229)

Park West School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,939,344	170,489	1,674,383	61,526	200,573	-	372,988	-	124,299	22,543,602	28,035,866
Adjustments	-	-	-	-	-	-	-	-	-	-	(5,935,475)
Opening Cost adjusted	19,939,344	170,489	1,674,383	61,526	200,573	-	372,988	-	124,299	22,543,602	22,100,391
Add: Additions during the year	120,793	-	325,357	14,226	61,033	-	-	-	143,534	664,943	443,211
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	20,060,137	170,489	1,999,740	75,752	261,606	-	372,988	-	267,833	23,208,545	22,543,602
Accumulated Amortization											
Opening, as previously reported	12,543,477	41,431	1,024,307	48,594	106,937	-	-	-	-	13,764,746	-
Adjustments	-	-	-	-	-	-	-	-	-	-	13,009,487
Opening adjusted	12,543,477	41,431	1,024,307	48,594	106,937	-	-	-	-	13,764,746	13,009,487
Add: Current period Amortization	540,195	6,820	172,165	5,117	40,974	-	-	-		765,271	755,259
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	13,083,672	48,251	1,196,472	53,711	147,911	-	-	-	-	14,530,017	13,764,746
Net Tangible Capital Asset	6,976,465	122,238	803,268	22,041	113,695	-	372,988	-	267,833	8,678,528	8,778,856
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	2,795

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with Vanguard Credit Union of $4,000,000 by way of overdrafts and is repayable on demand at prime less .5%; interest is paid monthly. Included in the overdraft are capital projects totaling approximately $267,833 which will be submitted to PSFB for debenture funding. Overdrafts are secured by borrowing by-law.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ 3,213	$ 53,220	$ 56,433	$
	-			
Donated Capital Assets	-	-	-	-
Education Property Tax Credit	537,678	480,466	537,678	480,466
	$ 540,891	$ 533,686	$ 594,111	$ 480,466

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.00% to 11.75%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 692,300	$ 500,568	$ 1,192,868
2010	491,512	438,064	929,576
2011	503,071	399,397	902,468
2012	496,252	360,295	856,547
2013	492,508	323,152	815,660
	$ 2,675,643	$ 2,021,476	$ 4,697,119

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to purchase a school bus garage.

School bus garage loan bears 7.5% interest per annum, due in 2010 and a yearly payment of $14,569 principal and interest. This loan is secured by way of borrowing resolution.

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2009	12,597	1,976	14,573
2010	13,760	1,032	14,792
2011	-	-	-
2012	-	-	-
	$ 26,357	$ 3,008	$ 29,365

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$ 23,208,545	$ 14,530,017	$ 8,678,528
Capital lease	-	-	-
	$ 23,208,545	$ 14,530,017	$ 8,678,528

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	0
Undesignated Surplus	186,709
	186,709
Capital Fund	
Reserve Accounts	800,000
Equity in Tangible Capital Assets	1,072,857
	1,872,857
Special Purpose Fund	
School Generated Funds	253,097
Other Special Purpose Funds	-
	253,097
Total Accumulated Surplus	$ 2,312,663

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved appropriation by motion	
School budget carryovers by board policy	-
Designated surplus	$

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	650,000
Other reserves	150,000
Capital Reserve	$ 800,000

School Generated Funds are externally restricted moneys for school use.

	2008
Foundation-Scholarship	-
Other- specify	-
Other Special Purpose Funds	_

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the statement of revenue and expense is raised over the two calendar (tax) years; 44.4% from 2007 tax year and 55.6% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 5,471,599	$ 5,656,009
Receivable-Due from Municipal-Property Tax	$ 2,980,379	$ 3,100,891

12. Interest Received and Paid

The Division received interest during the year of $28,047 (previous year $21,002); interest paid during the year was $580,698(previous year $867,435).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 44,970
Capital Fund	
Debenture debt interest	532,865
Other interest	2,863
	$ 580,698

The accrual portion of debenture debt interest expense of $179,747 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 12,514,034	$ 12,414,028	$ 12,214,114
Employees benefits & allowances	902,659	875,614	883,534
Services	2,890,912	2,674,995	2,566,270
Supplies, materials & minor equipment	1,757,793	1,515,871	1,466,245
Interest	580,698	35,000	867,435
Transfers	131,902	89,800	92,824
Payroll tax	265,205	290,000	265,530
Amortization	765,271	-	755,259
Other capital items		-	
School generated funds	872,990	-	854,526
Bad Debts	614,341	-	-
	$ 21,295,805	$ 17,895,308	$ 19,965,737

15. Contractual Obligations

Agreements respecting student transportation and contract cleaning were entered into. The specific costs for student transportation services are approximately $855,000 for 2008-09.

The specific costs for contract cleaning services are approximately $240,000 for 2008-09.

16. Special Levy Raised for Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $432,016 (2007 - $436,773). These amounts are not included in the Division's consolidated financial statements.

PEMBINA TRAILS SCHOOL DIVISION
MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Pembina Trails School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chair

Secretary-Treasurer

November 13, 2008

Grant Thornton

Auditors' Report

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To The Board of Trustees of
Pembina Trails School Division

We have audited the consolidated statement of financial position of the **Pembina Trails School Division** as at June 30, 2008, and the consolidated statements of revenues, expenses and accumulated surplus, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with the generally accepted accounting principles as established by the Public Sector Accounting Board.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our examination did not include the budget figures and we do not express any opinion concerning them.

Winnipeg, Manitoba

October 10, 2008

Grant Thornton LLP

Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Trustees of Pembina Trails School Division.

NOV 13 2008

Chairman of the Board

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	10,039,589	7,598,274
	Short Term Investments	-	-
	Due from - Provincial Government	2,506,470	2,357,723
	- Federal Government	165,744	237,823
11	- Municipal Government	29,891,916	30,218,279
	- Other School Divisions	47,689	143,513
	- First Nations	-	-
	Accounts Receivable	363,128	356,855
	Accrued Investment Income	-	-
	Other Investments	-	-
		43,014,536	40,912,467
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	4,299,669	3,874,932
	Accrued Liabilities	2,995,665	1,335,121
4	Employee Future Benefits	825,837	721,719
	Accrued Interest Payable	612,124	666,684
	Due to - Provincial Government	460,943	489,504
	- Federal Government	5,360,308	5,678,689
	- Municipal Government	81,552	33,017
	- Other School Divisions	67,675	92,925
	- First Nations	-	-
5	Deferred Revenue	7,460,727	6,532,447
7	Debenture Debt	19,942,945	21,011,290
8	Other Borrowings	13,669,432	14,936,889
6	School Generated Funds Liability	963,146	909,867
		56,740,023	56,283,084
	Net Debt	(13,725,487)	(15,370,617)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	39,118,722	40,056,953
	Inventories	-	-
	Prepaid Expenses	567,959	545,484
		39,686,681	40,602,437
10	**Accumulated Surplus**	25,961,194	25,231,820

See accompanying notes to the Financial Statements

Pembina Trails School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		71,436,565	68,076,242
	Federal Government		10,322	13,230
	Municipal Government	- Property Tax	50,722,423	51,747,990
		- Other	-	-
	Other School Divisions		668,053	693,368
	First Nations		-	-
	Private Organizations and Individuals		2,239,127	2,049,928
	Other Sources		1,041,321	949,884
	School Generated Funds		2,161,914	1,139,894
	Other Special Purpose Funds		-	-
			128,279,725	124,670,536
	Expenses			
	Regular Instruction		70,428,229	68,855,110
	Student Support Services		24,146,665	22,071,209
	Adult Learning Centres		-	-
	Community Education and Services		615,949	567,894
	Divisional Administration		3,786,810	3,834,296
	Instructional and Other Support Services		5,746,707	5,177,542
	Transportation of Pupils		1,675,537	1,604,201
	Operations and Maintenance		12,492,938	11,564,704
12	Fiscal	- Interest	1,739,063	2,017,355
		- Other	2,036,125	1,945,474
	Amortization		2,939,219	2,743,071
	Other Capital Items		13,995	16,804
	School Generated Funds		1,929,114	1,167,048
	Other Special Purpose Funds		-	-
			127,550,351	121,564,708
	Current Year Surplus (Deficit)		729,374	3,105,828
	Opening Accumulated Surplus		25,231,820	80,076,680
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(57,086,147)
		Other than Tangible Cap. Assets	-	(864,541)
	Opening Accumulated Surplus, as adjusted		25,231,820	22,125,992
	Closing Accumulated Surplus		25,961,194	25,231,820

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	729,374	3,105,828
Amortization of Tangible Capital Assets	2,939,219	2,743,071
Acquisition of Tangible Capital Assets	(2,000,988)	(4,307,203)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	938,231	(1,564,132)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(22,475)	(111,519)
	(22,475)	(111,519)
(Increase)/Decrease in Net Debt	1,645,130	1,430,177
Net Debt at Beginning of Year	(15,370,617)	(15,936,253)
Adjustments Other than Tangible Cap. Assets	-	(864,541)
Net Debt at Beginning of Year as Adjusted	(15,370,617)	(16,800,794)
Net Debt at End of Year	(13,725,487)	(15,370,617)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	729,374	3,105,828
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,939,219	2,743,071
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	104,118	721,719
Short Term Investments (Increase)/Decrease	-	49,325
Due from Other Organizations (Increase)/Decrease	345,519	(653,113)
Accounts Receivable & Accrued Income (Increase)/Decrease	(6,273)	413,529
Inventories and Prepaid Expenses - (Increase)/Decrease	(22,475)	(111,519)
Due to Other Organizations Increase/(Decrease)	(323,657)	490,883
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,030,721	1,755,092
Deferred Revenue Increase/(Decrease)	928,280	1,771,112
School Generated Funds Liability Increase/(Decrease)	53,279	909,867
Adjustments Other than Tangible Cap. Assets	-	(864,541)
Cash Provided by Operating Transactions	6,778,105	10,331,253
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,000,988)	(4,307,203)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(2,000,988)	(4,307,203)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,068,345)	(1,185,422)
Other Borrowings Increase/(Decrease)	(1,267,457)	1,552,414
Cash Provided by (Applied to) Financing Transactions	(2,335,802)	366,992
Cash and Bank / Overdraft (Increase)/Decrease	2,441,315	6,391,042
Cash and Bank (Overdraft) at Beginning of Year	7,598,274	1,207,232
Cash and Bank (Overdraft) at End of Year	10,039,589	7,598,274

Pembina Trails School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements										
	School	Non-School	School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	69,786,719	5,028,224	2,708,604	274,343	4,675,322	1,046,302	2,775,168	174,002	376,509	86,845,193	95,578,968
Adjustments	-	-	-	-	-	-	-	-	-	-	(13,040,978)
Opening Cost adjusted	69,786,719	5,028,224	2,708,604	274,343	4,675,322	1,046,302	2,775,168	174,002	376,509	86,845,193	82,537,990
Add: Additions during the year	1,199,991	-	353,445	147,499	241,989	91,110	-	-	(33,046)	2,000,988	4,307,203
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	70,986,710	5,028,224	3,062,049	421,842	4,917,311	1,137,412	2,775,168	174,002	343,463	88,846,181	86,845,193
Accumulated Amortization											
Opening, as previously reported	42,113,992	2,330,173	691,212	157,607	987,451	463,140	-	44,665	-	46,788,240	-
Adjustments	(5,000)	5,000	-	-	-	-	-		-	-	44,045,169
Opening adjusted	42,108,992	2,335,173	691,212	157,607	987,451	463,140	-	44,665	-	46,788,240	44,045,169
Add: Current period Amortization	1,655,936	122,963	282,293	54,170	559,181	247,276	-	17,400		2,939,219	2,743,071
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	43,764,928	2,458,136	973,505	211,777	1,546,632	710,416	-	62,065	-	49,727,459	46,788,240
Net Tangible Capital Asset	27,221,782	2,570,088	2,088,544	210,065	3,370,679	426,996	2,775,168	111,937	343,463	39,118,722	40,056,953
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Pembina Trails School Division (Division) is a public body that provides education services to residents within its geographic location. The Division is funded by grants from the Province of Manitoba (Province) and by special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province and on special levy for its revenue and capital financing requirements. Without these funding sources, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds, and the Pembina Trails Education Support Fund, Pembina Trails Voices and InForm Net which are entities controlled by the Division. All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

d) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - brick, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School Buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized. Assets under construction are not amortized until the date of substantial completion.

e) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements. However, the Division provides retirement and other future benefits to its employees. These benefits include the MAST Pension Plan, Maternity and Parental Leave and Vacation Days. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution plan – MAST Pension Plan

Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution:

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the Division's fixed contribution for the period.

(ii) Defined employee future benefit plans – Maternity Leave

For benefit obligations that are event driven (non-vesting maternity and parental leave), the benefit costs are recognized and recorded only in the period when the event occurs. The employee future benefits liability is the total accrued benefit obligation; while the employee future benefit expense is the Division's contribution for the period.

(iii) Defined employee future benefit plans – Accumulated Vacation Days

For benefit obligations that are vested and accumulate over the employees' length of service (vacation days), the benefit costs are recognized and recorded as service is rendered by employees. The employee future benefits liability is the total accrued benefit obligation; while the employee future benefit expense is the Division's contribution for the period.

f) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are specific purpose student fees and fund raising, school meal programs, scholarship funds, and parent or student council funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with Royal Bank of Canada of $30,000,000 by way of overdrafts and is repayable on demand at the Bank's Prime Interest Rate minus 0.75%. Overdrafts are secured by a borrowing by-law document.

4. Employee Future Benefits

The following employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods.

	Type of Plan	2008	2007
MAST Pension Plan	Defined Contribution	$ -	$ -
Maternity and Parental Leave	Defined Benefit - Event Driven	69,206	12,479
Accumulated Vacation Days	Defined Benefit - Vesting	756,631	709,240
		$ 825,837	**$ 721,719**

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	June 30, 2007	Additions	Recognized	June 30, 2008
Education Property Tax Credit	$ 5,697,423	$ 6,609,070	$ 5,697,423	$ 6,609,070
International Student Program Fees	198,210	178,050	198,210	178,050
Fibre Access Agreements	29,867	-	2,133	27,734
Externally Funded Programs	289,218	259,607	289,218	259,607
Donated Capital Assets	317,729	134,301	65,764	386,266
	$ 6,532,447	**$ 7,181,028**	**$ 6,252,748**	**$ 7,460,727**

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $963,146. The following is a breakdown of the account balance:

	2008	2007
Student Fees - Activities, Clubs, Trips	$ 366,782	$ 346,492
Student - Fees, Yearbooks, Agendas	279,973	264,486
Specific Purpose Fund Raising	134,310	126,880
Breakfast and Lunch Programs	116,810	110,348
Scholarship Funds	57,700	54,508
Parent/ Student Council Funds, Other	7,572	7,153
	$ 963,146	**$ 909,867**

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable in twenty equal yearly installments of principal and interest and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 12.25%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2008/09	$ 2,190,579	$ 1,434,171	$ 3,624,750
2009/10	2,072,226	1,233,345	3,305,571
2010/11	1,796,117	1,048,568	2,844,685
2011/12	1,549,714	899,163	2,448,877
2012/13	1,415,071	780,321	$ 2,195,392
	$ 9,023,707	**$ 5,395,568**	**$ 14,419,275**

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. The following borrowings include short term borrowings by way of Bankers Acceptances and contractual obligations related to capital leases.

	2008	2007
Bankers Acceptances	$ 13,399,130	$ 14,361,620
Vehicle Leases	-	169,816
Equipment Leases (Copiers)	270,302	405,453
	$ 13,669,432	**$ 14,936,889**

Capital lease loans on equipment have an interest rate of 4.5% per annum, due by 2010 with annual payments of principal and interest. These loans are secured by the related assets. Principal and interest repayment of capital leases for the remaining term of the lease is:

	Principal	Interest	Total
2008/09	$ 135,151	$ 12,107	$ 147,258
2009/10	135,151	12,107	147,258
	$ 270,302	**$ 24,213**	**$ 294,515**

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The breakdown between owned and leased assets is as follows:

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned Tangible Capital Assets	$ 88,170,426	$ 49,362,874	$ 38,807,552
Leased Tangible Capital Assets	675,755	364,585	311,170
	$ 88,846,181	**$ 49,727,459**	**$ 39,118,722**

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 1,644,369	$ 775,976
Undesignated Surplus	3,378,062	4,862,972
	$ 5,022,431	**$ 5,638,948**
Related Entities		
Pembina Trails Education Support Fund	$ 155,656	$ 142,933
Pembina Trails Voices	$ 71,883	$ 70,503
InForm Net	(336)	697
	$ 227,203	**$ 214,133**
Capital Fund		
Reserve Accounts	$ 1,864,687	$ 1,236,486
Equity in Tangible Capital Assets	18,217,541	17,745,721
	$ 20,082,228	**$ 18,982,207**
Special Purpose Fund		
School Generated Funds	$ 629,332	$ 396,532
Other Special Purpose Funds	-	-
	$ 629,332	**$ 396,532**
Total Accumulated Surplus	**$ 25,961,194**	**$ 25,231,820**

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the financial statements for a breakdown of the Designated Surplus. Related entities are entities that are controlled by the Division and consolidated into the Operating fund.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the financial statements.

School Generated Funds are externally restricted moneys for school use.

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for resident students in the Division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue - Municipal Government Property Tax	$ 50,722,423	$ 51,747,990
Receivable - Due from Municipal Government Property Tax	$ 29,886,466	$ 30,212,718

12. Interest Received and Paid

The Division received and paid interest during the year as follows:

Interest Received	2008	2007
Operating Fund - Interest Earned	**$ 517,441**	**$ 436,323**
Interest Paid		
Operating Fund - Interest and Bank Charges	$ 178,200	$ 192,493
Capital Fund - Debenture Debt Interest	1,526,457	1,750,413
Capital Fund - Capital Lease Interest	34,406	74,449
Total Interest Paid	**$ 1,739,063**	**$ 2,017,355**

13. Contractual Obligations

The Division has an agreement with King Transportation for student transportation services for a term of 5 years ending in June 2011. The specific costs for these services are approximately $392,000 for 2008/09.

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act the Division is required to collect a special levy on behalf la Division scolaire franco-manitobaine. The special levy for 2008 was $457,707 (2007 - $423,488). These amounts are not included in the Division's consolidated financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Pine Creek School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

September 24, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Pine Creek School Division

We have audited the consolidated statement of financial position of the Pine Creek School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
September 24, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

2008-10-28
DATE

CHAIRPERSON

BAKER TILLY
INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	319,743
	Short Term Investments	-	-
	Due from - Provincial Government	212,546	312,780
	- Federal Government	42,295	63,450
	- Municipal Government	1,535,503	1,518,689
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	40,385	18,333
	Accrued Investment Income	-	-
	Other Investments	-	-
		1,830,729	2,232,995
	Liabilities		
5	Overdraft	224,966	-
	Accounts Payable	13,488	30,746
	Accrued Liabilities	676,155	651,573
	Employee Future Benefits	-	-
	Accrued Interest Payable	66,905	75,436
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	377,261	333,182
7	Debenture Debt	2,340,851	2,383,347
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		3,699,626	3,474,284
	Net Debt	(1,868,897)	(1,241,289)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	4,328,175	4,404,272
	Inventories	-	-
	Prepaid Expenses	180,303	102,115
		4,508,478	4,506,387
9	**Accumulated Surplus**	2,639,581	3,265,098

See accompanying notes to the Financial Statements

Pine Creek School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		8,178,850	8,002,714
	Federal Government		14	899
	Municipal Government	- Property Tax	3,146,992	3,125,430
		- Other	-	-
	Other School Divisions		35,511	47,445
	First Nations		-	-
	Private Organizations and Individuals		1,322	25,540
	Other Sources		73,078	92,330
	School Generated Funds		297,534	252,689
	Other Special Purpose Funds		-	-
			11,733,301	11,547,047
	Expenses			
	Regular Instruction		6,520,117	6,765,217
	Student Support Services		1,397,339	1,274,910
	Adult Learning Centres		-	-
	Community Education and Services		9,440	12,226
	Divisional Administration		486,005	443,969
	Instructional and Other Support Services		398,728	331,863
	Transportation of Pupils		1,052,470	1,038,094
	Operations and Maintenance		1,368,923	1,219,515
11	Fiscal	- Interest	170,289	261,560
		- Other	181,440	174,249
	Amortization		490,584	479,181
	Other Capital Items		-	-
	School Generated Funds		283,483	250,436
	Other Special Purpose Funds		-	-
			12,358,818	12,251,220
	Current Year Surplus (Deficit)		(625,517)	(704,173)
	Opening Accumulated Surplus		3,265,098	13,629,176
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(9,750,303)
		Other than Tangible Cap. Assets	-	90,398
	Opening Accumulated Surplus, as adjusted		3,265,098	3,969,271
	Closing Accumulated Surplus		2,639,581	3,265,098

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(625,517)	(704,173)
Amortization of Tangible Capital Assets	490,584	479,181
Acquisition of Tangible Capital Assets	(414,487)	(284,621)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,017)	-
Proceeds on Disposal of Tangible Capital Assets	3,017	-
	76,097	194,560
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(78,188)	(61,735)
	(78,188)	(61,735)
(Increase)/Decrease in Net Debt	(627,608)	(571,348)
Net Debt at Beginning of Year	(1,241,289)	(760,339)
Adjustments Other than Tangible Cap. Assets	-	90,398
Net Debt at Beginning of Year as Adjusted	(1,241,289)	(669,941)
Net Debt at End of Year	(1,868,897)	(1,241,289)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(625,517)	(704,173)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	490,584	479,181
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,017)	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	104,575	(204,870)
Accounts Receivable & Accrued Income (Increase)/Decrease	(22,052)	15,883
Inventories and Prepaid Expenses - (Increase)/Decrease	(78,188)	(61,735)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,207)	73,960
Deferred Revenue Increase/(Decrease)	44,079	38,781
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	90,398
Cash Provided by Operating Transactions	(90,743)	(272,575)
Capital Transactions		
Acquisition of Tangible Capital Assets	(414,487)	(284,621)
Proceeds on Disposal of Tangible Capital Assets	3,017	-
Cash (Applied to)/Provided by Capital Transactions	(411,470)	(284,621)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(42,496)	(215,561)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(42,496)	(215,561)
Cash and Bank / Overdraft (Increase)/Decrease	(544,709)	(772,757)
Cash and Bank (Overdraft) at Beginning of Year	319,743	1,092,500
Cash and Bank (Overdraft) at End of Year	(224,966)	319,743

Pine Creek School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,461,378	395,239	2,064,594	78,920	90,861	17,709	75,334	-	-	12,184,035	14,349,135
Adjustments	-	-	-	-	-	-	-	-	-	-	(2,449,721)
Opening Cost adjusted	9,461,378	395,239	2,064,594	78,920	90,861	17,709	75,334	-	-	12,184,035	11,899,414
Add:											
Additions during the year	178,822	-	191,312	28,899	-	15,454	-	-	-	414,487	284,621
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	9,640,200	395,239	2,255,906	107,819	90,861	33,163	75,334	-	-	12,598,522	12,184,035
Accumulated Amortization											
Opening, as previously reported	6,228,153	192,410	1,268,234	46,020	33,878	11,068	-	-	-	7,779,763	-
Adjustments	-	-		-	-	-	-	-	-	-	7,300,582
Opening adjusted	6,228,153	192,410	1,268,234	46,020	33,878	11,068	-	-	-	7,779,763	7,300,582
Add:											
Current period Amortization	270,289	14,281	173,943	12,290	13,422	6,359	-	-		490,584	479,181
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	6,498,442	206,691	1,442,177	58,310	47,300	17,427	-	-	-	8,270,347	7,779,763
Net Tangible Capital Asset	3,141,758	188,548	813,729	49,509	43,561	15,736	75,334	-	-	4,328,175	4,404,272
Proceeds from Disposal of Capital As	-	-	3,017	-	-	-	-			3,017	-

* Includes network infrastructure.

PINE CREEK SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Pine Creek School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Pine Creek School Division. The Division reporting entity includes school generated funds.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with Austin Credit Union of $3,500,000 by way of overdrafts and is repayable on demand at prime less .25%; interest is paid monthly. Overdrafts are secured by borrowing by-law.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ 0	$ 35,889	$ 29,286	$ 6,603
Education Property Tax Credit	$333,182	$370,659	$333,183	$370,658
International Tuition	$ 0	$ 0	$ 0	$ 0
Donated Capital Assets	$ 0	$ 0	$ 0	$ 0
Other special purpose funds	$ 0	$ 0	$ 0	$ 0
	$333,182	$406,548	$362,469	$377,261

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.125% to 12.25%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$153,358	$155,130	$308,488
2010	$148,672	$142,950	$291,622
2011	$143,465	$131,689	$275,154
2012	$142,773	$121,357	$264,130
2013	$137,350	$111,512	$248,862
	$725,618	$662,638	$1,388,256

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $0 (previous year $0).

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$12,598,522	$8,270,347	$4,328,175

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	$ 47,206
Undesignated Surplus	$ 132,986
	$ 180,192
Capital Fund	
Reserve Accounts	$ 362,345
Equity in Tangible Capital Assets	$1,990,342
	$2,352,687
Special Purpose Fund	
School Generated Funds	$ 106,702
Other Special Purpose Funds	$ 0
	$ 106,702
Total Accumulated Surplus	$ 2,639,581

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved appropriation by motion	$ 0
School budget carryovers by board policy	$ 47,206
Designated surplus	$ 47,206

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	$362,345
Other reserves	$ 0
Capital Reserve	$362,345

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 50.5% from 2007 tax year and 49.5% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue–Municipal Government-Property Tax	$3,146,992	$3,125,430
Receivable-Due from Municipal-Property Tax	$1,535,503	$1,518,689

11. Interest Received and Paid

The Division received interest during the year of $23,373 (previous year $51,450); interest paid during the year was $170,289 (previous year $261,560).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 13,464
Capital fund	
Debenture debt interest	$156,825
Other interest	$ 0

$170,289

The accrual portion of debenture debt interest expense of $66,905 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 8,301,698	$ 8,082,840	$ 8,005,407
Employees benefits & allowances	$ 674,849	$ 604,305	$ 618,800
Services	$ 1,221,394	$ 1,095,864	$ 1,068,344
Supplies, materials & minor equipment	$ 995,570	$ 1,006,815	$ 1,358,447
Interest	$ 170,289	$ 1,500	$ 261,560
Bad debts	$ 0	$ 0	$ 0
Payroll tax – and transfers	$ 220,951	$ 172,277	$ 209,045
Amortization	$ 490,584	$ 0	$ 479,181
Other capital items	$ 0	$ 0	$ 0
School generated funds	$ 283,483	$ 0	$ 250,436
Other special purpose funds	$ 0	$ 0	$ 0
	$12,358,818	$10,963,601	$12,251,220

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Portage la Prairie School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 6, 2008

Auditors' Report

To the Chairman and Members of the Board
Portage la Prairie School Division
Portage la Prairie, Manitoba

We have audited the consolidated statement of financial position, and the consolidated statement of revenues, expenditures and accumulated surplus, the consolidated statement of change in net debt, the consolidated statement of cash flow and the supporting schedules of the Operating, Capital and Special Purpose Funds of **THE PORTAGE LA PRAIRIE SCHOOL DIVISION** as at June 30, 2008. These financial statements have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2008 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Portage la Prairie, Manitoba
October 6, 2008

Chartered Accountants

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above-mentioned School Division.

Oct 23/08
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	1,512,012	-
*	Short Term Investments	69,992	80,647
	Due from - Provincial Government	2,232,220	693,614
	- Federal Government	196,955	144,013
	- Municipal Government	3,685,794	4,627,583
	- Other School Divisions	-	-
	- First Nations	222,207	190,077
	Accounts Receivable	44,326	-
	Accrued Investment Income	-	-
	Other Investments	-	-
		7,963,506	5,735,934
	Liabilities		
	Overdraft	-	3,044,647
	Accounts Payable	435,911	419,480
	Accrued Liabilities	4,182,765	3,017,390
	Employee Future Benefits	-	-
	Accrued Interest Payable	203,961	208,953
	Due to - Provincial Government	-	-
	- Federal Government	337,777	342,672
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	1,350,165	1,157,427
*	Debenture Debt	11,263,629	6,782,513
	Other Borrowings	-	-
	School Generated Funds Liability	4,125	22,888
		17,778,333	14,995,970
	Net Debt	(9,814,827)	(9,260,036)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	16,271,423	15,420,343
	Inventories	87,423	101,160
	Prepaid Expenses	23,021	27,472
		16,381,867	15,548,975
*	**Accumulated Surplus**	6,567,040	6,288,939

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		20,406,906	19,629,798
	Federal Government		20,100	26,782
	Municipal Government	- Property Tax	9,344,465	9,191,572
		- Other	-	-
	Other School Divisions		30,771	20,446
	First Nations		776,796	893,205
	Private Organizations and Individuals		14,325	38,572
	Other Sources		160,232	109,117
	School Generated Funds		787,530	1,149,139
	Other Special Purpose Funds		-	-
			31,541,125	31,058,631
	Expenses			
	Regular Instruction		16,012,152	15,986,904
	Student Support Services		5,591,966	5,012,672
	Adult Learning Centres		575,990	526,725
	Community Education and Services		27,798	32,656
	Divisional Administration		896,860	870,440
	Instructional and Other Support Services		932,033	905,916
	Transportation of Pupils		896,124	864,465
	Operations and Maintenance		3,281,765	3,382,866
*	Fiscal	- Interest	890,907	818,337
		- Other	463,415	460,781
	Amortization		989,452	868,875
	Other Capital Items		-	-
	School Generated Funds		704,562	1,019,326
	Other Special Purpose Funds		-	-
			31,263,024	30,749,963
	Current Year Surplus (Deficit)		278,101	308,668
	Opening Accumulated Surplus		6,288,939	18,956,895
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(13,139,304)
		Other than Tangible Cap. Assets	-	162,680
	Opening Accumulated Surplus, as adjusted		6,288,939	5,980,271
	Closing Accumulated Surplus		6,567,040	6,288,939

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	278,101	308,668
Amortization of Tangible Capital Assets	989,452	868,875
Acquisition of Tangible Capital Assets	(1,840,532)	(4,008,791)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(851,080)	(3,139,916)
Inventories (Increase)/Decrease	13,737	(2,606)
Prepaid Expenses (Increase)/Decrease	4,451	5,263
	18,188	2,657
(Increase)/Decrease in Net Debt	(554,791)	(2,828,591)
Net Debt at Beginning of Year	(9,260,036)	(6,594,125)
Adjustments Other than Tangible Cap. Assets	-	162,680
Net Debt at Beginning of Year as Adjusted	(9,260,036)	(6,431,445)
Net Debt at End of Year	(9,814,827)	(9,260,036)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	278,101	308,668
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	989,452	868,875
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	10,655	(6,193)
Due from Other Organizations (Increase)/Decrease	(681,889)	(294,312)
Accounts Receivable & Accrued Income (Increase)/Decrease	(44,326)	97,741
Inventories and Prepaid Expenses - (Increase)/Decrease	18,188	2,657
Due to Other Organizations Increase/(Decrease)	(4,895)	(3,869)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,176,814	687,393
Deferred Revenue Increase/(Decrease)	192,738	214,034
School Generated Funds Liability Increase/(Decrease)	(18,763)	22,888
Adjustments Other than Tangible Cap. Assets	-	162,680
Cash Provided by Operating Transactions	1,916,075	2,060,562
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,840,532)	(4,008,791)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(1,840,532)	(4,008,791)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	4,481,116	(434,182)
Other Borrowings Increase/(Decrease)	-	(40,000)
Cash Provided by (Applied to) Financing Transactions	4,481,116	(474,182)
Cash and Bank / Overdraft (Increase)/Decrease	4,556,659	(2,422,411)
Cash and Bank (Overdraft) at Beginning of Year	(3,044,647)	(622,236)
Cash and Bank (Overdraft) at End of Year	1,512,012	(3,044,647)

Portage La Prairie School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	25,835,897	338,037	1,465,024	25,000	241,632	-	517,437	-	3,924,959	32,347,986	25,419,731
Adjustments	4,643,699	-	-	-	-	-	-	-	(4,643,699)	-	2,919,464
Opening Cost adjusted	30,479,596	338,037	1,465,024	25,000	241,632	-	517,437	-	(718,740)	32,347,986	28,339,195
Add: Additions during the year	-	-	-	-	26,448	-	-	-	1,814,084	1,840,532	4,008,791
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	30,479,596	338,037	1,465,024	25,000	268,080	-	517,437	-	1,095,344	34,188,518	32,347,986
Accumulated Amortization											
Opening, as previously reported	15,628,213	313,315	862,409	17,300	106,406	-	-	-	-	16,927,643	-
Adjustments	-	-	-	-	-	-	-	-	-	-	16,058,768
Opening adjusted	15,628,213	313,315	862,409	17,300	106,406	-	-	-	-	16,927,643	16,058,768
Add: Current period Amortization	790,352	7,064	140,395	3,800	47,841	-	-	-		989,452	868,875
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	16,418,565	320,379	1,002,804	21,100	154,247	-	-	-	-	17,917,095	16,927,643
Net Tangible Capital Asset	14,061,031	17,658	462,220	3,900	113,833	-	517,437	-	1,095,344	16,271,423	15,420,343
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

PORTAGE LA PRAIRIE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

2. Significant Accounting Policies (Continued)

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

2. Significant Accounting Policies (Continued)

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold	Estimated Useful Life
	($)	(years)
Land improvements	25,000	10
Buildings – brick, mortar and steel	25,000	40
Buildings – wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

2. Significant Accounting Policies (Continued)

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

PORTAGE LA PRAIRIE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

2. Significant Accounting Policies (Continued)

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized a line of credit with the Bank of Montreal of $5,000,000 by way of overdrafts and is repayable on demand at prime less .6%; interest is paid monthly. The line of credit is currently nil ($3,044,647 in 2007). Overdrafts are secured by line of credit agreement.

4. Short Term Investments

Short term investments consist of a patronage equity account. Short term investments are recorded at the lower of cost or market. As at June 30, 2008, the cost of short term investment was $69,992 ($80,647 in 2007); investment income earned during the year was nil ($10,202 in 2007).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$57,620	$191,254	$184,440	$64,434
Education Property Tax Credit Advance	1,099,807	2,410,153	2,283,029	1,226,931
Education & Literacy Advance Payment 2008/2009	0	58,800	0	58,800
	$1,157,427	$2,660,207	$2,467,469	$1,350,165

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $4,125 ($22,888 in 2007).

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year supportable and non-supportable debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest for the supportable debentures is funded entirely by grants from the Province of Manitoba. The payment of principal and interest for the non-supportable debentures must be funded by the Division as the Division does not receive grants from the Province of Manitoba to pay these types of debentures. The debentures carry interest rates that range from 5% to 11.625%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$626,000	$681,000	$1,307,000
2010	$681,000	$622,000	$1,303,000
2011	$660,000	$607,000	$1,267,000
2012	$701,000	$558,000	$1,259,000
2013	$634,000	$619,000	$1,253,000
	$3,302,000	$3,087,000	$6,389,000

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$34,188,518	$17,917,095	$16,271,423

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Undesignated Surplus	$1,108,563	$1,093,408
Capital Fund		
Equity in Tangible Capital Assets	5,083,016	4,903,038
Special Purpose Fund		
School Generated Funds	375,461	292,493
Total Accumulated Surplus	$6,567,040	$6,288,939

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 52% from 2007 tax year and 48% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue- Municipal Government-Property Tax	$9,344,465	$9,191,572
Revenue-Due from Municipal-Property tax	$3,685,794	$4,627,583

11. Interest Received and Paid

The Division received interest during the year of $31,622 ($6,377 in 2007); interest paid during the year was $890,907 ($818,337 in 2007).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$210,034
Capital Fund	
Debenture debt interest	680,873
	$890,907

11. Interest Received and Paid (Continued)

The accrual portion of debenture debt interest expense of $203,961 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Prairie Rose School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 15, 2008

Collins Barrow
Chartered Accountants

401 Century Plaza
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Auditors' Report

To the Chairperson and Trustees
Prairie Rose School Division

We have audited the Consolidated Statement of Financial Position for the Prairie Rose School Division as at June 30, 2008, and the Consolidated Statement of Revenue, Expenses, Consolidated Statement of change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2008. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the Special Purpose Fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to revenue, current year surplus and accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in notes 3 and 4 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplementary information shown.

Winnipeg, Canada
October 15, 2008

Collins Barrow

CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

November 3, 2008

DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	144,053	1,799,761
4	Short Term Investments	-	11,740
	Due from - Provincial Government	852,297	484,498
	- Federal Government	52,352	86,202
10	- Municipal Government	4,033,317	4,137,262
	- Other School Divisions	40,080	17,000
	- First Nations	-	-
	Accounts Receivable	91,681	72,234
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,213,780	6,608,697
	Liabilities		
	Overdraft	-	-
	Accounts Payable	2,015,858	2,029,906
	Accrued Liabilities	179,450	1,939,506
	Employee Future Benefits	-	-
6	Accrued Interest Payable	223,725	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	390,942	310,924
6	Debenture Debt	7,272,413	7,324,064
	Other Borrowings	-	-
7	School Generated Funds Liability	18,306	19,107
		10,100,694	11,623,507
	Net Debt	(4,886,914)	(5,014,810)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	8,596,123	8,631,248
	Inventories	-	-
	Prepaid Expenses	24,507	26,332
		8,620,630	8,657,580
9	**Accumulated Surplus**	3,733,716	3,642,770

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		14,832,722	14,173,042
	Federal Government		17,116	19,590
10	Municipal Government	- Property Tax	7,314,850	7,471,746
		- Other	1,740	1,680
	Other School Divisions		101,080	102,769
	First Nations		-	3,762
	Private Organizations and Individuals		37,121	69,098
	Other Sources		192,550	138,206
	School Generated Funds		453,803	355,237
	Other Special Purpose Funds		9,342	3,148
			22,960,324	22,338,278
	Expenses			
	Regular Instruction		12,628,985	12,316,830
	Student Support Services		2,689,859	2,506,968
	Adult Learning Centres		243,312	230,975
	Community Education and Services		24,959	25,073
	Divisional Administration		841,624	797,240
	Instructional and Other Support Services		434,672	401,874
	Transportation of Pupils		1,732,336	1,566,604
	Operations and Maintenance		2,224,831	2,178,150
11	Fiscal	- Interest	526,904	829,854
		- Other	337,523	317,383
	Amortization		722,130	680,050
	Other Capital Items		-	-
	School Generated Funds		451,981	352,425
	Other Special Purpose Funds		10,262	7,532
			22,869,378	22,210,958
	Current Year Surplus (Deficit)		90,946	127,320
	Opening Accumulated Surplus		3,642,770	19,633,861
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(16,220,217)
		Other than Tangible Cap. Assets	-	101,806
	Opening Accumulated Surplus, as adjusted		3,642,770	3,515,450
	Closing Accumulated Surplus		3,733,716	3,642,770

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	90,946	127,320
Amortization of Tangible Capital Assets	722,130	680,050
Acquisition of Tangible Capital Assets	(690,094)	(1,567,663)
(Gain) / Loss on Disposal of Tangible Capital Assets	(9,726)	(500)
Proceeds on Disposal of Tangible Capital Assets	12,815	500
	35,125	(887,613)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	1,825	(1,840)
	1,825	(1,840)
(Increase)/Decrease in Net Debt	127,896	(762,133)
Net Debt at Beginning of Year	(5,014,810)	(4,354,483)
Adjustments Other than Tangible Cap. Assets	-	101,806
Net Debt at Beginning of Year as Adjusted	(5,014,810)	(4,252,677)
Net Debt at End of Year	(4,886,914)	(5,014,810)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	90,946	127,320
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	722,130	680,050
(Gain)/Loss on Disposal of Tangible Capital Assets	(9,726)	(500)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	11,740	(11,740)
Due from Other Organizations (Increase)/Decrease	(253,084)	(35,526)
Accounts Receivable & Accrued Income (Increase)/Decrease	(19,447)	(58,254)
Inventories and Prepaid Expenses - (Increase)/Decrease	1,825	(1,840)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,550,379)	1,055,540
Deferred Revenue Increase/(Decrease)	80,018	(22,007)
School Generated Funds Liability Increase/(Decrease)	(801)	19,107
Adjustments Other than Tangible Cap. Assets	-	101,806
Cash Provided by Operating Transactions	(926,778)	1,853,956
Capital Transactions		
Acquisition of Tangible Capital Assets	(690,094)	(1,567,663)
Proceeds on Disposal of Tangible Capital Assets	12,815	500
Cash (Applied to)/Provided by Capital Transactions	(677,279)	(1,567,163)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(51,651)	513,724
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(51,651)	513,724
Cash and Bank / Overdraft (Increase)/Decrease	(1,655,708)	800,517
Cash and Bank (Overdraft) at Beginning of Year	1,799,761	999,244
Cash and Bank (Overdraft) at End of Year	144,053	1,799,761

Prairie Rose School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	17,191,641	827,479	3,473,428	99,319	90,308	-	114,412	-	89,421	21,886,008	23,963,852
Adjustments	-	-	-	-	-	-	-	-	-	-	(3,532,545)
Opening Cost adjusted	17,191,641	827,479	3,473,428	99,319	90,308	-	114,412	-	89,421	21,886,008	20,431,307
Add: Additions during the year	232,575	-	316,719	-	-	-	-	151,993	(11,193)	690,094	1,567,663
Less: Disposals and write downs	-	-	103,891	30,886	-	-	-	-	-	134,777	112,962
Closing Cost	17,424,216	827,479	3,686,256	68,433	90,308	-	114,412	151,993	78,228	22,441,325	21,886,008
Accumulated Amortization											
Opening, as previously reported	10,519,919	394,047	2,215,771	51,265	73,758	-	-	-	-	13,254,760	-
Adjustments	-	-	-	-	-	-	-	-	-	-	12,687,672
Opening adjusted	10,519,919	394,047	2,215,771	51,265	73,758	-	-	-	-	13,254,760	12,687,672
Add: Current period Amortization	450,775	13,639	237,037	11,019	6,620	-	-	3,040		722,130	680,050
Less: Accumulated Amortization on Disposals and Writedowns	-	-	103,891	27,797	-	-	-	-	-	131,688	112,962
Closing Accumulated Amortization	10,970,694	407,686	2,348,917	34,487	80,378	-	-	3,040	-	13,845,202	13,254,760
Net Tangible Capital Asset	6,453,522	419,793	1,337,339	33,946	9,930	-	114,412	148,953	78,228	8,596,123	8,631,248
Proceeds from Disposal of Capital As	-	-	593	12,222	-	-	-			12,815	500

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and The Prairie Rose Foundation of Manitoba Inc. controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation wherever possible.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

2. Significant Accounting Policies - Continued

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land and buildings acquired before June 30, 1995, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

All land acquired prior to June 30, 1995 has been valued using information provided by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets - continued

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with The Dufferin Credit Union Limited of $3,900,000 by way of overdrafts and is repayable on demand at 4.25%; interest is paid monthly. $3,900,000 remains available on this line of credit. Overdrafts are secured by a temporary borrowing by-law.

4. Short Term Investments

Short term investments consist of deposit certificates that mature within one year. Investment income earned during the year was $221 (2007: $271).

5. Deferred Revenue

The deferral method of accounting is used to properly match revenues with expenditures. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

6 Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2008 and 2007, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture repayments in the next five years are:

2009	$1,187,328
2010	1,079,858
2011	1,070,466
2012	1,058,425
2013	1,058,425
	$5,354,502

7. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $18,306 (2007: $19,107).

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$ 21,886,008	$ 13,845,201	$8,596,124	$8,631,248
Capital lease	-	-	-	-
	$ 21,886,008	$ 13,845,201	$8,596,124	$8,631,248

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$1,016,320	$1,775,864
Undesignated Surplus	550,000	-
	1,566,320	1,775,864
Capital Fund		
Reserve Accounts	841,342	834,745
Equity in Tangible Capital Assets	1,224,918	931,927
	2,066,260	1,766,672
Special Purpose Fund		
School Generated Funds	90,148	88,325
Other Special Purpose Funds	10,990	11,909
	101,138	100,234
Total Accumulated Surplus	$3,733,718	$3,642,770

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use, Scholarship Awards and donations for school projects.

10. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 42% from 2007 tax year and 58% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$7,314,850	$7,471,746
Receivable-Due from Municipal-Property Tax	$4,033,317	$4,137,362

In accordance with Section 190.1 of the Public Schools Act, the Division is required to collect a special levy on behalf of la Division Scolaire Franco-Manitobaine. As at June 30, 2008, the amount of this special levy was $322,236 (2007: $290,955). These amounts are not included in the Division's financial statements.

11. Interest Received and Paid

The Division received interest during the year of $69,297 (2007: $97,386); interest paid during the year was $526,904 (2007: $829,854).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 5,894	$ 74,507
Capital Fund		
Debenture debt interest	521,010	755,347
	$ 526,904	$ 829,854

The accrual portion of debenture debt interest expense of $223,725(2007: $232,831) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 15,665,886	$ 15,778,607	$ 15,089,132
Employees benefits and allowances	1,160,679	1,146,825	1,133,282
Services	2,125,130	2,041,758	1,973,685
Supplies, materials and minor equipment	1,662,457	1,699,543	1,619,210
Interest	526,904	15,000	829,854
Bad debts	-	-	-
Payroll tax	337,523	341,000	317,383
Transfers	406,281	774,000	208,405
Amortization	722,130		680,050
(Gain) and disposal of capital assets	(9,726)		112,462
School generated funds	451,981		352,425
Other special purpose funds	10,262		7,532
	$ 23,059,507	$ 21,199,713	$ 22,323,420

13. Budget Figures and Non Financial Information

The 2008 budget figures, student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Prairie Spirit School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 3, 2008

Collins Barrow
Chartered Accountants

401 Century Plaza
One Wesley Avenue
Winnipeg, Manitoba
R3C 4C6

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email: collinsbarrow@wpgcb.com

Auditors' Report

To the Chairperson and Trustees
Prairie Spirit School Division

We have audited the Consolidated Statement of Financial Position for the Prairie Spirit School Division as at June 30, 2008, and the Consolidated Statement of Revenue, Expenses and Accumulated Surplus, Consolidated Statement of Change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2008. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to Special Purpose Fund Revenue, Net Current Year Surplus (Deficit) and Closing Accumulated Surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of Special Purpose Fund Revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplementary information shown.

Winnipeg, Canada
October 3, 2008

Collins Barrow
CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

Oct 31/08
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	593,465	315,714
	- Federal Government	93,912	102,558
	- Municipal Government	4,185,941	4,521,498
	- Other School Divisions	-	-
	- First Nations	70,630	45,379
	Accounts Receivable	76,191	9,078
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,020,139	4,994,227
	Liabilities		
*	Overdraft	1,358,876	435,580
	Accounts Payable	1,781,096	1,596,115
	Accrued Liabilities	509,106	259,376
*	Employee Future Benefits	140,568	54,762
	Accrued Interest Payable	217,195	245,935
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	112,845	616,883
*	Debenture Debt	6,830,139	7,462,629
	Other Borrowings	-	-
	School Generated Funds Liability	80,766	84,780
		11,030,591	10,756,060
	Net Debt	(6,010,452)	(5,761,833)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	10,592,096	10,871,662
	Inventories	-	-
	Prepaid Expenses	32,318	15,146
		10,624,414	10,886,808
*	**Accumulated Surplus**	4,613,962	5,124,975

See accompanying notes to the Financial Statements

Prairie Spirit School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		16,386,993	16,520,151
	Federal Government		-	10,473
	Municipal Government	- Property Tax	7,569,223	8,029,040
		- Other	-	-
	Other School Divisions		23,400	29,250
	First Nations		258,674	228,100
	Private Organizations and Individuals		209,645	92,874
	Other Sources		168,824	131,119
	School Generated Funds		462,911	366,686
	Other Special Purpose Funds		-	-
			25,079,670	25,407,693
	Expenses			
	Regular Instruction		13,367,514	13,276,912
	Student Support Services		3,043,482	2,944,575
	Adult Learning Centres		-	-
	Community Education and Services		25,637	18,115
	Divisional Administration		1,049,092	933,388
	Instructional and Other Support Services		652,439	524,458
	Transportation of Pupils		2,079,602	1,970,005
	Operations and Maintenance		3,033,569	2,816,709
*	Fiscal	- Interest	566,504	900,888
		- Other	350,160	351,042
	Amortization		978,291	999,469
	Other Capital Items		-	-
	School Generated Funds		444,393	365,304
	Other Special Purpose Funds		-	-
			25,590,683	25,100,865
	Current Year Surplus (Deficit)		(511,013)	306,828
	Opening Accumulated Surplus		5,124,975	25,670,567
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(20,888,884)
		Other than Tangible Cap. Assets	-	36,464
	Opening Accumulated Surplus, as adjusted		5,124,975	4,818,147
	Closing Accumulated Surplus		4,613,962	5,124,975

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(511,013)	306,828
Amortization of Tangible Capital Assets	978,291	999,469
Acquisition of Tangible Capital Assets	(700,675)	(568,285)
(Gain) / Loss on Disposal of Tangible Capital Assets	(9,312)	(7,500)
Proceeds on Disposal of Tangible Capital Assets	11,262	7,500
	279,566	431,184
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(17,172)	(15,146)
	(17,172)	(15,146)
(Increase)/Decrease in Net Debt	(248,619)	722,866
Net Debt at Beginning of Year	(5,761,833)	(6,521,163)
Adjustments Other than Tangible Cap. Assets	-	36,464
Net Debt at Beginning of Year as Adjusted	(5,761,833)	(6,484,699)
Net Debt at End of Year	(6,010,452)	(5,761,833)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(511,013)	306,828
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	978,291	999,469
(Gain)/Loss on Disposal of Tangible Capital Assets	(9,312)	(7,500)
Employee Future Benefits Increase/(Decrease)	85,806	54,762
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	41,201	197,032
Accounts Receivable & Accrued Income (Increase)/Decrease	(67,113)	41,544
Inventories and Prepaid Expenses - (Increase)/Decrease	(17,172)	(15,146)
Due to Other Organizations Increase/(Decrease)	-	(555,901)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	405,971	326,869
Deferred Revenue Increase/(Decrease)	(504,038)	591,000
School Generated Funds Liability Increase/(Decrease)	(4,014)	84,780
Adjustments Other than Tangible Cap. Assets	-	36,464
Cash Provided by Operating Transactions	398,607	2,060,201
Capital Transactions		
Acquisition of Tangible Capital Assets	(700,675)	(568,285)
Proceeds on Disposal of Tangible Capital Assets	11,262	7,500
Cash (Applied to)/Provided by Capital Transactions	(689,413)	(560,785)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(632,490)	(517,070)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(632,490)	(517,070)
Cash and Bank / Overdraft (Increase)/Decrease	(923,296)	982,346
Cash and Bank (Overdraft) at Beginning of Year	(435,580)	(1,417,926)
Cash and Bank (Overdraft) at End of Year	(1,358,876)	(435,580)

Prairie Spirit School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals
Tangible Capital Asset Cost										
Opening Cost, as previously reported	22,142,828	761,055	5,953,670	-	187,923	1,000,696	56,805	-	231,617	30,334,594
Adjustments	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	22,142,828	761,055	5,953,670	-	187,923	1,000,696	56,805	-	231,617	30,334,594
Add: Additions during the year	321,100	-	267,943	30,490	58,621	25,610	-	-	(3,089)	700,675
Less: Disposals and write downs	215,809	-	236,307	-	-	-	1,950	-		454,066
Closing Cost	22,248,119	761,055	5,985,306	30,490	246,544	1,026,306	54,855	-	228,528	30,581,203
Accumulated Amortization										
Opening, as previously reported	13,974,236	538,566	4,204,799	-	99,455	645,876	-	-	-	19,462,932
Adjustments	-	-	-	-	-	-	-	-	-	-
Opening adjusted	13,974,236	538,566	4,204,799	-	99,455	645,876	-	-	-	19,462,932
Add: Current period Amortization	525,886	17,922	334,635	3,049	21,793	75,006	-	-		978,291
Less: Accumulated Amortization on Disposals and Writedowns	215,809	-	236,307	-	-	-	-	-	-	452,116
Closing Accumulated Amortization	14,284,313	556,488	4,303,127	3,049	121,248	720,882	-	-	-	19,989,107
Net Tangible Capital Asset	7,963,806	204,567	1,682,179	27,441	125,296	305,424	54,855	-	228,528	10,592,096
Proceeds from Disposal of Capital As	-	-	10,188	-	-	-	1,074			11,262

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and The Prairie Spirit Foundation of Manitoba Inc. controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation wherever possible.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statue. The trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set our in the trust indenture.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

2. Significant Accounting Policies - Continued

d) School Generated Funds - continued

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are student council funds, yearbook funds, graduation funds and specified sports and cultural funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

All land acquired prior to June 30, 1995 has been valued using information provided by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

2. Significant Accounting Policies - Continued

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides other future benefits to its employees. Theses benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with Caisse Pembina Ltee. of $4,000,000 by way of overdrafts and is repayable on demand at prime less 0.60%; interest is paid monthly. $2,394,608 remains available on this line of credit. Overdrafts are secured by a temporary borrowing by-law. Subsequent to June 30, 2008, the authorized line of credit was increased to $5,000,000.

4. Employee Future Benefits

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include supplemental employment and sick leave benefits.

5. Deferred Revenue

The deferral method of accounting is used to properly match revenues with expenditures. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2008 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.00% to 11.75%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture repayments in the next five years are as follows:

2009	$1,142,028
2010	958,397
2011	827,296
2012	804,283
2013	789,225
	$4,521,229

7. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $80,766 ($84,780 in 2007).

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$ 30,581,203	$ 19,989,107	$ 10,592,096	$ 10,871,662
Capital lease	-	-	-	-
	$ 30,581,203	$ 19,989,107	$ 10,592,096	$ 10,871,662

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ -	$ 77,066
Undesignated Surplus	688,676	1,296,310
	688,676	1,373,376
Capital Fund		
Reserve Accounts	341,703	230,722
Equity in Tangible Capital Assets	3,421,333	3,377,145
	3,763,036	3,607,867
Special Purpose Fund		
School Generated Funds	162,250	143,732
Other Special Purpose Funds	-	-
	162,250	143,732
Total Accumulated Surplus	$ 4,613,962	$ 5,124,975

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

9. Accumulated Surplus -continued

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use, Scholarship Awards and donations for school projects.

10. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 43% from 2007 tax year and 57% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$7,569,223	$8,029,040
Receivable-Due from Municipal-Property Tax	$4,185,941	$4,521,498

In accordance with Section 190.1 of the Public Schools Act, the Division is required to collect a special levy on behalf of la Division Scolaire Franco-Manitobaine. As at June 30, 2008, the amount of this special levy was $589,053 (2007: $572,484). These amounts are not included in the Division's financial statements in 2008.

11. Interest Received and Paid

The Division received interest during the year of $40,282 (2007; $37,339); interest paid during the year was $566,504 (2007; $900,888).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 60,131	$ 58,397
Capital Fund		
Debenture debt interest	506,373	842,491
	$ 566,504	$ 900,888

The accrual portion of debenture debt interest expense of $217,195 (2007: $245,935) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 16,564,830	$ 16,635,200	$ 16,254,685
Employees benefits and allowances	1,450,451	1,214,300	1,508,399
Services	2,849,255	2,421,600	2,627,426
Supplies, materials and minor equipment	2,183,729	1,896,400	1,947,342
Interest	566,504	40,000	900,888
Bad debts	-	-	-
Payroll tax	350,160	350,000	351,042
Transfers	203,070	388,330	146,310
Amortization	978,291		999,469
Loss and disposal of capital assets			
School generated funds	444,393		365,304
Other special purpose funds	-	-	-
	$ 25,590,683	$ 22,574,900	$ 25,100,865

13. Budget Figures and Non Financial Information

The 2008 budget figures, student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

RED RIVER VALLEY SCHOOL DIVISION
DIVISION SCOLAIRE VALLÉE de la RIVIÈRE-ROUGE
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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Red River Valley School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

September 5, 2008

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Red River Valley School Division

We have audited the consolidated statement of financial position of **The Red River Valley School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 5, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division.

Oct 22/08
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,115,025	542,440
	- Federal Government	62,888	74,532
	- Municipal Government	3,921,267	4,016,341
	- Other School Divisions	120,169	147,055
	- First Nations	-	-
	Accounts Receivable	64,756	48,874
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,284,105	4,829,242
	Liabilities		
3	Overdraft	1,601,472	227,319
	Accounts Payable	387,796	713,051
	Accrued Liabilities	-	-
4	Employee Future Benefits	135,237	140,740
	Accrued Interest Payable	259,489	268,017
	Due to - Provincial Government	980	64,582
	- Federal Government	7,596	883,969
	- Municipal Government	36,447	29,223
	- Other School Divisions	670,803	474,375
	- First Nations	-	-
5	Deferred Revenue	820,513	552,180
7	Debenture Debt	8,661,333	8,771,523
8	Other Borrowings	275,085	338,474
	School Generated Funds Liability	34,754	29,017
		12,891,505	12,492,470
	Net Debt	(7,607,400)	(7,663,228)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	12,631,703	12,589,917
	Inventories	133,695	125,929
	Prepaid Expenses	31,253	50,699
		12,796,651	12,766,545
10	**Accumulated Surplus**	5,189,251	5,103,317

See accompanying notes to the Financial Statements

Red River Valley School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		14,231,352	13,926,798
	Federal Government		1,965	21,177
	Municipal Government	- Property Tax	6,827,611	7,056,339
		- Other	-	466
	Other School Divisions		541,790	548,440
	First Nations		8,502	55,727
	Private Organizations and Individuals		155,006	117,550
	Other Sources		38,722	88,166
	School Generated Funds		549,536	630,928
	Other Special Purpose Funds		-	-
			22,354,484	22,445,591
	Expenses			
	Regular Instruction		11,576,777	11,448,820
	Student Support Services		2,673,676	2,414,349
	Adult Learning Centres		-	-
	Community Education and Services		21,174	20,014
	Divisional Administration		805,672	783,211
	Instructional and Other Support Services		506,054	436,795
	Transportation of Pupils		2,024,385	1,859,888
	Operations and Maintenance		2,225,407	2,212,735
12	Fiscal	- Interest	682,697	1,007,309
		- Other	314,490	306,924
	Amortization		890,945	855,620
	Other Capital Items		-	-
	School Generated Funds		547,273	618,787
	Other Special Purpose Funds		-	-
			22,268,550	21,964,452
	Current Year Surplus (Deficit)		85,934	481,139
	Opening Accumulated Surplus		5,103,317	20,227,745
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(15,733,992)
		Other than Tangible Cap. Assets	-	128,425
	Opening Accumulated Surplus, as adjusted		5,103,317	4,622,178
	Closing Accumulated Surplus		5,189,251	5,103,317

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	85,934	481,139
Amortization of Tangible Capital Assets	890,945	855,620
Acquisition of Tangible Capital Assets	(932,731)	(656,428)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,400)	(29,706)
Proceeds on Disposal of Tangible Capital Assets	1,400	31,306
	(41,786)	200,792
Inventories (Increase)/Decrease	(7,766)	(6,169)
Prepaid Expenses (Increase)/Decrease	19,446	(41,556)
	11,680	(47,725)
(Increase)/Decrease in Net Debt	55,828	634,206
Net Debt at Beginning of Year	(7,663,228)	(8,425,859)
Adjustments Other than Tangible Cap. Assets	-	128,425
Net Debt at Beginning of Year as Adjusted	(7,663,228)	(8,297,434)
Net Debt at End of Year	(7,607,400)	(7,663,228)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	85,934	481,139
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	890,945	855,620
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,400)	(29,706)
Employee Future Benefits Increase/(Decrease)	(5,503)	140,740
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(438,981)	(247,244)
Accounts Receivable & Accrued Income (Increase)/Decrease	(15,882)	86,811
Inventories and Prepaid Expenses - (Increase)/Decrease	11,680	(47,725)
Due to Other Organizations Increase/(Decrease)	(736,323)	125,996
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(333,783)	175,848
Deferred Revenue Increase/(Decrease)	268,333	121,633
School Generated Funds Liability Increase/(Decrease)	5,737	29,017
Adjustments Other than Tangible Cap. Assets	-	128,425
Cash Provided by Operating Transactions	(269,243)	1,820,554
Capital Transactions		
Acquisition of Tangible Capital Assets	(932,731)	(656,428)
Proceeds on Disposal of Tangible Capital Assets	1,400	31,306
Cash (Applied to)/Provided by Capital Transactions	(931,331)	(625,122)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(110,190)	(604,026)
Other Borrowings Increase/(Decrease)	(63,389)	(59,704)
Cash Provided by (Applied to) Financing Transactions	(173,579)	(663,730)
Cash and Bank / Overdraft (Increase)/Decrease	(1,374,153)	531,702
Cash and Bank (Overdraft) at Beginning of Year	(227,319)	(759,021)
Cash and Bank (Overdraft) at End of Year	(1,601,472)	(227,319)

Red River Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,374,885	1,236,802	2,266,802	240,061	470,963	89,371	564,889	-	69,077	24,312,850	28,524,701
Adjustments		-	-	-	-	-	-	-	-	-	(4,836,846)
Opening Cost adjusted	19,374,885	1,236,802	2,266,802	240,061	470,963	89,371	564,889	-	69,077	24,312,850	23,687,855
Add: Additions during the year	438,988	-	443,104	-	83,362	5,910	-	-	(38,633)	932,731	656,428
Less: Disposals and write downs	-	-	-	31,042	23,805	-	-	-	-	54,847	31,433
Closing Cost	19,813,873	1,236,802	2,709,906	209,019	530,520	95,281	564,889	-	30,444	25,190,734	24,312,850
Accumulated Amortization											
Opening, as previously reported	9,734,425	409,441	1,190,565	170,427	212,545	5,530	-	-	-	11,722,933	-
Adjustments	-	-	-	-	-	-	-	-	-	-	10,897,146
Opening adjusted	9,734,425	409,441	1,190,565	170,427	212,545	5,530	-	-	-	11,722,933	10,897,146
Add: Current period Amortization	525,360	33,680	207,261	21,934	90,911	11,799	-	-		890,945	855,620
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	31,042	23,805	-	-	-	-	54,847	29,833
Closing Accumulated Amortization	10,259,785	443,121	1,397,826	161,319	279,651	17,329	-	-	-	12,559,031	11,722,933
Net Tangible Capital Asset	9,554,088	793,681	1,312,080	47,700	250,869	77,952	564,889	-	30,444	12,631,703	12,589,917
Proceeds from Disposal of Capital As	-	-	-	1,400	-	-	-			1,400	31,306

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Red River Valley School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	5,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	5,000	10 years
Leasehold improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Pension Plan

The Division pays the employer portion of a defined contribution plan handled by the Manitoba Association of School Trustees (MAST). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with Bank of Montreal of $5,000,000 by way of overdrafts and is repayable on demand at prime less .6%; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2008 year was $250,474 ($242,551 in 2007).

Employee future benefits recorded as a liability represent vacation payable for administrative employees.

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in period	Revenue recognized in period	Balance as at June 30, 2008
Education Property Tax Credit (EPTC)	$ 548,486	1,581,764	1,497,545	632,705
Manitoba Text Book Bureau	3,694	121,260	121,260	3,694
Tax Incentive Grant	-	419,033	251,420	167,613
Other	-	16,501	-	16,501
	$ 552,180	2,138,558	1,870,225	820,513

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $34,754.

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.125% to 11.875%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The total debenture principal and interest repayments in the next five years are:

2009	$ 1,153,496
2010	1,136,904
2011	1,086,433
2012	1,071,657
2013	1,070,671
	$ 5,519,161

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes financing for the acquisition of a board office and an energy retrofit loan.

	2008	2007
Board office loan – Bank of Montreal	$ 189,753	214,282
Energy Retrofit – Pacific & Western Bank	85,332	124,192
	$ 275,085	338,474

The Board office loan has 5.75% interest per annum, due in fiscal year 2015 and a monthly payment of $3,019 principal and interest.

Energy retrofit loan has 6.39% interest per annum, due in fiscal year 2010 and an annual payment of $46,800 principal and interest. This loan is secured by way of borrowing resolution.

Total principal and interest repayment of total Other Borrowings in the next five years are:

2009	$ 83,028
2010	83,028
2011	36,228
2012	36,228
2013	36,228
	$ 274,740

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $nil (previous year $nil).

Red River Valley School Division
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2008

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 704,410	507,226
Undesignated Surplus	157,525	889,702
	$ 861,935	1,396,928
Capital Fund		
Reserve Accounts	$ 521,452	138,052
Equity in Tangible Capital Assets	3,664,842	3,429,578
	$4,186,294	3,567,630
Special Purpose Fund		
School Generated Funds	$ 141,022	138,759
Other Special Purpose Funds	-	-
	$ 141,022	138,759
Total Accumulated Surplus	$5,189,251	5,103,317

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2008	2007
School budget carryovers by board policy	$ 321,448	312,289
Red River surplus agreement	164,172	194,937
Future Vocational Programming	44,000	-
Staffing due to enrolment increase in schools	105,000	-
Building Property Infrastructure Plan Projects	69,790	-
Designated surplus	$ 704,410	507,226

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. In June 2007, the PSFB approved the establishment of a capital reserve to finance the relocation and expansion of the division's vocational/career development program in the amount of $1,200,000. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus Reserve	$ 21,452	138,052
Vocational Programming Reserve	500,000	-
Other Reserves	-	-
Capital Reserve	$ 521,452	138,052

11. Municipal Government – Property Tax and Related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 6,827,611	7,056,339
Receivable – Due from Municipal – Property Tax	$ 3,669,847	4,016,341

12. Interest Received and Paid

The Division received interest during the year of $14,002 (previous year $20,978); interest paid during the year was $682,697 (previous year $1,007,309).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 50,630	46,036
Capital Fund		
Debenture interest	612,433	937,952
Other interest	19,634	23,321
	$ 682,697	1,007,309

The accrual portion of debenture debt interest expense of $259,489 ($268,017 in 2007) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 14,695,879	14,652,356	14,343,886
Employees benefits and allowances	1,039,345	997,283	1,012,290
Services	2,046,620	1,753,503	1,911,315
Supplies, materials and minor equipment	1,706,839	2,046,646	1,594,819
Interest	682,697	45,000	1,007,309
Bad debts	-	-	-
Payroll tax	314,490	315,026	306,924
Transfers	344,462	297,200	313,502
Amortization	890,945	-	855,620
Other capital items	-	-	-
School generated funds	547,273	-	618,787
Other special purpose funds	-	-	-
	$ 22,268,550	20,107,014	21,964,452

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $2,024,822 ($1,923,096 in 2007). These amounts are not included in the Division's consolidated financial statements.

15. Contingent Liabilities

A lawsuit has been filed against the school division. In the opinion of management, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

16. Commitments and Appropriations of Operating Fund Surplus

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $704,410 at June 30, 2008 ($507,226 at June 30, 2007). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 11,886
2010	11,682
2011	10,344

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of River East Transcona School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson	Secretary-Treasurer
Robert J. Fraser	Vince Mariani

October 21, 2008

AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
RIVER EAST TRANSCONA SCHOOL DIVISION

We have audited the following financial statements of River East Transcona School Division (the "Division") as at June 30, 2008 and for the year then ended:

Consolidated – Statement of Financial Position
Consolidated – Statement of Revenue, Expenses and Accumulated Surplus
Consolidated – Statement of Change in Net Debt
Consolidated – Statement of Cash Flow
Operating Fund – Schedule of Financial Position
Operating Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Capital Fund – Schedule of Financial Position
Capital Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Capital Fund – Schedule of Tangible Capital Assets
Capital Fund – Schedule of Reserve Accounts
Special Purpose Fund – Schedule of Financial Position
Special Purpose Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Notes to the Financial Statements

These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Our examination also included the statements presented on pages 3, 5 and 8 to 20. In our opinion, such supplemental exhibits and schedules when considered in relation to the basic financial statements, present fairly, in all material respects, the information shown therein.

Our opinion on these financial statements does not extend to any budget information contained therein.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
October 21, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above-mentioned school division.

OCTOBER 31, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
3	Cash and Bank	1,357,357	-
	Short Term Investments	-	-
	Due from - Provincial Government	3,480,152	3,259,570
	- Federal Government	133,956	151,693
11	- Municipal Government	26,746,254	26,288,059
	- Other School Divisions	3,980	38,091
	- First Nations	10,054	53,942
	Accounts Receivable	174,370	412,815
	Accrued Investment Income	-	-
	Other Investments	-	-
		31,906,123	30,204,170
	Liabilities		
3	Overdraft	-	950,039
	Accounts Payable	1,617,572	1,646,417
	Accrued Liabilities	12,435,671	11,871,317
4	Employee Future Benefits	151,925	118,441
	Accrued Interest Payable	975,346	1,042,777
	Due to - Provincial Government	4,026	5,765
	- Federal Government	11,726	13,546
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	9,328,288	7,948,799
7	Debenture Debt	28,474,194	29,774,336
8	Other Borrowings	6,678,951	7,303,276
6	School Generated Funds Liability	1,581,828	1,399,420
		61,259,527	62,074,133
	Net Debt	(29,353,404)	(31,869,963)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	49,754,838	49,921,822
	Inventories	-	-
	Prepaid Expenses	337,719	218,183
		50,092,557	50,140,005
10	**Accumulated Surplus**	20,739,153	18,270,042

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		107,970,732	105,211,668
	Federal Government		10,581	19,006
11	Municipal Government	- Property Tax	44,930,541	45,101,908
		- Other	-	-
	Other School Divisions		872,056	846,100
	First Nations		35,741	30,634
	Private Organizations and Individuals		2,888,641	2,603,257
	Other Sources		596,065	531,516
	School Generated Funds		1,029,519	1,000,281
	Other Special Purpose Funds		-	-
			158,333,876	155,344,370
	Expenses			
	Regular Instruction		85,993,517	83,626,471
	Student Support Services		26,590,375	25,010,609
	Adult Learning Centres		870,227	875,303
	Community Education and Services		1,098,291	869,540
	Divisional Administration		4,492,075	4,136,873
	Instructional and Other Support Services		5,978,087	6,165,372
	Transportation of Pupils		2,875,949	2,700,257
	Operations and Maintenance		17,334,741	17,491,482
12	Fiscal	- Interest	2,597,844	3,982,542
		- Other	2,455,409	2,363,002
	Amortization		4,652,488	4,170,373
	Other Capital Items		41,600	96,737
	School Generated Funds		1,015,202	959,762
	Other Special Purpose Funds		-	-
			155,995,805	152,448,323
	Current Year Surplus (Deficit)		2,338,071	2,896,047
	Opening Accumulated Surplus		18,270,042	104,235,440
17	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(85,182,195)
10,17		Other than Tangible Cap. Assets	131,040	(3,679,250)
	Opening Accumulated Surplus, as adjusted		18,401,082	15,373,995
	Closing Accumulated Surplus		20,739,153	18,270,042

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	2,338,071	2,896,047
Amortization of Tangible Capital Assets	4,652,488	4,170,373
Acquisition of Tangible Capital Assets	(4,485,504)	(6,569,189)
(Gain) / Loss on Disposal of Tangible Capital Assets	(9,526)	(1,319)
Proceeds on Disposal of Tangible Capital Assets	9,526	10,498
	166,984	(2,389,637)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(119,536)	58,380
	(119,536)	58,380
(Increase)/Decrease in Net Debt	2,385,519	564,790
Net Debt at Beginning of Year	(31,869,963)	(28,755,503)
Adjustments Other than Tangible Cap. Assets	131,040	(3,679,250)
Net Debt at Beginning of Year as Adjusted	(31,738,923)	(32,434,753)
Net Debt at End of Year	(29,353,404)	(31,869,963)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	2,338,071	2,896,047
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	4,652,488	4,170,373
(Gain)/Loss on Disposal of Tangible Capital Assets	(9,526)	(1,319)
Employee Future Benefits Increase/(Decrease)	33,484	118,441
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(583,041)	(560,298)
Accounts Receivable & Accrued Income (Increase)/Decrease	238,445	(140,846)
Inventories and Prepaid Expenses - (Increase)/Decrease	(119,536)	58,380
Due to Other Organizations Increase/(Decrease)	(3,559)	(454)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	468,078	1,421,116
Deferred Revenue Increase/(Decrease)	1,379,489	2,326,172
School Generated Funds Liability Increase/(Decrease)	182,408	1,399,420
Adjustments Other than Tangible Cap. Assets	131,040	(3,679,250)
Cash Provided by Operating Transactions	8,707,841	8,007,782
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,485,504)	(6,569,189)
Proceeds on Disposal of Tangible Capital Assets	9,526	10,498
Cash (Applied to)/Provided by Capital Transactions	(4,475,978)	(6,558,691)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,300,142)	(1,660,353)
Other Borrowings Increase/(Decrease)	(624,325)	3,841,072
Cash Provided by (Applied to) Financing Transactions	(1,924,467)	2,180,719
Cash and Bank / Overdraft (Increase)/Decrease	2,307,396	3,629,810
Cash and Bank (Overdraft) at Beginning of Year	(950,039)	(4,579,849)
Cash and Bank (Overdraft) at End of Year	1,357,357	(950,039)

OPERATING FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

	2008	2007
Financial Assets		
Cash and Bank	78,858	-
Short Term Investments	-	-
Due from - Provincial Government	2,504,806	2,191,229
- Federal Government	133,956	151,693
- Municipal Government	26,746,254	26,288,059
- Other School Divisions	3,980	38,091
- First Nations	10,054	53,942
- Other Funds	-	-
Accounts Receivable	170,770	406,472
Accrued Investment Income	-	-
	29,648,678	29,129,486
Liabilities		
Overdraft	-	659,085
Accounts Payable	1,552,213	1,475,718
Accrued Liabilities	12,430,475	11,861,893
Employee Future Benefits	151,925	118,441
Accrued Interest Payable	-	-
Due to - Provincial Government	4,026	5,765
- Federal Government	11,726	13,546
- Municipal Government	-	-
- Other School Divisions	-	-
- First Nations	-	-
- Capital Fund	188,513	1,906,283
Deferred Revenue	8,731,299	7,314,422
Other Borrowings	-	-
	23,070,177	23,355,153
Net Financial Assets (Net Debt)	6,578,501	5,774,333
Non-Financial Assets		
Inventories	-	-
Prepaid Expenses	337,719	218,183
	337,719	218,183
Accumulated Surplus (Deficit)	6,916,220 *	5,992,516

OPERATING FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

	2008 Actual	2008 Budget	2007 Actual
Revenue			
Provincial Government	103,419,975	99,389,246	98,917,895
Federal Government	10,581	12,000	19,006
Municipal Government - Property Tax	44,930,541	46,778,754	45,101,908
- Other	-	-	-
Other School Divisions	872,056	215,000	846,100
First Nations	35,741	-	30,634
Private Organizations and Individuals	2,888,641	555,000	2,603,257
Other Sources	494,168	200,000	455,615
	152,651,703	147,150,000	147,974,415
Expenses			
Regular Instruction	85,993,517	84,432,447	83,626,471
Student Support Services	26,590,375	25,870,972	25,010,609
Adult Learning Centres	870,227	-	875,303
Community Education and Services	1,098,291	572,493	869,540
Divisional Administration	4,492,075	4,483,945	4,136,873
Instructional and Other Support Services	5,978,087	6,730,514	6,165,372
Transportation of Pupils	2,875,949	2,692,400	2,700,257
Operations and Maintenance	17,334,741	18,185,529	17,491,482
Fiscal	2,533,625	2,469,000	2,437,889
	147,766,887	145,437,300	143,313,796
Current Year Surplus (Deficit)	4,884,816	1,712,700	4,660,619
Net Transfers from (to) Capital Fund	(3,961,112)	(1,712,700)	(7,524,303)
Transfers from Special Purpose Funds	-		
Net Current Year Surplus (Deficit)	923,704	0	(2,863,684)
Opening Accumulated Surplus (Deficit)	5,992,516		8,856,200
Adjustments:	-		-
	-		
Opening Accumulated Surplus (Deficit), as adjusted	5,992,516		8,856,200
Closing Accumulated Surplus (Deficit)	6,916,220		5,992,516

CAPITAL FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

		2008	2007
Financial Assets			
Cash and Bank		-	-
Short Term Investments		-	-
Due from	- Provincial Government	975,346	1,068,341
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations	-	-
	- Other Funds	188,513	1,906,283
Accounts Receivable		3,600	6,343
Accrued Investment Income		-	-
		1,167,459	2,980,967
Liabilities			
Overdraft		572,755	1,945,483
Accounts Payable		65,359	170,699
Accrued Liabilities		5,196	9,424
Accrued Interest Payable		975,346	1,042,777
Due to	- Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations	-	-
	- Operating Fund	-	-
Deferred Revenue		596,989	634,377
Debenture Debt		28,474,194	29,774,336
Other Borrowings		6,678,951	7,303,276
		37,368,790	40,880,372
Net Debt		(36,201,331)	(37,899,405)
Non-Financial Assets			
Net Tangible Capital Assets		49,754,838	49,921,822
Accumulated Surplus / Equity *		13,553,507	12,022,417
* Comprised of:			
Reserve Accounts		188,513	188,513
Equity in Tangible Capital Assets		13,364,994	11,833,904
		13,553,507	12,022,417

CAPITAL FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2008	2007
Revenue			
Provincial Government			
Grants		4,509	27,631
Debt Servicing - Principal		2,468,241	2,875,153
- Interest		2,078,007	3,390,989
Federal Government		-	-
Municipal Government		-	-
Other Sources:			
Investment Income		-	-
Donations		86,708	74,582
Gain / (Loss) on Disposal of Capital Assets		9,526	1,319
GST Adjustment on Leases	5,663		
	-	5,663	-
		4,652,654	6,369,674
Expenses			
Amortization		4,652,488	4,170,373
Debenture Debt Interest		2,285,478	3,390,989
Other Interest		234,150	516,666
Other Capital Items		41,600	96,737
		7,213,716	8,174,765
Current Year Surplus / (Deficit)		(2,561,062)	(1,805,091)
Net Transfers from (to) Operating Fund		3,961,112	7,524,303
Transfers from Special Purpose Fund		-	-
Net Current Year Surplus (Deficit)		1,400,050	5,719,212
Opening Accumulated Surplus / Equity		12,022,417	95,379,240
Adjustments:	Tangible Capital Assets and Accum. Amortization	-	(85,182,195)
	Adjustment to TCA Schedule for 2006/07	131,040	(3,893,840)
Opening Accumulated Surplus / Equity as adjusted		12,153,457	6,303,205
Closing Accumulated Surplus / Equity		13,553,507	12,022,417

River East Transcona School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	90,870,143	6,199,351	4,673,715	306,880	2,327,927	6,030,992	1,878,287	2,026,741	431,830	114,745,866	132,714,380
Adjustments	-	-	-	-	-	-	-	-	-	-	(24,401,089)
Opening Cost adjusted	90,870,143	6,199,351	4,673,715	306,880	2,327,927	6,030,992	1,878,287	2,026,741	431,830	114,745,866	108,313,291
Add: Additions during the year	1,904,316	-	562,873	-	396,560	1,417,963	-	-	203,792	4,485,504	6,569,189
Less: Disposals and write downs	-	-	251,113	12,898	-	-	-	-		264,011	136,614
Closing Cost	92,774,459	6,199,351	4,985,475	293,982	2,724,487	7,448,955	1,878,287	2,026,741	635,622	118,967,359	114,745,866
Accumulated Amortization											
Opening, as previously reported	56,028,812	1,907,875	2,619,270	204,052	855,247	3,107,451	-	101,337	-	64,824,044	-
Adjustments	-	-	-	-	-	-	-	-	-	-	60,781,106
Opening adjusted	56,028,812	1,907,875	2,619,270	204,052	855,247	3,107,451	-	101,337	-	64,824,044	60,781,106
Add: Current period Amortization	2,201,134	215,222	365,681	34,822	407,129	1,225,826	-	202,674		4,652,488	4,170,373
Less: Accumulated Amortization on Disposals and Writedowns	-	-	251,113	12,898	-	-	-	-	-	264,011	127,435
Closing Accumulated Amortization	58,229,946	2,123,097	2,733,838	225,976	1,262,376	4,333,277	-	304,011	-	69,212,521	64,824,044
Net Tangible Capital Asset	34,544,513	4,076,254	2,251,637	68,006	1,462,111	3,115,678	1,878,287	1,722,730	635,622	49,754,838	49,921,822
Proceeds from Disposal of Capital As	-	-	7,299	2,227	-	-	-			9,526	10,498

* Includes network infrastructure.

River East Transcona School Division

SCHEDULE OF CAPITAL RESERVE ACCOUNTS

For the Year Ended June 30, 2008

Fund Name >	Buses	Park Circle School				Totals
Opening Balance, July 1, 2007	-	188,513	-	-	-	188,513
Additions: (Provide a description of each transaction)						
	-	-				-
						-
						-
						-
						-
						-
						-
						-
						-
Total Additions	-	-	-	-	-	-
Withdrawals: (Provide a description of each transaction)						
	-	-				-
	-					-
						-
						-
						-
						-
						-
						-
						-
Total Withdrawals	-	-	-	-	-	-
Closing Balance, June 30, 2008	-	188,513	-	-	-	188,513

SPECIAL PURPOSE FUND
SCHEDULE OF FINANCIAL POSITION

as at June 30

	2008	2007
Financial Assets		
Cash and Bank	1,851,254	1,654,529
Short Term Investments	-	-
GST Receivable	-	
Accrued Investment Income	-	-
Other Investments	-	-
	1,851,254	1,654,529
Liabilities		
School Generated Funds Liability	1,581,828	1,399,420
Accounts Payable	-	-
Accrued Liabilities	-	-
Due to Other Funds	-	-
Deferred Revenue	-	-
	1,581,828	1,399,420
Accumulated Surplus *	269,426	255,109
* Comprised of:		
School Generated Funds Accumulated Surplus	269,426	255,109
Other Funds Accumulated Surplus	-	-
	269,426	255,109

SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2008	2007
Revenue			
School Generated Funds		1,029,519	1,000,281
Other Funds		-	-
		-	-
		1,029,519	1,000,281
Expenses			
School Generated Funds		1,015,202	959,762
Other Funds		-	-
		-	-
		1,015,202	959,762
Current Year Surplus (Deficit)		14,317	40,519
Transfers (to) Operating Fund		-	-
Transfers (to) Capital Fund		-	-
Net Current Year Surplus (Deficit)		14,317	40,519
Opening Accumulated Surplus		255,109	-
Adjustments:	School Generated Funds	-	214,590
	Other Funds	-	-
Opening Accumulated Surplus as adjusted		255,109	214,590
Closing Accumulated Surplus		269,426	255,109

1. Nature of Organization and Economic Dependence

The River East Transcona School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by FRAME in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

2. Significant Accounting Policies (continued)

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extracurricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency at their estimated fair market value at the time of acquisition.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as follows:

2. Significant Accounting Policies (continued)

f) Tangible Capital Assets (continued)

Asset Description	Estimated Useful Life (years)
Land Improvements	10
Building - brick, mortar and steel	40
Buildings - wood frame	25
School buses	10
Vehicles	5
Equipment	5
Network Infrastructure	10
Computer Hardware, Servers & Peripherals	4
Computer Software	4
Furniture & Fixtures	10
Leasehold Improvements	Over term of lease

Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized on a straight line basis over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

Under the Manitoba Association of School Trustees (MAST) Pension Plan for non-teaching staff, the Division's contributions equals the employee's contributions to the plan. No responsibility is assumed by the Division to make any further contributions.

An employee future benefit liability is accrued for maternity and parental leave top up payments, a self insured benefit obligation that is event driven. The benefit costs are recognized and recorded only in the period the event occurred.

h) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

2. Significant Accounting Policies (continued)

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates. Changes in estimates are recorded in the accounting period in which these changes are determined.

j) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their fair value, unless otherwise noted.

3. Overdraft

The Division has an authorized demand operating loan of $35,000,000 by way of overdrafts and is repayable on demand at prime less 0.75%; interest is paid monthly. Included in the overdrafts are capital projects, which will be submitted to Public Schools Finance Branch for debenture funding, totaling approximately $575,000 (2007 - $228,000). Overdrafts are secured by a Borrowing By-law.

4. Employee Future Benefits

An employee future benefit liability of $151,925 (2007 - $118,441) has been accrued as at June 30, 2008 relating to maternity and parental leave top up payments. The employee future benefit expense is a part of the Employee Benefits and Allowances expense account.

During the year ended June 30, 2008, the employer contributions to MAST amounted to $1,794,872 (2007 - $1,641,991). This amount has been expensed in the Division's financial statements for the year ended June 30, 2008.

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services are performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	**Additions in the period**	**Revenue Recognized in the period**	**Balance as at June 30, 2008**
Province of Manitoba – EPTC*	$ 6,828,471	**$ 7,838,398**	**$ 6,828,471**	**$ 7,838,398**
Province of Manitoba - Other	189,687	**454,449**	**390,913**	**253,223**
Tuition Fees	221,880	**555,301**	**221,880**	**555,301**
Donated Capital Assets	634,377	**49,321**	**86,709**	**596,989**
Miscellaneous	74,384	**233,287**	**223,294**	**84,377**
	$ 7,948,799	**$ 9,130,756**	**$ 7,751,267**	**$ 9,328,288**

*EPTC = Education Property Tax Credit

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $1,581,828 (2007 - $1,399,420).

7. Debenture Debt

The debenture debt of the Division is in the form of ten or twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2007 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 3,025,603	$ 2,174,363	$ 5,199,966
2010	2,772,485	1,915,269	4,687,754
2011	2,274,722	1,689,412	3,964,134
2012	2,043,073	1,508,396	3,551,469
2013	2,045,936	1,359,470	3,405,406
	$ 12,161,819	$ 8,646,910	$ 20,808,729

The fair value of the debenture debt is approximately $31,881,966.

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures and includes obligations related to capital leases.

Capital lease loans have interest rates ranging from 2.4% to 12.0% per annum and have lease terms that expire between 2009 to 2013. These loans are secured by the assets to which the leases relate.

Principal and interest repayments related to obligation under capital leases are as follows:

	Principal	Interest	Total
2009	$ 1,489,189	$ 146,282	$ 1,635,471
2010	1,127,821	89,024	1,216,845
2011	845,505	49,054	894,559
2012	472,395	18,078	490,473
2013	14,627	517	15,144
	$ 3,949,537	$ 302,955	$ 4,252,492

The fair value of obligations under capital lease is approximately $3,849,000.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by asset class. The amount of interest capitalized in the period included in Assets under Construction was $3,971 (2007 - $2,930). Included in net tangible capital assets are assets relating to obligations under capital lease for the gross amount, accumulated amortization and net book value at June 30, 2008 are $8,673,146, $4,949,259 and $3,723,887 respectively.

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

		2008		2007
Operating Fund				
Designated Surplus	$	2,602,300	$	3,388,383
Undesignated Surplus		4,313,920		2,604,133
		6,916,220		5,992,516
Capital Fund				
Reserve Accounts		188,513		188,513
Equity in Tangible Capital Assets		13,364,994		11,833,904
		13,553,507		12,022,417
Special Purpose Fund				
School Generated Funds		269,426		255,109
Other Special Purpose Funds		-		-
		269,426		255,109
Total Accumulated Surplus	$	20,739,153	$	18,270,042

An adjustment was required to Accumulated Surplus related to the correction of a prior period error associated with the calculation of the 2006/2007 capital lease obligation. The correction resulted in a reduction in the capital lease obligation and an increase to Accumulated Surplus of $131,040.

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a detailed breakdown of the Designated Surplus.

		2008		2007
Board approved appropriation by motion	$	1,627,849	$	2,184,077
School budget carryovers by board policy		974,451		1,204,306
Designated surplus	$	2,602,300	$	3,388,383

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

		2008		2007
Other reserve	$	188,513	$	188,513
Bus reserve		-		-
Capital reserve	$	188,513	$	188,513

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2007 tax year and 60% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	**$ 44,930,541**	$ 45,101,908
Receivable-Due from Municipal-Property Tax	**$ 26,746,254**	**$** 26,288,059

12. Interest Received and Paid

The Division received interest during the year of $305,556 (2007 - $297,107).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	**$ 78,216**	$ 74,887
Capital Fund		
Debenture debt interest	**2,285,478**	3,390,989
Interest on obligation under capital lease	**211,247**	169,849
Other interest	**22,903**	346,817
Total Accumulated Surplus	**$ 2,597,844**	$ 3,982,542

The accrued portion of debenture debt interest expense at June 30, 2008 of $975,346 (2007- $1,042,277) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	**Budget 2008**	Actual 2007
Salaries	**$ 114,576,361**	**$ 113,225,534**	$ 110,969,990
Employees benefits & allowances	**8,141,045**	**7,801,000**	7,877,298
Services	**14,287,624**	**13,891,700**	13,903,530
Supplies, materials, minor equipment	**7,398,951**	**7,840,666**	7,369,463
Interest	**2,597,844**	**2,224,170**	3,982,540
School Divisions	**773,735**	-	691,165
Other operating expenses	**55,546**	**209,400**	64,461
Payroll tax	**2,455,409**	**2,419,000**	2,363,002
Amortization	**4,652,488**	-	4,170,373
Other capital items	**41,600**	-	95,418
School generated funds	**1,015,202**	-	959,762
	$ 155,995,805	**$ 147,611,470**	$ 152,447,002

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act the Division is required to collect a special levy on behalf la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $262,716 (2007 - $233,442). These amounts are not included in the Division's consolidated financial statements.

15. Trust Fund

The Division administers the following trust funds, which are not reflected in the financial statements:

		2008		2007
Scholarship Funds				
Balance, beginning of year	$	**324,606**	$	305,572
Cash contributions received during the year		**245**		22,761
Interest income		**12,800**		12,640
Scholarships awarded		**(14,805)**		(16,367)
Balance, end of year	$	**322,846**	$	324,606
Assets				
Cash and investments	$	**322,846**	$	324,606

16. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's method of presentation.

17. Conversion to PSAB

During the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB.

The following changes were implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. This includes the recognition of donated capital assets and the related deferred revenue. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) Assets acquired under capital leases as well as the related obligations were capitalized.

(iii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iv) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(v) Accrued Interest Payable was established to account for the accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Rolling River School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson | Secretary-Treasurer

October 8, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Rolling River School Division

We have audited the consolidated statement of financial position of the Rolling River School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 8, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

October 22 2008
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 www.mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	778,013	274,221
	- Federal Government	84,161	90,351
	- Municipal Government	3,354,301	3,392,035
	- Other School Divisions	-	-
	- First Nations	639,027	254,484
	Accounts Receivable	90,521	83,210
	Accrued Investment Income	-	-
	Other Investments	-	-
		4,946,023	4,094,301
	Liabilities		
5	Overdraft	1,554,967	1,056,668
	Accounts Payable	66,744	138,911
	Accrued Liabilities	1,829,859	905,910
	Employee Future Benefits	-	-
	Accrued Interest Payable	250,293	261,580
	Due to - Provincial Government	1,876	3,858
	- Federal Government	-	-
	- Municipal Government	-	42
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	154,784	405,608
8	Debenture Debt	7,568,998	7,627,259
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		11,427,521	10,399,836
	Net Debt	(6,481,498)	(6,305,535)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	9,085,697	8,953,051
	Inventories	-	-
	Prepaid Expenses	68,968	30,769
		9,154,665	8,983,820
10	**Accumulated Surplus**	2,673,167	2,678,285

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		12,863,351	12,598,538
	Federal Government		47,909	15,415
	Municipal Government	- Property Tax	6,044,107	5,994,034
		- Other	-	-
	Other School Divisions		89,960	88,920
	First Nations		1,100,277	896,096
	Private Organizations and Individuals		34,895	40,841
	Other Sources		56,904	68,204
	School Generated Funds		665,588	658,222
	Other Special Purpose Funds		-	-
			20,902,991	20,360,270
	Expenses			
	Regular Instruction		10,996,584	10,521,173
	Student Support Services		2,581,227	2,387,666
	Adult Learning Centres		143,711	128,670
	Community Education and Services		22,282	17,074
	Divisional Administration		736,394	695,850
	Instructional and Other Support Services		575,335	591,514
	Transportation of Pupils		1,365,015	1,291,060
	Operations and Maintenance		2,188,193	2,103,360
12	Fiscal	- Interest	600,417	915,516
		- Other	286,455	279,015
	Amortization		770,691	727,207
	Other Capital Items		-	3,600
	School Generated Funds		641,805	668,354
	Other Special Purpose Funds		-	-
			20,908,109	20,330,059
	Current Year Surplus (Deficit)		(5,118)	30,211
	Opening Accumulated Surplus		2,678,285	17,343,457
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(14,952,344)
		Other than Tangible Cap. Assets	-	256,961
	Opening Accumulated Surplus, as adjusted		2,678,285	2,648,074
	Closing Accumulated Surplus		2,673,167	2,678,285

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(5,118)	30,211
Amortization of Tangible Capital Assets	770,691	727,207
Acquisition of Tangible Capital Assets	(904,737)	(506,705)
(Gain) / Loss on Disposal of Tangible Capital Assets	1,399	-
Proceeds on Disposal of Tangible Capital Assets	1	-
	(132,646)	220,502
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(38,199)	28,475
	(38,199)	28,475
(Increase)/Decrease in Net Debt	(175,963)	279,188
Net Debt at Beginning of Year	(6,305,535)	(6,841,684)
Adjustments Other than Tangible Cap. Assets	-	256,961
Net Debt at Beginning of Year as Adjusted	(6,305,535)	(6,584,723)
Net Debt at End of Year	(6,481,498)	(6,305,535)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(5,118)	30,211
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	770,691	727,207
(Gain)/Loss on Disposal of Tangible Capital Assets	1,399	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(844,411)	(185,249)
Accounts Receivable & Accrued Income (Increase)/Decrease	(7,311)	11,550
Inventories and Prepaid Expenses - (Increase)/Decrease	(38,199)	28,475
Due to Other Organizations Increase/(Decrease)	(2,024)	(11,047)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	840,495	932,373
Deferred Revenue Increase/(Decrease)	(250,824)	16,862
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	256,961
Cash Provided by Operating Transactions	464,698	1,807,343
Capital Transactions		
Acquisition of Tangible Capital Assets	(904,737)	(506,705)
Proceeds on Disposal of Tangible Capital Assets	1	-
Cash (Applied to)/Provided by Capital Transactions	(904,736)	(506,705)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(58,261)	(435,781)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(58,261)	(435,781)
Cash and Bank / Overdraft (Increase)/Decrease	(498,299)	864,857
Cash and Bank (Overdraft) at Beginning of Year	(1,056,668)	(1,921,525)
Cash and Bank (Overdraft) at End of Year	(1,554,967)	(1,056,668)

Rolling River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture /	Computer			Assets	2008	2007
	School	Non-School	Buses	Vehicles	Fixtures & Equipment	Hardware & Software *	Land	Land Improvements	Under Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	16,715,745	107,000	1,767,736	225,462	118,060	-	154,868	-	41,497	19,130,368	24,125,897
Adjustments	-	-	-	-	-	-	-	-	-	-	(5,502,234)
Opening Cost adjusted	16,715,745	107,000	1,767,736	225,462	118,060	-	154,868	-	41,497	19,130,368	18,623,663
Add: Additions during the year	490,626	-	182,528	53,475	18,924	-	-	-	159,184	904,737	506,705
Less: Disposals and write downs	-	-	-	-	-	-	1,400	-	-	1,400	-
Closing Cost	17,206,371	107,000	1,950,264	278,937	136,984	-	153,468	-	200,681	20,033,705	19,130,368
Accumulated Amortization											
Opening, as previously reported	9,092,164	68,288	861,861	103,424	51,580	-	-	-	-	10,177,317	-
Adjustments	-	-	-	-	-	-	-	-	-	-	9,450,110
Opening adjusted	9,092,164	68,288	861,861	103,424	51,580	-	-	-	-	10,177,317	9,450,110
Add: Current period Amortization	525,824	2,675	170,897	45,791	25,504	-	-	-		770,691	727,207
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	9,617,988	70,963	1,032,758	149,215	77,084	-	-	-	-	10,948,008	10,177,317
Net Tangible Capital Asset	7,588,383	36,037	917,506	129,722	59,900	-	153,468	-	200,681	9,085,697	8,953,051
Proceeds from Disposal of Capital As	-	-	-	-	-	-	1			1	-

* Includes network infrastructure.

ROLLING RIVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus as of June 30, 2007.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

g) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, life insurance and supplemental employment benefits. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution:

The pension plan contributions are based on 9% to 11.65% of eligible earnings. The life insurance policy contributions are based on 0.12% to 0.24% of eligible earnings. Supplementary employment benefits top up employment insurance benefits to 90% of regular earnings at the time the leave commenced.

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the Division's fixed contribution for the period

(ii) Defined benefit/self-insured employee future benefit plans

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the

Division.

For self-insured employee future benefits other than pension plans, that are vesting and accumulating over the employees' length of service (e.g. vesting sick days) the benefit costs are accounted for on a full accrual basis determined using management's best estimate.

For those self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits; non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

h) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

j) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk are minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii)The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv)Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with Minnedosa Credit Union of $5,000,000.00 by way of overdrafts and is repayable on demand at prime less 0.75%, interest is paid monthly. Overdrafts are secured by borrowing by law.

6. Employee Future Benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods.

The Division sponsors a defined contribution pension plan. The defined contribution plan is provided to support employees based on their length of service and rates of pay. Eligible employees contribute 9% to 11.65% of their earnings to the plan. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

Long term disability benefits are covered by an insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution and amortized actuarial gains for the period. Any related pension interest expense is recorded under the Interest and Bank Charges account of the Operating Fund.

7. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
General Support Grant	118,318		118,318	-
Education Proptery Tax Credit	287,290	154,784	287,290	154,784
	$ 405,608	$ 154,784	$ 405,608	$ 154,784

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875 % to 11.50 %. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 569,996	$ 513,154	$ 1,083,150
2010	586,156	466,356	1,052,512
2011	524,797	418,853	943,650
2012	533,915	378,708	912,623
2013	555,254	338,832	894,086
	$ 2,770,118	$ 2,115,903	$ 4,886,021

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was nil (previous year nil).

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$ 20,033,705	$ 10,948,008	$ 9,085,697
Capital lease	-	-	-
	$ 20,033,705	$ 10,948,008	$ 9,085,697

10. **Accumulated Surplus**

The consolidated accumulated surplus is comprised of the following:

	2007
Operating Fund	
Designated Surplus	
Undesignated Surplus	600,254
	600,254
Capital Fund	
Reserve Accounts	486,282
Equity in Tangible Capital Assets	1,316,019
	1,802,301
Special Purpose Fund	
School Generated Funds	270,612
Other Special Purpose Funds	-
	270,612
Total Accumulated Surplus	$ 2,673,167

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved approriation by motion	-
School budget carryovers by board policy	300,000
Designated surplus	$ 300,000

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	186,282
Other reserves	300,000
Capital Reserve	$ 486,282

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and use.

	2008
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

11. **Municipal Government – Property Tax and related Due from Municipal**

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students who reside in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 42.3% from 2007 tax year and 57.7% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 6,044,107	$ 5,994,034
Receivable-Due from Municipal-Property Tax	$ 3,354,301	$ 3,392,035

12. **Interest Received and Paid**

The Division received interest during the year of $13,997 (previous year $15,912); interest paid during the year was $600,417 (previous year $915,516).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 77,497
Capital Fund	
Debenture debt interest	522,920
Other interest	-
	$ 600,417

The pension and other employee benefit interest expenses of $0 are included under the Operating Fund-Fiscal-short term loan, interest and bank charges.

The accrual portion of debenture debt interest expense of $250,293 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. **Allowance for Doubtful Accounts**

All receivables presented on the consolidated statement of financial position are net of an allowance for doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2008:

	2008
Allowance for doubtful accounts deducted from Receivables below:	
Due from First Nations	$ -
Accounts Receivable	-
	NIL
Bad debts expense (included in fiscal-Other)	NIL

14. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 14,262,799	$ 14,117,420	$ 13,627,656
Employees benefits & allowances	1,053,212	1,072,650	1,014,900
Services	1,581,905	1,513,050	1,537,467
Supplies, materials & minor equipment	1,545,901	1,499,200	1,411,953
Interest	600,417	70,000	915,516
Transfers	164,924	-	144,391
Payroll tax	286,455	306,000	279,015
Amortization	770,691	-	727,207
Other capital items	-	-	3,600
School generated funds	641,805	-	668,354
Other special purpose funds	-	-	-
	$ 20,908,109	$ 18,578,320	$ 20,330,059

15. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $9,804 (2007 - $20,468). These amounts are not included in the Division's consolidated financial statements.

Rivière Seine River

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Seine River School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson **Secretary-Treasurer**

September 25, 2008

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Seine River School Division

We have audited the consolidated statement of financial position of **Seine School Division** ("The Division") as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 25, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned Division.

October 28, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	1,089,623
	Short Term Investments	414,419	350,007
	Due from - Provincial Government	1,790,790	653,471
	- Federal Government	99,301	170,482
	- Municipal Government	4,396,992	4,415,064
	- Other School Divisions	424	461
	- First Nations	-	-
	Accounts Receivable	73,560	35,268
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,775,486	6,714,376
	Liabilities		
3	Overdraft	878,640	-
	Accounts Payable	777,640	792,136
	Accrued Liabilities	-	22,000
4	Employee Future Benefits	202,854	203,115
	Accrued Interest Payable	503,733	499,925
	Due to - Provincial Government	114,363	107,141
	- Federal Government	48,822	1,343,341
	- Municipal Government	31,107	36,274
	- Other School Divisions	930,221	807,960
	- First Nations	-	-
5	Deferred Revenue	1,281,853	1,255,547
7	Debenture Debt	16,884,537	16,407,092
8	Other Borrowings	678,320	785,971
6	School Generated Funds Liability	21,977	15,187
		22,354,067	22,275,689
	Net Debt	(15,578,581)	(15,561,313)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	20,717,685	20,471,079
	Inventories	-	-
	Prepaid Expenses	218,547	189,180
		20,936,232	20,660,259
10	**Accumulated Surplus**	5,357,651	5,098,946

See accompanying notes to the Financial Statements

Seine River School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	26,449,438	24,405,106
	Federal Government	-	25,697
	Municipal Government - Property Tax	8,328,670	8,226,060
	- Other	-	-
	Other School Divisions	204,432	202,359
	First Nations	-	-
	Private Organizations and Individuals	19,605	21,705
	Other Sources	214,639	135,783
	School Generated Funds	824,361	1,065,593
	Other Special Purpose Funds	-	-
		36,041,145	34,082,303
	Expenses		
	Regular Instruction	18,393,859	17,618,898
	Student Support Services	5,755,180	4,840,521
	Adult Learning Centres	265,567	260,079
	Community Education and Services	18,781	20,956
	Divisional Administration	1,187,666	1,218,143
	Instructional and Other Support Services	962,423	878,970
	Transportation of Pupils	1,992,755	1,872,344
	Operations and Maintenance	3,335,645	3,233,464
12	Fiscal - Interest	1,243,211	1,740,576
	- Other	530,052	491,985
	Amortization	1,275,107	1,218,491
	Other Capital Items	35,168	-
	School Generated Funds	787,026	1,107,688
	Other Special Purpose Funds	-	-
		35,782,440	34,502,115
	Current Year Surplus (Deficit)	258,705	(419,812)
	Opening Accumulated Surplus	5,098,946	26,698,515
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(21,352,474)
	Other than Tangible Cap. Assets	-	172,717
	Opening Accumulated Surplus, as adjusted	5,098,946	5,518,758
	Closing Accumulated Surplus	5,357,651	5,098,946

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	258,705	(419,812)
Amortization of Tangible Capital Assets	1,275,107	1,218,491
Acquisition of Tangible Capital Assets	(1,521,713)	(2,417,525)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(4,900)
Proceeds on Disposal of Tangible Capital Assets	-	4,900
	(246,606)	(1,199,034)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(29,367)	(27,312)
	(29,367)	(27,312)
(Increase)/Decrease in Net Debt	(17,268)	(1,646,158)
Net Debt at Beginning of Year	(15,561,313)	(14,087,872)
Adjustments Other than Tangible Cap. Assets	-	172,717
Net Debt at Beginning of Year as Adjusted	(15,561,313)	(13,915,155)
Net Debt at End of Year	(15,578,581)	(15,561,313)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	258,705	(419,812)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,275,107	1,218,491
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(4,900)
Employee Future Benefits Increase/(Decrease)	(261)	203,115
Short Term Investments (Increase)/Decrease	(64,412)	(61,870)
Due from Other Organizations (Increase)/Decrease	(1,048,029)	(253,406)
Accounts Receivable & Accrued Income (Increase)/Decrease	(38,292)	(9,690)
Inventories and Prepaid Expenses - (Increase)/Decrease	(29,367)	(27,312)
Due to Other Organizations Increase/(Decrease)	(1,170,203)	284,539
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(32,688)	404,236
Deferred Revenue Increase/(Decrease)	26,306	318,177
School Generated Funds Liability Increase/(Decrease)	6,790	15,187
Adjustments Other than Tangible Cap. Assets	-	172,717
Cash Provided by Operating Transactions	(816,344)	1,839,472
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,521,713)	(2,417,525)
Proceeds on Disposal of Tangible Capital Assets	-	4,900
Cash (Applied to)/Provided by Capital Transactions	(1,521,713)	(2,412,625)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	477,445	420,300
Other Borrowings Increase/(Decrease)	(107,651)	(377,753)
Cash Provided by (Applied to) Financing Transactions	369,794	42,547
Cash and Bank / Overdraft (Increase)/Decrease	(1,968,263)	(530,606)
Cash and Bank (Overdraft) at Beginning of Year	1,089,623	1,620,229
Cash and Bank (Overdraft) at End of Year	(878,640)	1,089,623

Seine River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals
Tangible Capital Asset Cost										
Opening Cost, as previously reported	29,729,757	637,123	3,096,444	91,067	491,642	286,167	451,886	-	1,893,569	36,677,655
Adjustments	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	29,729,757	637,123	3,096,444	91,067	491,642	286,167	451,886	-	1,893,569	36,677,655
Add:										
Additions during the year	1,572,730	1,135,764	289,482	-	34,805	-	-	-	(1,511,068)	1,521,713
Less:										
Disposals and write downs	-	-	-	-	-	-	-	-		-
Closing Cost	31,302,487	1,772,887	3,385,926	91,067	526,447	286,167	451,886	-	382,501	38,199,368
Accumulated Amortization										
Opening, as previously reported	13,960,991	314,826	1,451,671	36,016	248,226	194,846	-	-	-	16,206,576
Adjustments	-	-	-	-	-	-	-	-	-	-
Opening adjusted	13,960,991	314,826	1,451,671	36,016	248,226	194,846	-	-	-	16,206,576
Add:										
Current period Amortization	789,249	47,033	300,510	18,213	57,929	62,173	-	-		1,275,107
Less:										
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	14,750,240	361,859	1,752,181	54,229	306,155	257,019	-	-	-	17,481,683
Net Tangible Capital Asset	16,552,247	1,411,028	1,633,745	36,838	220,292	29,148	451,886	-	382,501	20,717,685
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Seine River School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	5,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	5,000	10 years
Leasehold improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its administrative employees. These benefits include defined contribution pension, parental leave and early retirement window enhancements. The Division adopted the following policy with respect to accounting for these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion of a defined contribution plan handled by the Manitoba Association of School Trustees (MAST) for administrative employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

<u>Defined Benefit/Self-Insured Employee Future Benefit Plans</u>

For those defined benefit/self-insured benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs. For early retirement window enhancements obligations that are also event driven, the benefit costs are recognized in the period when the commitment to pay the benefit is approved by the Board of Trustees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with La Caisse Populaire La Prairie Ltée of $5,000,000 by way of overdrafts and is repayable on demand at prime; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2008 year was $202,857 ($192,776 in 2007).

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Adult Learning Centre	$ -	119,880	-	119,880
Conference	39,675	-	39,675	-
Education Property Tax Credit (EPTC)	1,215,872	3,050,345	3,112,244	1,153,973
Other	-	8,000	-	8,000
	$ 1,255,547	3,178,225	3,151,919	1,281,853

6. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $21,977.

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 12.25%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

2009	$ 2,281,257
2010	2,226,309
2011	1,925,275
2012	1,799,847
2013	1,775,674
	$ 10,008,362

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for to acquisition of school buses and for energy management system retrofit.

	2008	2007
Energy Management System Retrofit Loan – Pacific & Western Bank	$ 678,319	$ 785,972

The energy management system retrofit loan has 6.07% interest per annum, due in 2009 and a monthly payment of $12,654 principal and interest. The debt retirement will be financed from funds held by the Energy Management Debt Repayment Reserve and future borrowings. This loan is secured by way of a security agreement.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was nil (nil in 2007).

10. Accumulated Surplus

The consolidated accumulated surplus for 2008 is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 454,198	786,260
Undesignated Surplus	843,467	1,099,964
	1,297,665	1,886,224
Capital Fund		
Reserve Accounts	768,887	354,582
Equity in Tangible Capital Assets	3,092,671	2,697,047
	3,861,558	3,051,629
Special Purpose Fund		
School Generated Funds	198,428	161,093
Other	-	-
	198,428	161,093
Total Accumulated Surplus	$ 5,357,651	5,098,946

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by board policy. The details of the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2008	2007
School budget carryovers by board policy	$ 104,696	174,292
Various projects	349,502	611,968
Designated surplus	$ 454,198	786,260

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus Reserve	$ 29,467	4,907
Energy Management Debt Repayment Reserve	365,013	302,100
Board Office Roof Replacement Reserve	49,407	47,575
Bus Garage Reserve	325,000	-
Capital Reserve	$ 768,887	354,582

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 42% from 2007 tax year and 58% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 8,328,670	$ 8,226,060
Receivable – Due from Municipal – Property Tax	$ 4,396,992	$ 4,415,064

12. Interest Received and Paid

The Division received interest during the year of $17,052 ($14,676 in 2007); interest paid during the year was $1,243,211 ($1,740,576 in 2007).

Interest expense for the year ended June 30, 2008 is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 47,181	23,737
Capital Fund		
Debenture interest	1,151,840	1,660,267
Other interest	44,190	56,572
	$ 1,243,211	1,740,576

The accrual portion of debenture debt interest expense of $503,733 ($499,925 in 2007) included under the Capital Fund - Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 24,445,254	23,181,133	22,610,728
Employees benefits and allowances	1,797,382	1,744,797	1,679,717
Services	2,767,265	2,615,958	2,734,595
Supplies, materials and minor equipment	2,350,022	2,674,962	2,307,033
Interest	1,243,211	1,123,012	1,740,576
Bad debts	-	-	-
Payroll tax	530,052	483,016	491,985
Amortization	1,275,107	-	1,218,491
Transfers	551,953	629,350	611,302
Other capital items	35,168	-	-
Loss/(Gain) on Disposal of Capital Assets -		-	-
School generated funds	787,026	-	1,107,688
Other special purpose funds	-	-	-
	$ 35,782,440	32,452,228	34,502,115

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $3,564,697 ($3,331,812 in 2007). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $454,198 at June 30, 2008 ($786,260 at June 30, 2007). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 429,031
2010	290,037
2011	113,602
2012	21,834
2013	8,733

The school division entered into an agreement to purchase a bus garage for $725,000 and made a $10,000 deposit on July 11, 2008 with possession on April 1, 2009. The purchase will be funded by the issuance of debentures. Future renovations to the building will be funded from the Bus Garage Reserve

16. Trust Funds

The school division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Seven Oaks School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

September 26, 2008

KPMG LLP
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AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the consolidated statement of financial position of Seven Oaks School Division as at June 30, 2008 and the consolidated statements of revenues, expenses and accumulated surplus, changes in net debt and cash flows for the year then ended. These financial statements have been prepared to comply with the Public Schools Act. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

September 26, 2008

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Seven Oaks School Division.

	October 20, 2008
Chairperson of the Board	Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	2,410,621	2,115,937
	- Federal Government	126,460	388,212
	- Municipal Government	13,988,745	13,622,881
	- Other School Divisions	97,136	146,667
	- First Nations	-	-
	Accounts Receivable	582,079	152,058
	Accrued Investment Income	-	-
	Other Investments	-	-
		17,205,041	16,425,755
	Liabilities		
3	Overdraft	12,732,299	11,573,614
	Accounts Payable	1,470,097	1,694,620
	Accrued Liabilities	668,549	848,052
	Employee Future Benefits	-	-
	Accrued Interest Payable	852,677	-
	Due to - Provincial Government	463,771	1,674,751
	- Federal Government	61,685	59,609
	- Municipal Government	81,711	65,456
	- Other School Divisions	34,378	35,422
	- First Nations	-	-
5	Deferred Revenue	3,721,131	3,536,906
7	Debenture Debt	30,011,750	21,079,030
8	Other Borrowings	1,434,272	1,581,912
	School Generated Funds Liability	526,259	593,764
		52,058,579	42,743,136
	Net Debt	(34,853,538)	(26,317,381)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	57,710,829	49,540,245
	Inventories	-	-
	Prepaid Expenses	237,632	257,657
		57,948,461	49,797,902
	Accumulated Surplus	23,094,923	23,480,521

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		60,009,495	54,713,467
	Federal Government		9,418	31,114
	Municipal Government	- Property Tax	23,039,402	23,437,146
		- Other	-	-
	Other School Divisions		728,435	815,366
	First Nations		186,810	135,972
	Private Organizations and Individuals		817,274	721,677
	Other Sources		99,499	123,033
	School Generated Funds		122,007	179,485
	Other Special Purpose Funds		-	-
			85,012,340	80,157,260
	Expenses			
	Regular Instruction		48,510,926	46,512,331
	Student Support Services		12,914,760	10,906,654
	Adult Learning Centres		416,263	283,429
	Community Education and Services		1,013,867	837,067
	Divisional Administration		2,507,235	2,526,995
	Instructional and Other Support Services		2,410,396	2,295,552
	Transportation of Pupils		2,539,534	2,282,350
	Operations and Maintenance		9,042,744	8,221,729
14	Fiscal	- Interest	2,441,843	1,659,229
		- Other	1,338,830	1,245,947
	Amortization		2,030,615	1,737,834
	Other Capital Items		130,999	309,913
	School Generated Funds		99,926	139,208
	Other Special Purpose Funds		-	-
			85,397,938	78,958,238
	Current Year Surplus (Deficit)		(385,598)	1,199,022
	Opening Accumulated Surplus		23,480,521	53,626,364
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(30,736,647)
		Other than Tangible Cap. Assets	-	(608,218)
	Opening Accumulated Surplus, as adjusted		23,480,521	22,281,499
	Closing Accumulated Surplus		23,094,923	23,480,521

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(385,598)	1,199,022
Amortization of Tangible Capital Assets	2,030,615	1,737,834
Acquisition of Tangible Capital Assets	(10,201,199)	(11,367,819)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,000)	(1,650)
Proceeds on Disposal of Tangible Capital Assets	1,000	1,650
	(8,170,584)	(9,629,985)
Inventories (Increase)/Decrease	-	7,874
Prepaid Expenses (Increase)/Decrease	20,025	16,976
	20,025	24,850
(Increase)/Decrease in Net Debt	(8,536,157)	(8,406,113)
Net Debt at Beginning of Year	(26,317,381)	(17,303,050)
Adjustments Other than Tangible Cap. Assets	-	(608,218)
Net Debt at Beginning of Year as Adjusted	(26,317,381)	(17,911,268)
Net Debt at End of Year	(34,853,538)	(26,317,381)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(385,598)	1,199,022
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,030,615	1,737,834
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,000)	(1,650)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(349,265)	(1,021,795)
Accounts Receivable & Accrued Income (Increase)/Decrease	(430,021)	390,222
Inventories and Prepaid Expenses - (Increase)/Decrease	20,025	24,850
Due to Other Organizations Increase/(Decrease)	(1,193,693)	(3,876,204)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	448,651	160,116
Deferred Revenue Increase/(Decrease)	184,225	843,979
School Generated Funds Liability Increase/(Decrease)	(67,505)	593,764
Adjustments Other than Tangible Cap. Assets	-	(608,218)
Cash Provided by Operating Transactions	256,434	(558,080)
Capital Transactions		
Acquisition of Tangible Capital Assets	(10,201,199)	(11,367,819)
Proceeds on Disposal of Tangible Capital Assets	1,000	1,650
Cash (Applied to)/Provided by Capital Transactions	(10,200,199)	(11,366,169)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	8,932,720	2,857,988
Other Borrowings Increase/(Decrease)	(147,640)	523,183
Cash Provided by (Applied to) Financing Transactions	8,785,080	3,381,171
Cash and Bank / Overdraft (Increase)/Decrease	(1,158,685)	(8,543,078)
Cash and Bank (Overdraft) at Beginning of Year	(11,573,614)	(3,030,536)
Cash and Bank (Overdraft) at End of Year	(12,732,299)	(11,573,614)

Seven Oaks School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	50,582,058	2,141,578	3,245,310	77,122	706,915	876,120	12,448,447	-	10,661,152	80,738,702	70,646,907
Adjustments	-	-	-	-	-	-	-	-	-	-	(1,191,259)
Opening Cost adjusted	50,582,058	2,141,578	3,245,310	77,122	706,915	876,120	12,448,447	-	10,661,152	80,738,702	69,455,648
Add: Additions during the year	18,219,530	-	388,793	26,122	224,546	139,868	-	-	(8,797,660)	10,201,199	11,367,819
Less: Disposals and write downs	-	-	90,851	-	-	166,600	-	-		257,451	84,765
Closing Cost	68,801,588	2,141,578	3,543,252	103,244	931,461	849,388	12,448,447	-	1,863,492	90,682,450	80,738,702
Accumulated Amortization											
Opening, as previously reported	27,372,917	1,276,525	1,834,764	61,287	408,575	244,389	-	-	-	31,198,457	-
Adjustments	-	-	-	-	-	-	-	-	-	-	29,545,388
Opening adjusted	27,372,917	1,276,525	1,834,764	61,287	408,575	244,389	-	-	-	31,198,457	29,545,388
Add: Current period Amortization	1,534,384	47,057	270,474	7,087	117,941	53,672	-	-		2,030,615	1,737,834
Less: Accumulated Amortization on Disposals and Writedowns	-	-	90,851	-	-	166,600	-	-	-	257,451	84,765
Closing Accumulated Amortization	28,907,301	1,323,582	2,014,387	68,374	526,516	131,461	-	-	-	32,971,621	31,198,457
Net Tangible Capital Asset	39,894,287	817,996	1,528,865	34,870	404,945	717,927	12,448,447	-	1,863,492	57,710,829	49,540,245
Proceeds from Disposal of Capital As	-	-	1,000	-	-	-	-			1,000	1,650

* Includes network infrastructure.

1. Nature of organization and economic dependence:

Seven Oaks School Division (the Division) is a public corporate body that provides educational programming to residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (the Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax under the *Income Tax Act*.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant accounting policies.

The significant accounting policies of the Division include:

(a) Reporting entity and consolidation:

The Division's reporting entities are comprised of the Division and school generated funds.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Division's Operating Fund, Capital Fund, and Special Purpose Fund.

(b) Trust funds:

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division.

The Division holds funds in trust (amounts contributed in trust) for the following organizations:

Maples Youth Activity Centre	$	(10,734)
Kildonan Youth Activity Centre		4,716
Village Project Activity Centre		50,934
Seven Oaks Parents in Support of Aboriginal Education		(76,287)
Safe Youth Program - from Federal Government Grant		9,656
Immigrant Integration program		291
Healthy Baby		4,408
	$	(17,016)

The amounts contributed by the Division will be reimbursed by these organizations.

2. Significant accounting principles (continued).

(c) Basis of accounting:

These consolidated statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods and services acquired in the period whether or not payment has been made or invoices received.

(d) Fund accounting:

The Division records financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME).

The Operating Fund is maintained to record all the day to day operating revenues and expenditures. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

(e) Deferred revenue:

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

(f) Tangible capital assets:

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

2. Significant accounting principles (continued).

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset description	Capitalization threshold	Estimated useful life (years)
Land improvements	$ 25,000	10
Buildings - bricks, mortar and steel	25,000	40
Building - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer hardware, services and peripherals	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10
Leasehold improvements	25,000	Over term of the lease

With the exception of buildings all tangible capital assets are recorded at historical cost.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

(g) Capital reserve:

Certain amounts approved by the Board of Trustees and the Public Schools Finance Board have been set aside in reserve accounts for future capital purposes as detailed on page 24 of the consolidated financial statements. These capital reserve accounts are internally restricted funds that form part of the accumulated surplus presented in the consolidated statement of financial position.

2. Significant accounting principles (continued).

(h) Government transfers:

Government transfers, including 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.

(i) Development revenue:

Revenue from the sale of lands held for development was recognized when the contractual obligations of the Division had been completed.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 those estimates.

3. Overdraft:

The Division has authorized revolving lines of credit with the Royal Bank of Canada (RBC) of $20,000,000 and $9,000,000 by way of overdrafts, flex financing, and letter of guarantee. The loan is repayable on demand at RBC prime less .25 percent. Interest is paid monthly. RBC also provides a non-revolving term facility of $631,468 with an interest rate of 5.15%, renewable on October 15, 2008.

4. Commitments:

(a) The Division entered into a Land Development Agreement with the City of Winnipeg in September 2003. The development agreement was for the amount of $725,329 excluding GST. Of those costs, $259,689 relate to the future school site and will not be incurred until a school is constructed.

(b) On June 25, 2008, the Division received approval from the Public Schools Finance Board to proceed with the Garden City Collegiate 'addition and renovation' project at a cost of $8,308,000 plus G.S.T. This project will be funded 100 percent by the Division.

5. Deferred revenue:

	Balance, June 30, 2007	Additions in the period	Revenue recognized in the period	Balance, June 30, 2008
Education property tax credit	$ 3,368,310	$ 8,935,859	$ 8,729,826	$ 3,574,343
Community school partnership initiative	34,989	50,600	65,509	20,080
Bus pass fees	46,243	330,700	337,067	39,876
Other special purpose funds	87,364	138,404	138,936	86,832
	$ 3,536,906	$ 9,455,563	$ 9,271,338	$ 3,721,131

6. School generated funds liability:

School generated funds are monies raised by the school, or under the auspices of the school, which each school's principal may raise, hold, administer or expend subject to the rules of the Division. At June 30, 2008, school funds held totaled $698,822 (2007 - $744,246).

The school generated funds liability of $526,259 at June 30, 2008 (2007 - $593,764) comprises the portion of the school generated funds that are not controlled.

7. Debenture debt:

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.0 percent to 11.625 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2009	$ 2,303,592	$ 1,952,627	$ 4,256,219
2010	2,140,600	1,755,156	3,895,756
2011	1,921,926	1,579,641	3,501,567
2012	2,010,285	1,430,681	3,440,966
2013	1,557,210	1,275,999	2,833,209
Thereafter	20,078,137	8,199,950	28,278,087
	$ 30,011,750	$ 16,194,054	$ 46,205,804

During 2008 the Division had submitted claims for capital projects to the Public Schools Finance Board totaling $10,759,500 (2007 - $4,491,000) and received debenture proceeds of this amount in 2008.

8. Other borrowings:

The other borrowings of the Division are in the form of long-term capital leases and a loan agreement held with the Royal Bank of Canada for the purchase of buses and energy efficiency projects respectively. The leases carry floating interest rates that range from 3.15 percent to 5.63 percent and the loan has a fixed rate of 5.15 percent. Principal and interest payments in the next five years and thereafter are as follows:

	Principal	Interest	Total
2009	$ 825,793	$ 80,401	$ 906,194
2010	162,823	38,716	201,539
2011	131,326	28,838	160,164
2012	138,166	21,998	160,164
2013	145,364	14,801	160,165
Thereafter	30,800	2,753	33,553
	$ 1,434,272	$ 187,507	$ 1,621,779

9. Net tangible capital assets:

The schedule of tangible capital assets (TCA), page 23 of the consolidated financial statements provides a breakdown of cost, accumulated amortization and net book value by class

	Gross amount	Accumulated amortization	Net book value
Tangible capital assets	$ 88,672,701	$ 32,083,434	$ 56,589,267
Capital lease	2,009,749	888,187	1,121,562
	$ 90,682,450	$ 32,971,621	$ 57,710,829

10. Expense by object:

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget* 2008 (Unaudited)	Actual 2007
Salaries	$ 62,103,913	$ 60,551,557	$ 58,099,947
Employees benefits and allowances	5,849,924	5,372,380	5,226,347
Services	5,978,592	5,842,625	5,660,891
Supplies, materials and minor equipment	4,273,401	4,469,356	3,845,488
Interest	145,785	236,500	241,850
Payroll tax	1,338,830	1,299,453	1,245,947
School divisions and other organizations	1,149,895	1,032,505	1,033,434
Total Operating Fund	80,840,340	78,804,376	75,353,904
Amortization	2,030,615	–	1,737,834
Debenture debt interest	2,296,058	–	1,417,379
Other capital items	130,999	–	309,913
Total Capital Fund	4,457,672	–	3,465,126
Total school generated funds	99,926	–	139,208
	$ 85,397,938	$ 78,804,376	$ 78,958,238

*The “2008 budget” includes operational expenses and is exclusive of the funds budgeted for capital purchases and debt financing of $1,062,505. The total 2008 budget is $79,866,881.

Budgeted figures are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

11. Related party transactions:

The Seven Oaks Education Foundation Inc. (the Foundation) was incorporated on July 17, 2001 to take over the capital and administration of the Seven Oaks Scholarship Board (the Board). The Board had previously been established to assist students to further their education beyond the high school level. Certain trustees of the Division sit on the Foundation’s Board.

During fiscal 2008, the Division provided a grant to the Foundation in the amount of $16,000 (2007 - $16,000) to the Board.

12. Land:

Included in land are costs of $836,380 (2007 - $836,380) related to the future school site located in Swinford Park/Riverbend area. These costs were allocated to the future school site during the development of the Swinford Park subdivision.

13. Residential lot sales:

In fiscal years 2005 and 2006, the Division developed and sold 71 residential lots in the Swinford Park subdivision. The net surplus resulting from the lot sales, including additional costs incurred in 2007, was $388,576 which was recorded to capital fund surplus in prior years. There were no residual costs or revenues recorded in fiscal 2008 with regard to the Swinford Park subdivision.

14. Interest paid:

Interest paid during the fiscal year is comprised of the following:

	2008	2007
Operating Fund:		
Overdraft interest	$ –	$ 115,941
Capital Fund:		
Debenture debt interest - PSFB funded	2,296,058	1,417,478
Debenture interest	46,012	46,348
Lease interest	99,773	79,462
	$ 2,441,843	$ 1,659,229

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Southwest Horizon School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson Secretary-Treasurer

October 20, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Southwest Horizon School Division

We have audited the consolidated statement of financial position of the Southwest Horizon School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 21, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

October 29 2008
DATE

CHAIRPERSON

an independent member of
BAKER TILLY
INTERNATIONAL

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 www.mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,513,754	1,115,583
	- Federal Government	137,228	75,854
	- Municipal Government	6,522,760	6,534,343
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	130,335	92,743
	Accrued Investment Income	-	-
	Other Investments	-	-
		8,304,077	7,818,523
	Liabilities		
5	Overdraft	2,207,289	1,818,216
	Accounts Payable	831,991	696,713
	Accrued Liabilities	99,929	93,158
	Employee Future Benefits	-	-
	Accrued Interest Payable	433,131	447,221
	Due to - Provincial Government	-	1,197
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	3,903,581	3,691,100
7	Debenture Debt	15,777,650	16,369,893
8	Other Borrowings	470,205	536,774
	School Generated Funds Liability	-	-
		23,723,776	23,654,272
	Net Debt	(15,419,699)	(15,835,749)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	17,077,191	16,754,562
	Inventories	79,138	76,190
	Prepaid Expenses	106,713	139,133
		17,263,042	16,969,885
10	**Accumulated Surplus**	1,843,343	1,134,136

See accompanying notes to the Financial Statements

Southwest Horizon School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	12,241,925	12,012,778
	Federal Government	22,939	14,635
	Municipal Government - Property Tax	6,533,449	6,391,954
	- Other	-	-
	Other School Divisions	101,010	75,400
	First Nations	-	-
	Private Organizations and Individuals	3,915	24,459
	Other Sources	113,665	97,384
	School Generated Funds	881,567	444,764
	Other Special Purpose Funds	-	-
		19,898,470	19,061,374
	Expenses		
	Regular Instruction	10,119,790	9,677,662
	Student Support Services	2,190,161	2,185,342
	Adult Learning Centres	-	-
	Community Education and Services	50,392	50,078
	Divisional Administration	629,274	616,557
	Instructional and Other Support Services	377,792	319,663
	Transportation of Pupils	1,512,151	1,436,380
	Operations and Maintenance	1,891,496	1,835,342
13	Fiscal - Interest	1,133,774	1,404,050
	- Other	264,462	258,138
	Amortization	924,157	876,852
	Other Capital Items	-	-
	School Generated Funds	858,773	359,375
	Other Special Purpose Funds	-	-
		19,952,222	19,019,439
	Current Year Surplus (Deficit)	(53,752)	41,935
	Opening Accumulated Surplus	1,134,136	15,054,997
11	Adjustments: Tangible Cap. Assets and Accum. Amort.	762,959	(14,039,660)
	Other than Tangible Cap. Assets	-	76,864
	Opening Accumulated Surplus, as adjusted	1,897,095	1,092,201
	Closing Accumulated Surplus	1,843,343	1,134,136

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(53,752)	41,935
Amortization of Tangible Capital Assets	924,157	876,852
Acquisition of Tangible Capital Assets	(483,827)	(2,339,274)
(Gain) / Loss on Disposal of Tangible Capital Assets	(500)	-
Proceeds on Disposal of Tangible Capital Assets	500	-
	440,330	(1,462,422)
Inventories (Increase)/Decrease	(2,948)	1,081
Prepaid Expenses (Increase)/Decrease	32,420	(95,246)
	29,472	(94,165)
(Increase)/Decrease in Net Debt	416,050	(1,514,652)
Net Debt at Beginning of Year	(15,835,749)	(14,397,961)
Adjustments Other than Tangible Cap. Assets	-	76,864
Net Debt at Beginning of Year as Adjusted	(15,835,749)	(14,321,097)
Net Debt at End of Year	(15,419,699)	(15,835,749)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(53,752)	41,935
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	924,157	876,852
(Gain)/Loss on Disposal of Tangible Capital Assets	(500)	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(447,962)	(262,408)
Accounts Receivable & Accrued Income (Increase)/Decrease	(37,592)	(3,344)
Inventories and Prepaid Expenses - (Increase)/Decrease	29,472	(94,165)
Due to Other Organizations Increase/(Decrease)	(1,197)	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	127,959	508,538
Deferred Revenue Increase/(Decrease)	212,481	199,409
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	76,864
Cash Provided by Operating Transactions	753,066	1,343,681
Capital Transactions		
Acquisition of Tangible Capital Assets	(483,827)	(2,339,274)
Proceeds on Disposal of Tangible Capital Assets	500	-
Cash (Applied to)/Provided by Capital Transactions	(483,327)	(2,339,274)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(592,243)	1,890,126
Other Borrowings Increase/(Decrease)	(66,569)	(60,549)
Cash Provided by (Applied to) Financing Transactions	(658,812)	1,829,577
Cash and Bank / Overdraft (Increase)/Decrease	(389,073)	833,984
Cash and Bank (Overdraft) at Beginning of Year	(1,818,216)	(2,652,200)
Cash and Bank (Overdraft) at End of Year	(2,207,289)	(1,818,216)

Southwest Horizon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	22,748,084	696,009	2,986,260	76,265	40,349	-	286,930	-	427,285	27,261,182	29,331,800
Adjustments	640,813	-	-	-	-	-	-	-	-	640,813	(4,064,421)
Opening Cost adjusted	23,388,897	696,009	2,986,260	76,265	40,349	-	286,930	-	427,285	27,901,995	25,267,379
Add: Additions during the year	-	-	185,392	24,507	72,027	-	-	-	201,901	483,827	2,339,274
Less: Disposals and write downs	-	-	12,500	-	-	-	-	-	-	12,500	345,471
Closing Cost	23,388,897	696,009	3,159,152	100,772	112,376	-	286,930	-	629,186	28,373,322	27,261,182
Accumulated Amortization											
Opening, as previously reported	8,030,109	639,813	1,757,417	55,652	23,629	-	-	-	-	10,506,620	-
Adjustments	(122,146)	-	-	-	-	-	-	-	-	(122,146)	9,975,239
Opening adjusted	7,907,963	639,813	1,757,417	55,652	23,629	-	-	-	-	10,384,474	9,975,239
Add: Current period Amortization	656,572	12,488	229,457	10,367	15,273	-	-	-		924,157	876,852
Less: Accumulated Amortization on Disposals and Writedowns	-	-	12,500	-	-	-	-	-	-	12,500	345,471
Closing Accumulated Amortization	8,564,535	652,301	1,974,374	66,019	38,902	-	-	-	-	11,296,131	10,506,620
Net Tangible Capital Asset	14,824,362	43,708	1,184,778	34,753	73,474	-	286,930	-	629,186	17,077,191	16,754,562
Proceeds from Disposal of Capital As	-	-	500	-	-	-	-			500	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit and bankers' acceptance note with Royal Bank of Canada of $5,700,000.00 by way of overdrafts and is repayable at prime less .25% interest paid monthly. Included in the overdraft are capital projects totaling approximately $98,000 which will be submitted to PSFB for debenture funding. Overdrafts are secured by borrowing by-laws.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at 30-Jun-07	Additions in the period	Revenue recognized in the period	Balance as at 30-Jun-08
Manitoba Textbook Bureau	-	49,650	49,650	-
Canadian Council Learners	18,000	-	18,000	-
Manitoba Council for Leadership in Education	-	5,000	-	5,000
Special Levy + Tax Incentive Grant	3,673,100	3,898,581	3,673,100	3,898,581
	$ 3,691,100	$ 3,953,231	$ 3,740,750	$ 3,903,581

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 4.875% to 11.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	724,675	918,340	1,643,015
2010	711,278	870,437	1,581,715
2011	734,390	825,865	1,560,255
2012	770,104	780,531	1,550,635
2013	799,935	733,403	1,533,338
	$3,740,382	$4,128,576	$7,868,958

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to complete technology infrastructure upgrade including cabling and a new voip phone system. Loan bears 5.06% interest per annum, due in 2014 and a yearly payment of $92,124 principal and interest.

Principal and interest repayment of total other borrowings in the next five years are:

	Principal	Interest	Total
2008	$ 66,771	$ 25,353	$ 92,124
2009	70,230	21,894	92,124
2010	73,867	18,257	92,124
2011	77,694	14,430	92,124
2012	81,716	10,408	92,124
	$ 370,278	$ 90,342	$ 460,620

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$ 28,373,322	$ 11,296,131	$ 17,077,191
Capital lease	-	-	-
	$ 28,373,322	$ 11,296,131	$ 17,077,191

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	-
Undesignated Surplus	653,192
	653,192
Capital Fund	
Reserve Accounts	190,048
Equity in Tangible Capital Assets	815,056
	1,005,104
Special Purpose Fund	
School Generated Funds	185,047
Other Special Purpose Funds	-
	185,047
Total Accumulated Surplus	$1,843,343

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	190,048
Other reserves	
Capital Reserve	190,048

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2008
Foundation - Scholarship	-
Other – Specify	-
Other Special Purpose Funds	-

11. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2007	2008
Operating Fund		
Employee Future Benefits	-	-
Capital Fund		
Tangible Capital Assets	(14,039,660)	640,813
Accumulated Amortization	-	122,146
	(14,039,660)	762,959
Special Purpose Fund		
School Generated Funds	76,864	
Other Special Purpose Funds	-	-
	76,864	
Total Restatement of Opening Accumulated Surplus	($13,962,796)	$762,959

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period. These adjustments are the result of adopting PSAB standards.

12. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 46% from 2007 tax year and 54% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 6,533,449	$ 6,391,954
Receivable-Due from Municipal-Property Tax	$ 6,522,760	$ 6,534,343

13. Interest Received and Paid

The Division received interest during the year of $15,107 (previous year $19,984); interest paid during the year was $1,133,774 (previous year $1,404,050).

Interest expense is included in Fiscal and is comprised of the following:

		2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	184,793
Capital Fund		
Debenture debt interest		948,981
Other interest		
		$1,133,774

The accrual portion of debenture debt interest expense of $433,131 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$12,196,593	$12,053,000	$11,802,867
Employees benefits & allowances	888,756	901,200	829,592
Services	1,922,970	1,894,627	1,823,641
Supplies, materials & minor equipment	1,663,074	1,650,063	1,579,655
Interest	1,133,774	65,000	1,404,050
Transfers	99,663	107,000	85,269
Payroll tax	264,462	250,000	258,138
Amortization	924,157	-	876,852
Other capital items	-	-	-
School generated funds	858,773	-	359,375
Other special purpose funds	-	-	-
	$19,952,222	$16,920,890	$19,019,439

15. School Generated Funds

School Generated Funds includes the controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $185,047.

As a transition measure in the implementation of the new accounting policies, school generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of fifteen months from April 1, 2007 to June 30, 2008. In 2007, the reporting period shown was ending March 31, 2007. For June 30, 2008 we have reported a fifteen month period to correct the reporting period.

PRICEWATERHOUSECOOPERS

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October 21, 2008

Auditors' Report

To the Board of Trustees,
St. James-Assiniboia School Division

We have audited the consolidated statement of financial position of **St. James-Assiniboia School Division** as at June 30, 2008, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the year then ended. These financial statements have been prepared to comply with Canadian generally accepted accounting principles established by the public sector accounting board of the Canadian Institute of Chartered Accountants. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of St. James-Assiniboia School Division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the public sector accounting board of the Canadian Institute of Chartered Accountants.

PricewaterhouseCoopers LLP

Chartered Accountants

I hereby certify that the preceding report has been presented to the members of the Board of St. James-Assiniboia School Division.

Dec 09, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	2,086,468	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,076,892	965,929
	- Federal Government	140,814	101,078
	- Municipal Government	16,476,555	16,633,940
	- Other School Divisions	6,423	52,293
	- First Nations	8,631	-
	Accounts Receivable	49,237	59,949
	Accrued Investment Income	-	-
	Other Investments	-	-
		19,845,020	17,813,189
	Liabilities		
	Overdraft	-	2,080,432
	Accounts Payable	1,844,299	2,109,076
	Accrued Liabilities	5,444,937	3,733,545
*	Employee Future Benefits	826,387	719,110
	Accrued Interest Payable	172,311	184,450
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	5,378,029	4,773,477
*	Debenture Debt	9,746,520	10,075,161
	Other Borrowings	-	-
	School Generated Funds Liability	189,573	50,963
		23,602,056	23,726,214
	Net Debt	(3,757,036)	(5,913,025)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	29,979,692	27,702,591
	Inventories	-	-
	Prepaid Expenses	264,981	293,388
		30,244,673	27,995,979
*	**Accumulated Surplus**	26,487,637	22,082,954

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		49,014,791	46,505,745
	Federal Government		7,655	9,678
	Municipal Government	- Property Tax	30,659,852	31,345,874
		- Other	-	10,333
	Other School Divisions		696,943	766,171
	First Nations		54,868	27,980
	Private Organizations and Individuals		2,123,544	2,105,564
	Other Sources		2,117,831	1,338,271
	School Generated Funds		933,106	1,851,201
	Other Special Purpose Funds		-	-
			85,608,590	83,960,817
	Expenses			
	Regular Instruction		45,734,886	46,334,152
	Student Support Services		13,650,030	12,146,205
	Adult Learning Centres		-	-
	Community Education and Services		708,911	644,154
	Divisional Administration		2,901,521	2,808,837
	Instructional and Other Support Services		3,256,606	3,047,505
	Transportation of Pupils		1,377,963	1,245,891
	Operations and Maintenance		8,841,351	9,393,731
*	Fiscal	- Interest	665,716	919,176
		- Other	1,293,594	1,313,979
	Amortization		1,815,804	1,672,991
	Other Capital Items		-	-
	School Generated Funds		957,525	1,889,726
	Other Special Purpose Funds		-	-
			81,203,907	81,416,347
	Current Year Surplus (Deficit)		4,404,683	2,544,470
	Opening Accumulated Surplus		22,082,954	26,040,179
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(5,794,076)
		Other than Tangible Cap. Assets	-	(707,619)
	Opening Accumulated Surplus, as adjusted		22,082,954	19,538,484
	Closing Accumulated Surplus		26,487,637	22,082,954

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	4,404,683	2,544,470
Amortization of Tangible Capital Assets	1,815,804	1,672,991
Acquisition of Tangible Capital Assets	(4,215,298)	(5,647,626)
(Gain) / Loss on Disposal of Tangible Capital Assets	(757,065)	-
Proceeds on Disposal of Tangible Capital Assets	879,458	-
	(2,277,101)	(3,974,635)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	28,407	(111,248)
	28,407	(111,248)
(Increase)/Decrease in Net Debt	2,155,989	(1,541,413)
Net Debt at Beginning of Year	(5,913,025)	(3,663,993)
Adjustments Other than Tangible Cap. Assets	-	(707,619)
Net Debt at Beginning of Year as Adjusted	(5,913,025)	(4,371,612)
Net Debt at End of Year	(3,757,036)	(5,913,025)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	4,404,683	2,544,470
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,815,804	1,672,991
(Gain)/Loss on Disposal of Tangible Capital Assets	(757,065)	-
Employee Future Benefits Increase/(Decrease)	107,277	719,110
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	43,925	(563,846)
Accounts Receivable & Accrued Income (Increase)/Decrease	10,712	15,710
Inventories and Prepaid Expenses - (Increase)/Decrease	28,407	(111,248)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,434,476	1,711,770
Deferred Revenue Increase/(Decrease)	604,552	1,267,493
School Generated Funds Liability Increase/(Decrease)	138,610	50,963
Adjustments Other than Tangible Cap. Assets	-	(707,619)
Cash Provided by Operating Transactions	7,831,381	6,599,794
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,215,298)	(5,647,626)
Proceeds on Disposal of Tangible Capital Assets	879,458	-
Cash (Applied to)/Provided by Capital Transactions	(3,335,840)	(5,647,626)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(328,641)	454,304
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(328,641)	454,304
Cash and Bank / Overdraft (Increase)/Decrease	4,166,900	1,406,472
Cash and Bank (Overdraft) at Beginning of Year	(2,080,432)	(3,486,904)
Cash and Bank (Overdraft) at End of Year	2,086,468	(2,080,432)

St. James - Assiniboia School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	46,630,032	5,257,904	564,740	245,150	1,992,146	364,203	7,460,354	1,447,216	1,504,164	65,465,909	29,522,032
Adjustments	(1,887,236)	1,887,236	-	-	-	-	-	-	-	-	30,296,251
Opening Cost adjusted	44,742,796	7,145,140	564,740	245,150	1,992,146	364,203	7,460,354	1,447,216	1,504,164	65,465,909	59,818,283
Add: Additions during the year	1,989,606	44,998	-	65,995	252,295	32,467	-	378,171	1,451,766	4,215,298	5,647,626
Less: Disposals and write downs	-	526,705	-	-	15,668	-	51,500	-	-	593,873	-
Closing Cost	46,732,402	6,663,433	564,740	311,145	2,228,773	396,670	7,408,854	1,825,387	2,955,930	69,087,334	65,465,909
Accumulated Amortization											
Opening, as previously reported	30,883,265	4,813,864	347,286	92,867	1,205,867	185,555	-	234,614	-	37,763,318	-
Adjustments	(1,507,828)	1,507,828	-	-	-	-	-	-	-	-	36,090,327
Opening adjusted	29,375,437	6,321,692	347,286	92,867	1,205,867	185,555	-	234,614	-	37,763,318	36,090,327
Add: Current period Amortization	1,128,685	49,119	50,666	47,041	306,068	70,095	-	164,130		1,815,804	1,672,991
Less: Accumulated Amortization on Disposals and Writedowns	-	460,846	-	-	10,634	-	-	-	-	471,480	-
Closing Accumulated Amortization	30,504,122	5,909,965	397,952	139,908	1,501,301	255,650	-	398,744	-	39,107,642	37,763,318
Net Tangible Capital Asset	16,228,280	753,468	166,788	171,237	727,472	141,020	7,408,854	1,426,643	2,955,930	29,979,692	27,702,591
Proceeds from Disposal of Capital As	-	439,729	-	-	-	-	439,729			879,458	-

* Includes network infrastructure.

1 Nature of organization and economic dependence

St. James-Assiniboia School Division (the "Division") is a public body that provides education services to residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (the "Province"), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2 Basis of presentation

Commencing in fiscal 2007, the Division adopted Public Sector Accounting Board (PSAB) standards as a result of the Financial Reporting and Accounting in Manitoba Education (FRAME) Manual being updated with PSAB standards as its basis. The standards were applied retroactively without restatement as a cumulative adjustment to the 2007 opening accumulated surplus.

The following changes were implemented to comply with the PSAB standards:

i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. Deferred revenue was recognized for donated tangible capital assets.

ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

iii) Accounting for Employee Future Benefits was adopted to recognize the Division's commitment to pay vested future benefits to its employees, including pensions and other employee future benefits.

iv) Accrued Interest Payable, and related expense, was established to account for accrual of interest on debenture debt and other borrowings from the last payment date. An equal revenue amount is set up as due from the Province as interest payable accrues on the debenture.

A summary of the impact of the restatements to the 2007 opening accumulated surplus is comprised of:

	$
Operating Fund	
Employee future benefits other than pensions	(767,144)
Pension	-
	(767,144)
Capital Fund	
Tangible capital assets - net of accumulated amortization of $36,090,327	(5,794,076)
Deferred revenue	(310,362)
	(6,104,438)
Special Purpose Fund	
Cash	369,887
Total restatement of opening accumulated surplus	(6,501,695)

3 Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting entity and consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by FRAME in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School generated funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Year end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible capital assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset description	Capitalization threshold $	Estimated useful life (years)
Land improvements	25,000	10
Buildings		
Bricks, mortar and steel	25,000	15 - 40
Wood frame	25,000	15 - 25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer hardware, servers and peripherals	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and all tangible capital assets, are recorded at historical cost. Cost includes the purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the historical cost was not known, buildings have been recorded based on the replacement value for insurance purposes as at June 30, 2005 regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue is recognized as revenue on the same basis that the related asset is amortized.

Land is recorded at historical cost when known. For land acquired prior to June 30, 2006, where historical cost was not known, land has been recorded based on values determined by the Crown Lands and Property Agency.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee future benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides retirement and other future benefits to its employees. These benefits include a defined benefit pension plan for non-teacher employees, vacation pay and parental leave benefits. The Division adopted the following policies with respect to accounting for these employee future benefits:

i) Defined benefit pension plan

Under this plan, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division.

A market discount rate is used to measure the benefit obligations. The expected return on pension plan assets is calculated on the market related value of the assets. The cost of the plan is actuarially determined using the projected benefit method prorated on years of employee service, final average salary levels during specified years of employment, retirement ages of employees and other actuarial factors, together with the expected rate of return on pension plan assets. Current service costs and interest costs on the benefit obligation are charged to income as they accrue. Past service costs, plan amendments, changes in assumptions, the cumulative unrecognized net actuarial gains and losses are amortized to earnings on a straight-line basis over the expected average remaining service lives (13 years) of active plan members.

ii) Other future benefits

For those benefit obligations that are event driven (vacation pay and parental leave), the benefit costs are recognized and recorded when earned.

The employee future benefits expense includes the Division's contribution for the period.

g) Capital reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These capital reserve accounts are internally restricted funds that form part of the accumulated surplus presented in the Consolidated Statement of Financial Position (note 11).

h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (due from amount, accounts receivable, overdraft, accounts payable, accrued liabilities and debenture debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable and due from amounts. However, the majority of these financial assets are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values.

4 Overdraft

The Division has an authorized line of credit with The Royal Bank of Canada of $15,000,000 by way of overdrafts and is repayable on demand at prime less .25%; interest is paid monthly.

5 Employee future benefits

Employee future benefits are benefits earned by employees, but will not be paid out until future years.

	2008 $	2007 $
Employee future benefit liabilities		
Defined benefit pension plan		
Accrued employee benefit obligation	31,616,241	29,777,721
Deduct: Pension plan assets	(31,842,453)	(32,608,228)
Valuation allowance	226,212	2,830,507
	-	-
Maternity leave earned	259,445	104,121
Vacation payable	566,942	614,989
Total employee future benefit liability	826,387	719,110

The Division sponsors a defined benefit plan for non-teaching employees that is actuarially valuated every three years using a number of assumptions about future events, including inflation rate (2%), wage and salary increases (4%), and employee turnover and mortality to determine the accrued benefit obligation (includes any related interest owing). The most recent actuarial report was prepared as at December 31, 2005. The net unamortized actuarial gain is amortized on a straight-line basis over the expected average remaining service life of the related employee groups (13 years). Pension plan assets are valued at market related values and the expected rate of return is 6%.

As at June 30, 2008, there were 495 active members, 123 deferred benefit members and 212 pensioners receiving payments.

	2008 $	2007 $
Change in accrued benefit obligation		
Balance - beginning of year	29,777,721	28,045,837
Current service cost		
School Division	730,106	721,349
Employees	773,532	779,674
Interest cost	1,788,174	1,684,181
Benefits paid	(1,362,703)	(1,372,218)
Non-investment expenses paid	(90,589)	(81,102)
Balance - end of year	31,616,241	29,777,721
Change in plan assets		
Market related value - beginning of year	32,608,228	30,027,914
Contributions		
School Division	773,532	764,254
Employees	773,532	779,674
Expected return on plan assets	1,959,307	1,804,393
Experience gain (loss)	(2,818,854)	685,313
Benefits paid	(1,362,703)	(1,372,218)
Non-investment expenses paid	(90,589)	(81,102)
Market related value - end of year	31,842,453	32,608,228
Funded status		
Plan assets greater than benefit obligation	226,212	2,830,507
Valuation allowance	(226,212)	(2,830,507)
Accrued benefit asset	-	-
Net benefit plan cost		
Current service cost - School Division	730,106	721,349
Interest cost	1,788,174	1,684,181
Expected return on plan assets	(1,959,307)	(1,804,393)
Valuation allowance increase	214,559	163,117
Net benefit plan expense for the year	773,532	764,254
Plan assets in equities (includes real estate)	74.39%	62.11%
Plan assets in fixed income	25.61%	37.89%

	2008 %	**2007** %
Significant assumptions		
Accrued benefit obligation as of June 30		
Discount rate	6.00	6.00
Rate of compensation increase	4.00	4.00
Net benefit plan cost for the year ended June 30		
Discount rate	6.00	6.00
Expected return on plan assets	6.00	6.00
Rate of compensation increase	4.00	4.00
Expected Average Remaining Service Life (EARSL)	13 years	13 years

Maternity leave earned and vacation payable are defined benefits that are recognized and recorded when earned (e.g. maternity top up).

6 Deferred revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007 $	**Additions in the year** $	**Revenue recognized in the year** $	**Balance as at June 30, 2008** $
Donated capital assets	247,191	48,470	62,594	233,067
International education student fees	68,036	183,206	68,036	183,206
Leases	11,476	11,618	11,476	11,618
Western reading recovery	96,180	-	96,180	-
Property tax	4,350,594	4,950,138	4,350,594	4,950,138
	4,773,477	5,193,432	4,588,880	5,378,029

7 School generated funds liability

School generated funds liability includes the non-controlling portion of school generated funds consolidated in the overdraft balance in the amount of $189,573.

	2008 $	2007 $
Parent council funds	16,893	7,751
Other parent group funds	-	4,829
Student funds (including travel)	158,651	31,838
Other	14,029	6,545
	189,573	50,963

8 Debenture debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2008 to 2027 and is owing to public schools finance board (PSFB). Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5% to 11.125%.

Debenture interest expense payable as at June 30, 2008, is accrued and recorded in accrued interest payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal $	Interest $	Total $
2008 - 2009	638,022	625,816	1,263,838
2009 - 2010	568,306	575,312	1,143,618
2010 - 2011	572,959	533,672	1,106,631
2011 - 2012	550,308	492,608	1,042,916
2012 - 2013	549,967	455,464	1,005,431
	2,879,562	2,682,872	5,562,434

9 Net tangible capital assets

The Schedule of Tangible Capital Assets (schedule attached) of the audited consolidated financial statements provides a breakdown of cost, accumulated amortization and net book value by class.

A summary is as follows:

	2008			2007
Tangible capital assets	**Gross amount** $	**Accumulated amortization** $	**Net book value** $	**Net book value** $
	69,087,334	39,107,642	29,979,692	27,702,591

10 Accumulated surplus

The consolidated accumulated surplus is comprised of the following:

	2008 $	**2007** $
Operating Fund		
Designated surplus	259,251	180,787
Undesignated surplus	2,831,006	362,851
	3,090,257	543,638
Capital Fund		
Reserve accounts	3,341,993	3,853,132
Equity in tangible capital assets	19,748,444	17,354,822
	23,090,437	21,207,954
Special Purpose Fund		
School generated funds	306,943	331,362
Total accumulated surplus	26,487,637	22,082,954

Designated surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

	2008 $	2007 $
School budget carryovers by board policy	259,251	180,787
Designated surplus	259,251	180,787

Reserve accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB.

	2008 $	2007 $
School building reserve	1,200,000	-
School bus reserve	196,000	-
Other reserves - Sturgeon Heights Reserve	1,445,993	3,853,132
Lease reserve	500,000	-
Capital reserve	3,341,993	3,853,132

School generated funds and other special purpose funds are externally restricted monies for school use.

11 Municipal Government - property tax and related due from Municipal Government

Education property tax or special levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 54.4% from 2007 tax year and 45.6% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008 $	2007 $
Gross revenue, Municipal Government - property tax	22,381,983	21,824,122
Less: Education property tax credit	(5,905,428)	(5,190,182)
Receivable, due from Municipal Government - property tax	16,476,555	16,633,940

12 Interest received and paid

The Division received interest during the year of $346,847 (2007 - $309,394); interest paid during the year was $665,716 (2007 - $919,176).

Interest expense is included in fiscal and is comprised of the following:

	2008 $	2007 $
Operating Fund		
Fiscal short-term loan, interest and bank charges	8,633	62,529
Capital Fund		
Debenture debt interest	657,083	856,647
	665,716	919,176

The accrual portion of debenture debt interest expense of $172,311 is offset by an accrual of the debt servicing grant from the Province.

13 Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008 $	Actual 2007 $
Salaries	59,397,403	58,185,362
Employees' benefits and allowances	4,502,298	4,077,996
Services	7,768,492	8,182,155
Supplies, materials and minor equipment	4,169,783	4,591,495
Interest	8,633	62,529
Interest - debenture	657,083	856,647
Payroll tax	1,293,594	1,313,979
Transfers	633,292	583,467
Amortization	1,815,804	1,672,991
School generated funds	957,525	1,889,726
	81,203,907	81,416,347

14 Contractual obligations

Agreements respecting student transportation were entered into for terms ranging from one to five years. The specific costs for these services are approximately $835,000 for 2008-09. As costs are based on student enrolment and transportation requirements, the service agreements do not contain predetermined costs for subsequent years.

15 Lease revenue

The Division recorded lease revenue of $694,748 from other sources relating to various unoccupied building space. Minimum payments under the lease terms over the next three years are as follows:

	$
2009	495,020
2010	243,974
2011	164,977

16 Special levy raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2008, the amount of this special levy was $227,289 (2007 - $241,877). These amounts are not included in the Division's consolidated financial statements.

Sunrise School Division

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Sunrise School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson Secretary-Treasurer

August 13, 2008

"Creating new learning opportunities each and every day!"

BDO

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Auditors' Report

To the Chairperson and Board of Trustees of
Sunrise School Division

We have audited the consolidated statement of financial position of **Sunrise School Division** as at June 30, 2008 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements, schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
August 13, 2008

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned School Division

Date

October 16, 2008

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
*	Short Term Investments	1,230,094	1,205,513
	Due from - Provincial Government	2,046,583	2,840,815
	- Federal Government	206,386	258,942
	- Municipal Government	10,509,923	10,495,505
	- Other School Divisions	-	130
	- First Nations	67,525	-
	Accounts Receivable	109,561	421,246
	Accrued Investment Income	-	-
*	Other Investments	300	-
		14,170,372	15,222,151
	Liabilities		
*	Overdraft	5,169,773	7,613,054
	Accounts Payable	1,868,086	1,992,272
	Accrued Liabilities	1,391,502	1,218,979
*	Employee Future Benefits	116,044	361,408
	Accrued Interest Payable	475,728	489,944
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	2,164,995	1,084,388
*	Debenture Debt	18,198,886	17,338,699
*	Other Borrowings	256,539	372,568
	School Generated Funds Liability	-	47,053
		29,641,553	30,518,365
	Net Debt	(15,471,181)	(15,296,214)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	26,657,531	25,605,477
	Inventories	202,712	223,806
	Prepaid Expenses	207,843	340,047
		27,068,086	26,169,330
*	**Accumulated Surplus**	11,596,905	10,873,116

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		33,151,773	30,918,163
	Federal Government		-	15,870
	Municipal Government	- Property Tax	18,628,431	18,365,102
		- Other	-	-
	Other School Divisions		105,485	102,425
	First Nations		668,489	532,874
	Private Organizations and Individuals		238,630	357,602
	Other Sources		588,721	569,255
	School Generated Funds		1,251,819	1,263,928
	Other Special Purpose Funds		17,251	-
			54,650,599	52,125,219
	Expenses			
	Regular Instruction		25,917,686	25,905,713
	Student Support Services		9,153,615	7,900,820
	Adult Learning Centres		960,833	939,591
	Community Education and Services		169,575	125,128
	Divisional Administration		1,998,505	1,755,571
	Instructional and Other Support Services		1,542,626	1,421,623
	Transportation of Pupils		3,850,877	3,572,756
	Operations and Maintenance		5,231,558	4,672,025
*	Fiscal	- Interest	1,402,060	1,477,264
		- Other	867,218	738,519
	Amortization		1,653,322	1,556,307
	Other Capital Items		21,406	-
	School Generated Funds		1,169,959	1,171,140
	Other Special Purpose Funds		18,790	-
			53,958,030	51,236,457
	Current Year Surplus (Deficit)		692,569	888,762
	Opening Accumulated Surplus		10,873,116	39,207,820
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(29,535,454)
*		Other than Tangible Cap. Assets	31,220	311,988
	Opening Accumulated Surplus, as adjusted		10,904,336	9,984,354
	Closing Accumulated Surplus		11,596,905	10,873,116

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	692,569	888,762
Amortization of Tangible Capital Assets	1,653,322	1,556,307
Acquisition of Tangible Capital Assets	(2,705,376)	(1,381,629)
(Gain) / Loss on Disposal of Tangible Capital Assets	(9,301)	-
Proceeds on Disposal of Tangible Capital Assets	9,301	-
	(1,052,054)	174,678
Inventories (Increase)/Decrease	21,094	(23,256)
Prepaid Expenses (Increase)/Decrease	132,204	(175,678)
	153,298	(198,934)
(Increase)/Decrease in Net Debt	(206,187)	864,506
Net Debt at Beginning of Year	(15,296,214)	(16,472,705)
Adjustments Other than Tangible Cap. Assets	31,220	311,985
Net Debt at Beginning of Year as Adjusted	(15,264,994)	(16,160,720)
Net Debt at End of Year	(15,471,181)	(15,296,214)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	692,569	888,762
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,653,322	1,556,307
(Gain)/Loss on Disposal of Tangible Capital Assets	(9,301)	-
Employee Future Benefits Increase/(Decrease)	(245,364)	361,408
Short Term Investments (Increase)/Decrease	(24,581)	(789,214)
Due from Other Organizations (Increase)/Decrease	764,975	(1,949,261)
Accounts Receivable & Accrued Income (Increase)/Decrease	311,685	(193,371)
Inventories and Prepaid Expenses - (Increase)/Decrease	153,298	(198,934)
Due to Other Organizations Increase/(Decrease)	-	(5)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	34,121	(2,110,296)
Deferred Revenue Increase/(Decrease)	1,080,607	(12,018)
School Generated Funds Liability Increase/(Decrease)	(47,053)	47,053
Adjustments Other than Tangible Cap. Assets	31,220	311,985
Cash Provided by Operating Transactions	4,395,498	(2,087,584)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,705,376)	(1,381,629)
Proceeds on Disposal of Tangible Capital Assets	9,301	-
Cash (Applied to)/Provided by Capital Transactions	(2,696,075)	(1,381,629)
Investing Transactions		
Other Investments (Increase)/Decrease	(300)	-
Cash Provided by (Applied to) Investing Transactions	(300)	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	860,187	(1,091,239)
Other Borrowings Increase/(Decrease)	(116,029)	(108,567)
Cash Provided by (Applied to) Financing Transactions	744,158	(1,199,806)
Cash and Bank / Overdraft (Increase)/Decrease	2,443,281	(4,669,019)
Cash and Bank (Overdraft) at Beginning of Year	(7,613,054)	(2,944,038)
Cash and Bank (Overdraft) at End of Year	(5,169,773)	(7,613,057)

Sunrise School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	42,978,846	1,910,925	6,969,941	186,023	184,046	772,567	222,673	103,278	126,961	53,455,260	55,315,609
Adjustments	-	-	-	-	-	-	-	-	-	-	(3,241,978)
Opening Cost adjusted	42,978,846	1,910,925	6,969,941	186,023	184,046	772,567	222,673	103,278	126,961	53,455,260	52,073,631
Add: Additions during the year	1,593,582	-	819,768	-	60,356	332,870	-	-	(101,200)	2,705,376	1,381,629
Less: Disposals and write downs	-	-	541,869	-	-	-	-	-	-	541,869	-
Closing Cost	44,572,428	1,910,925	7,247,840	186,023	244,402	1,105,437	222,673	103,278	25,761	55,618,767	53,455,260
Accumulated Amortization											
Opening, as previously reported	21,614,271	1,278,562	4,516,086	147,537	39,862	241,164	-	12,301	-	27,849,783	-
Adjustments	-	-	-	-	-	-	-	-	-	-	26,293,476
Opening adjusted	21,614,271	1,278,562	4,516,086	147,537	39,862	241,164	-	12,301	-	27,849,783	26,293,476
Add: Current period Amortization	994,063	48,231	470,274	10,996	26,251	95,761	-	7,746		1,653,322	1,556,307
Less: Accumulated Amortization on Disposals and Writedowns	-	-	541,869	-	-	-	-	-	-	541,869	-
Closing Accumulated Amortization	22,608,334	1,326,793	4,444,491	158,533	66,113	336,925	-	20,047	-	28,961,236	27,849,783
Net Tangible Capital Asset	21,964,094	584,132	2,803,349	27,490	178,289	768,512	222,673	83,231	25,761	26,657,531	25,605,477
Proceeds from Disposal of Capital As	-	-	9,301	-	-	-	-			9,301	-

* Includes network infrastructure.

SUNRISE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

1. Nature of Organization and Economic Dependence

The Sunrise School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries The Division is exempt from income tax and is a registered charity under the Income Tax Act

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements

However, the Division provides retirement and other future benefits to its non-teaching employees as a defined contribution plan, under the Manitoba Association of School Trustees Pension Plan (MAST). The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Plan

Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. **Bank Overdraft**

The Division has an authorized line of credit with Sunova Credit Union of $12,000,000 by way of overdrafts and is repayable on demand at the bank's prime rate; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. **Employee Future Benefits**

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $586,558 in 2008.

Employee future benefits recorded as a liability represents maternity/parental benefits of $116,044.

5. **Deferred Revenue**

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Education Property Tax Credit	$ 661,935	$ 6,408,917	$ 4,988,272	$ 2,082,580
International Student Program	167,338	-	167,338	-
North Eastman Health Authority	64,780	-	64,780	-
Capital D Grant	145,080	-	145,080	-
Grants from outside sources	42,205	47,683	7,673	82,215
Other	3,050	200	3,050	200
	$ 1,084,388	$ 6,456,800	$ 5,376,193	$ 2,164,995

6. **School Generated Funds**

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of twelve months from July 1, 2007 to June 30, 2008.

7. **Debenture Debt**

The debenture debt of the School Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.250% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The total debenture principal and interest repayments in the next five years are:

2009	$ 2,549,563
2010	2,184,899
2011	2,140,191
2012	2,081,921
2013	1,994,209
	$ 10,950,783

Interest on this debt and the related provincial government support is recorded in the period in which interest is paid.

8. **Other Borrowings**

	2008	2007
P.S.F.B., Capital Projects loan, repayable over 10 years in annual payments of $141,644 including interest at 6.875% per annum, due in 2010	$ 256,589	372,568

Required principal repayments over the next three years are estimated to be as follows:

2009	$ 124,004
2010	132,585

9. **Net Tangible Capital Assets**

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class The amount of interest capitalized in the period included in Assets under Construction was nil (previous year was nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	2,041,506	2,535,275
	2,041,506	2,535,275
Capital Fund		
Reserve Accounts	1,271,978	1,219,126
Equity in Tangible Capital Assets	7,798,324	6,713,939
	9,070,302	7,933,065
Special Purpose Fund		
School Generated Funds	475,511	404,776
Other	9,586	-
	485,097	404,776
Total Accumulated Surplus	$11,596,905	$10,873,116

11. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 42.5% from 2007 tax year and 57.5% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue – Municipal Government – Property Tax	$ 24,286,189	$ 22,490,290
Receivable – Due from Municipal – Property Tax	$ 10,509,923	$ 10,495,505

12. Interest Received and Paid

The Division received interest during the year of $65,374 (previous year $104,942); interest paid during the year was $1,402,060 (previous year $1,477,264).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 182,155	$ 127,466
Capital Fund		
Debenture interest	1,174,694	1,280,393
Other interest	45,211	69,405
	$ 1,402,060	$1,477,264

The accrual portion of debenture debt interest expense of $475,728 included under the Capital Fund-Debenture debt interest, and netted with an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$36,631,753	$37,116,103	$ 34,232,612
Employees benefits and allowances	2,651,272	2,646,318	2,519,469
Services	5,401,040	4,668,721	5,065,982
Supplies, materials and minor equipment	3,561,355	3,532,192	3,927,357
Interest	1,402,060	120,000	1,477,264
Bad debts	95,898	-	-
Payroll tax	771,320	782,800	738,519
Amortization	1,653,322	-	1,556,307
Transfers	579,855	579,668	547,807
Other capital items	21,406	-	-
Loss (gain) on disposal of capital assets	-	-	-
School generated funds	1,169,959	-	1,171,140
Other special purpose funds	18,790	-	6,057
	$53,958,030	$ 49,445,802	$ 51,236,457

14. Commitments

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2008 are as follows:

2009	$ 489,921
2010	111,095
2011	34,052
2012	34,052
2013	34,052

15. Other

A legal action had been initiated against the Division by the contractor of a new school built in the division. The disputed amount represents monies which have not been paid by the Division because the architects have refused to provide certificates for payment due to non-compliance and unfinished work. The Division has accordingly not drawn the required funds. The Division has recorded a liability for work completed and for the holdback on this completed work, but not for any non-compliant work performed.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Swan Valley School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Kowal Hardie & Company independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

__________________   ____________________

Chairperson   Secretary-Treasurer

October 27, 2008

AUDITOR'S REPORT

(in accordance with subsection 41(11) of the Public Schools Act)

SWAN VALLEY SCHOOL DIVISION
(Name of School Division/District)

TO THE CHAIRPERSON AND MEMBERS OF THE BOARD OF TRUSTEES

We have audited the consolidated statements of financial position of the Swan Valley School Division as at 30 June 2008 and the consolidated statements of revenues, expenditures and accumulated surplus and the consolidated statements of change in net debt, and consolidated statements of cash flow for the year then ended. These financial statements are the responsibility of the school division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school division as at 30 June 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kowal Hardie & Company
CHARTERED ACCOUNTANTS

Swan River, Manitoba
24 October 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division/District.

October 27, 2008
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	1,723,920	2,082,055
	Short Term Investments	-	-
	Due from - Provincial Government	532,034	473,394
	- Federal Government	40,982	29,727
	- Municipal Government	2,419,113	2,256,543
	- Other School Divisions	14,522	9,620
	- First Nations	-	-
	Accounts Receivable	15,779	4,320
	Accrued Investment Income	-	-
5	Other Investments	905	978
		4,747,255	4,856,637
	Liabilities		
	Overdraft	-	-
	Accounts Payable	63,330	118,362
	Accrued Liabilities	1,555,866	1,773,290
7	Employee Future Benefits	210,446	71,801
	Accrued Interest Payable	160,968	156,482
	Due to - Provincial Government	26,006	26,790
	- Federal Government	303	14,029
	- Municipal Government	3,221	5,547
	- Other School Divisions	-	-
	- First Nations	-	3,765
8	Deferred Revenue	891,865	690,767
10	Debenture Debt	4,613,682	4,280,448
	Other Borrowings	-	-
	School Generated Funds Liability	521	3,584
		7,526,208	7,144,865
	Net Debt	(2,778,953)	(2,288,228)
	Non-Financial Assets		
11	Net Tangible Capital Assets (TCA Schedule)	6,463,482	6,061,381
	Inventories	20,540	18,842
	Prepaid Expenses	117,490	71,146
		6,601,512	6,151,369
12	**Accumulated Surplus**	3,822,559	3,863,141

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		12,718,058	12,196,945
	Federal Government		2,492	5,261
	Municipal Government	- Property Tax	4,387,669	4,290,615
		- Other	-	-
	Other School Divisions		60,376	62,380
	First Nations		139,151	416,800
	Private Organizations and Individuals		311,929	268,051
	Other Sources		198,335	197,751
	School Generated Funds		300,830	340,048
	Other Special Purpose Funds		97,510	23,080
			18,216,350	17,800,931
	Expenses			
	Regular Instruction		9,567,372	9,574,258
	Student Support Services		2,685,762	2,645,184
	Adult Learning Centres		-	-
	Community Education and Services		56,275	65,688
	Divisional Administration		681,383	645,465
	Instructional and Other Support Services		351,425	341,713
	Transportation of Pupils		1,330,162	1,227,635
	Operations and Maintenance		1,740,775	1,755,072
15	Fiscal	- Interest	440,451	279,974
		- Other	268,981	261,928
	Amortization		718,927	681,741
	Other Capital Items		-	-
	School Generated Funds		319,002	323,646
	Other Special Purpose Funds		96,417	23,080
			18,256,932	17,825,384
	Current Year Surplus (Deficit)		(40,582)	(24,453)
	Opening Accumulated Surplus		3,863,141	17,241,028
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(13,480,431)
		Other than Tangible Cap. Assets	-	126,997
	Opening Accumulated Surplus, as adjusted		3,863,141	3,887,594
	Closing Accumulated Surplus		3,822,559	3,863,141

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(40,582)	(24,453)
Amortization of Tangible Capital Assets	718,927	681,741
Acquisition of Tangible Capital Assets	(1,121,028)	(682,269)
(Gain) / Loss on Disposal of Tangible Capital Assets	(7,799)	(4,499)
Proceeds on Disposal of Tangible Capital Assets	7,799	4,499
	(402,101)	(528)
Inventories (Increase)/Decrease	(1,698)	8,995
Prepaid Expenses (Increase)/Decrease	(46,344)	(3,399)
	(48,042)	5,596
(Increase)/Decrease in Net Debt	(490,725)	(19,385)
Net Debt at Beginning of Year	(2,288,228)	(2,395,840)
Adjustments Other than Tangible Cap. Assets	-	126,997
Net Debt at Beginning of Year as Adjusted	(2,288,228)	(2,268,843)
Net Debt at End of Year	(2,778,953)	(2,288,228)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(40,582)	(24,453)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	718,927	681,741
(Gain)/Loss on Disposal of Tangible Capital Assets	(7,799)	(4,499)
Employee Future Benefits Increase/(Decrease)	138,645	71,801
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(237,367)	80,622
Accounts Receivable & Accrued Income (Increase)/Decrease	(11,459)	18,640
Inventories and Prepaid Expenses - (Increase)/Decrease	(48,042)	5,596
Due to Other Organizations Increase/(Decrease)	(20,601)	14,597
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(267,970)	487,385
Deferred Revenue Increase/(Decrease)	201,098	218,556
School Generated Funds Liability Increase/(Decrease)	(3,063)	3,584
Adjustments Other than Tangible Cap. Assets	-	126,997
Cash Provided by Operating Transactions	421,787	1,680,567
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,121,028)	(682,269)
Proceeds on Disposal of Tangible Capital Assets	7,799	4,499
Cash (Applied to)/Provided by Capital Transactions	(1,113,229)	(677,770)
Investing Transactions		
Other Investments (Increase)/Decrease	73	(978)
Cash Provided by (Applied to) Investing Transactions	73	(978)
Financing Transactions		
Debenture Debt Increase/(Decrease)	333,234	118,320
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	333,234	118,320
Cash and Bank / Overdraft (Increase)/Decrease	(358,135)	1,120,139
Cash and Bank (Overdraft) at Beginning of Year	2,082,055	961,916
Cash and Bank (Overdraft) at End of Year	1,723,920	2,082,055

Swan Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	13,069,729	470,565	2,697,832	218,422	712,986	257,480	280,490	-	37,310	17,744,814	19,541,284
Adjustments	-	-	-	-	-	-	-	-	-	-	(2,088,220)
Opening Cost adjusted	13,069,729	470,565	2,697,832	218,422	712,986	257,480	280,490	-	37,310	17,744,814	17,453,064
Add: Additions during the year	-	-	272,997	41,477	118,624	28,375	-	-	659,555	1,121,028	682,269
Less: Disposals and write downs	-	-	185,129	-	-	-	-	-	-	185,129	390,519
Closing Cost	13,069,729	470,565	2,785,700	259,899	831,610	285,855	280,490	-	696,865	18,680,713	17,744,814
Accumulated Amortization											
Opening, as previously reported	8,846,068	431,818	1,620,046	188,894	447,314	149,293	-	-	-	11,683,433	-
Adjustments	-	-	-	-	-	-	-	-	-	-	11,392,211
Opening adjusted	8,846,068	431,818	1,620,046	188,894	447,314	149,293	-	-	-	11,683,433	11,392,211
Add: Current period Amortization	346,621	2,729	212,829	16,259	108,399	32,090	-	-		718,927	681,741
Less: Accumulated Amortization on Disposals and Writedowns	-	-	185,129	-	-	-	-	-	-	185,129	390,519
Closing Accumulated Amortization	9,192,689	434,547	1,647,746	205,153	555,713	181,383	-	-	-	12,217,231	11,683,433
Net Tangible Capital Asset	3,877,040	36,018	1,137,954	54,746	275,897	104,472	280,490	-	696,865	6,463,482	6,061,381
Proceeds from Disposal of Capital As	-	-	7,799	-	-	-	-			7,799	4,499

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Swan Valley School Division (Division) is a public body that provides education services to residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division and funds held in the Division's Registered Charity.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division’s rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The terms and conditions of the Pension Plan for the Employees of Swan Valley School Division are administered by the school division trustees and a division management representative. Participating employees in the plan generally contribute from 7.0% to 9.0% (dependant on age and years of plan membership as outlined in the plan's text) of eligible earnings to the plan. The Division matches this contribution and remits both contributions monthly. No responsibility is assumed by the Division to make any further contribution.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Other Investments

	2008	2007
Swan Valley Credit Union Patronage Shares	$ 905	$ 978

6. Overdraft

The Division has an authorized line of credit with TD Canada Trust of $4,000,000 by way of overdrafts and is repayable on demand at prime less 0.60%; paid monthly. Overdrafts are secured by borrowing by-law.

7. Employee Future Benefits

The Division sponsors and administers a defined pension contribution plan. The defined contribution plan is provided to all eligible non teaching employees. Eligible employees contributed, in accordance with the plan text 7.0% to 9.0% of their eligible earnings to the plan. The Division contributions equal the employee required contributions to the plan. Some employees have exercised their right to make voluntary contributions to the plan, which are not matched by the Division. No pension liability is included in the financial statements.

A liability of $210,446 for maternity/parental and sick leave benefits is reflected in the financial statements.

8. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Healthy Child Manitoba Grant	$ 10,000	$ 41,000	$ 38,300	$ 12,700
Technical Vocational Initative Grant	15,000	-	2,398	12,602
Making Education Work	8,171	9,717	4,896	12,992
Education Property Tax Credit	521,500	1,412,786	1,312,163	622,123
Other Province of Manitoba Grants	14,883	1,500	10,593	5,790
Grants from outside sources	5,200	-	1,300	3,900
Capital Fund		76,199	7,620	68,579
Charitable Scholarship and Other Fund	92,558	83,314	79,262	96,610
School Generated Funds	23,455	56,569	23,455	56,569
	$ 690,767	$ 1,681,085	$ 1,479,987	$ 891,865

9. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $905.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of twelve months from July 1, 2007 to June 30, 2008.

10. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2007 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to11.125%. Debenture interest expense payable as at June 30, 2007, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	**Interest**	**Total**
2009	$ 274,946	$ 290,408	$ 565,354
2010	249,419	269,472	518,891
2011	251,069	251,987	503,056
2012	268,179	234,876	503,055
2013	274,581	216,547	491,128
	$ 1,318,194	$1,263,290	$ 2,581,484

11. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $199 (previous year $5).

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	15,949	124,757
Undesignated Surplus	649,729	1,390,181
	665,678	1,514,938
Capital Fund		
Reserve Accounts	1,266,321	429,586
Equity in Tangible Capital Assets	1,765,333	1,775,218
	3,031,654	2,204,804
Special Purpose Fund		
School Generated Funds	125,227	143,399
Other Special Purpose Funds	-	-
	125,227	143,399
Total Accumulated Surplus	$ 3,822,559	3,863,141

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008	2007
Board approved appropriation by motion	-	80,951
School budget carryovers by Board policy	15,949	43,806
Designated surplus	$ 15,949	124,757

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008	2007
Bus reserves	639,021	429,586
Other reserves	627,300	-
Capital Reserve	$ 1,266,321	429,586

13. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2008	2007
Operating Fund		
Employee Future Benefits	-	-
Capital Fund		
Tangible Capital Assets	-	(2,088,220)
Accumulated Amortization	-	11,392,211
	-	(13,480,431)
Special Purpose Fund		
School Generated Funds	-	126,997
Other Special Purpose Funds	-	-
	-	126,997
Total Restatement of Operating Accumulated Surplus	$ -	(13,353,434)

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the prior period. These adjustments are the result of adopting PSAB standards.

14. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 45% from 2007 tax year and 55% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue - Municipal Government-Property Tax	$ 4,387,669	$ 4,290,615
Receivable - Due from Municipal-Property Tax	$ 2,419,113	$ 2,256,543

15. Interest Received and Paid

The Division received interest during the year of $98,928 (previous year $86,295); interest paid during the year was $199 (previous year $1).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ -
Capital Fund	
Debenture debt interest	440,451
Other interest	199
	$ 440,650

The accrual portion of debenture debt interest expense of $160,968 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

16. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 12,423,152	$ 12,742,170	$ 12,157,929
Employees benefits & allowances	1,113,466	1,242,307	1,125,496
Services	1,380,492	1,507,493	1,423,699
Supplies, materials & minor equipment	1,489,094	1,401,046	1,547,891
Interest	440,451	4,000	279,974
Bad debts	-	-	-
Payroll tax	268,981	271,000	261,928
Amortization	718,927	-	681,741
Other capital items	-	-	(4,499)
School generated funds	319,002	-	323,646
Other special purpose funds	96,417	-	23,080
	$ 18,249,982	$ 17,168,016	$ 17,820,885

17. Commitment

As a result of a resolution approved at the 23 June 2008 school trustees meeting the Division is committed to purchase two new school buses in the amount of approximately $179,986 during 2008/2009 fiscal year end.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Turtle Mountain School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson	Secretary-Treasurer

December 10, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Turtle Mountain School Division

We have audited the consolidated statement of financial position of the Turtle Mountain School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
November 20, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

Dec. 10/08.
DATE

CHAIRPERSON

an independent member of
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	287,445	549,485
	- Federal Government	36,245	48,942
	- Municipal Government	2,084,355	2,011,777
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	46,614	46,894
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,454,659	2,657,098
	Liabilities		
5	Overdraft	48,545	473,546
	Accounts Payable	1,537,609	1,433,409
	Accrued Liabilities	6,610	5,500
	Employee Future Benefits	-	-
	Accrued Interest Payable	105,849	118,806
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	36,827	28,032
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	355,169	146,378
8	Debenture Debt	3,867,277	4,177,744
	Other Borrowings	-	-
	School Generated Funds Liability	95,138	8,022
		6,053,024	6,391,437
	Net Debt	(3,598,365)	(3,734,339)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	4,256,332	4,388,597
	Inventories	38,740	41,189
	Prepaid Expenses	89,847	21,853
		4,384,919	4,451,639
12	**Accumulated Surplus**	786,554	717,300

See accompanying notes to the Financial Statements

Turtle Mountain School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	7,348,190	7,157,485
	Federal Government	18,535	-
	Municipal Government - Property Tax	3,538,829	3,449,553
	- Other	-	-
	Other School Divisions	31,460	31,200
	First Nations	7,843	-
	Private Organizations and Individuals	139,882	132,491
	Other Sources	38,658	59,042
	School Generated Funds	176,149	165,088
	Other Special Purpose Funds	-	-
		11,299,546	10,994,859
	Expenses		
	Regular Instruction	5,659,887	5,493,470
	Student Support Services	1,757,651	1,688,040
	Adult Learning Centres	173,976	167,605
	Community Education and Services	2,297	5,032
	Divisional Administration	575,914	516,185
	Instructional and Other Support Services	319,904	335,788
	Transportation of Pupils	801,390	771,692
	Operations and Maintenance	860,583	1,058,019
14	Fiscal - Interest	316,658	459,801
	- Other	167,356	157,359
	Amortization	399,363	383,767
	Other Capital Items	-	-
	School Generated Funds	200,613	162,671
	Other Special Purpose Funds	-	-
		11,235,592	11,199,429
	Current Year Surplus (Deficit)	63,954	(204,570)
	Opening Accumulated Surplus	717,300	8,112,325
13	Adjustments: Tangible Cap. Assets and Accum. Amort.	5,300	(7,249,338)
	Other than Tangible Cap. Assets	-	58,883
	Opening Accumulated Surplus, as adjusted	722,600	921,870
	Closing Accumulated Surplus	786,554	717,300

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	63,954	(204,570)
Amortization of Tangible Capital Assets	399,363	383,767
Acquisition of Tangible Capital Assets	(280,945)	(370,933)
(Gain) / Loss on Disposal of Tangible Capital Assets	9,022	3,428
Proceeds on Disposal of Tangible Capital Assets	10,125	2,350
	137,565	18,612
Inventories (Increase)/Decrease	2,449	7,277
Prepaid Expenses (Increase)/Decrease	(67,994)	(8,853)
	(65,545)	(1,576)
(Increase)/Decrease in Net Debt	135,974	(187,534)
Net Debt at Beginning of Year	(3,734,339)	(3,605,688)
Adjustments Other than Tangible Cap. Assets	-	58,883
Net Debt at Beginning of Year as Adjusted	(3,734,339)	(3,546,805)
Net Debt at End of Year	(3,598,365)	(3,734,339)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	63,954	(204,570)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	399,363	383,767
(Gain)/Loss on Disposal of Tangible Capital Assets	9,022	3,428
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	202,159	(463,190)
Accounts Receivable & Accrued Income (Increase)/Decrease	280	(1,633)
Inventories and Prepaid Expenses - (Increase)/Decrease	(65,545)	(1,576)
Due to Other Organizations Increase/(Decrease)	8,795	671
Accounts Payable & Accrued Liabilities Increase/(Decrease)	92,353	412,683
Deferred Revenue Increase/(Decrease)	208,791	(113,227)
School Generated Funds Liability Increase/(Decrease)	87,116	8,022
Adjustments Other than Tangible Cap. Assets	-	58,883
Cash Provided by Operating Transactions	1,006,288	83,258
Capital Transactions		
Acquisition of Tangible Capital Assets	(280,945)	(370,933)
Proceeds on Disposal of Tangible Capital Assets	10,125	2,350
Cash (Applied to)/Provided by Capital Transactions	(270,820)	(368,583)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(310,467)	(162,596)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(310,467)	(162,596)
Cash and Bank / Overdraft (Increase)/Decrease	425,001	(447,921)
Cash and Bank (Overdraft) at Beginning of Year	(473,546)	(25,625)
Cash and Bank (Overdraft) at End of Year	(48,545)	(473,546)

Turtle Mountain School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	7,029,854	580,476	1,982,268	34,942	26,188	-	40,951	320,207	-	10,014,886	11,656,547
Adjustments	-	-	-	-	-	-	5,300	-	-	5,300	(1,914,405)
Opening Cost adjusted	7,029,854	580,476	1,982,268	34,942	26,188	-	46,251	320,207	-	10,020,186	9,742,142
Add: Additions during the year	-	-	180,001	20,041	60,436	20,467	-	-	-	280,945	370,933
Less: Disposals and write downs	95,355	-	179,072	12,768	-	-	800	-	-	287,995	98,189
Closing Cost	6,934,499	580,476	1,983,197	42,215	86,624	20,467	45,451	320,207	-	10,013,136	10,014,886
Accumulated Amortization											
Opening, as previously reported	3,920,282	363,695	1,127,682	18,057	11,636	-	-	184,937	-	5,626,289	-
Adjustments	-	-	-	-	-	-	-	-	-	-	5,334,933
Opening adjusted	3,920,282	363,695	1,127,682	18,057	11,636	-	-	184,937	-	5,626,289	5,334,933
Add: Current period Amortization	183,339	9,225	157,134	6,439	8,646	2,559	-	32,021		399,363	383,767
Less: Accumulated Amortization on Disposals and Writedowns	78,285	-	179,072	11,491	-	-	-	-	-	268,848	92,411
Closing Accumulated Amortization	4,025,336	372,920	1,105,744	13,005	20,282	2,559	-	216,958	-	5,756,804	5,626,289
Net Tangible Capital Asset	2,909,163	207,556	877,453	29,210	66,342	17,908	45,451	103,249	-	4,256,332	4,388,597
Proceeds from Disposal of Capital As	1,799	-	3,326	5,000	-	-	-			10,125	2,350

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

h) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii)The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv)Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with Westoba Credit Union of $2,500,000.00 by way of overdrafts and is repayable on demand at prime less 0.5%; interest is paid monthly. Overdrafts are secured by borrowing by-law.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

Description	Balance at June 30, 2008
Provincial Education Property Tax Credit Advance	$355,169
Professional Development Seminar Prepaid	0
	$355,169

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $95,138.

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.125% to 11.75%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense statement is raised over the two calendar (tax) years; 40.5% from 2007 tax year and 59.5% from 2008 tax year. Below are the related revenue and receivable amounts:

Description	2008	2007
Revenue-Municipal Government-Property Tax	$3,538,829	$3,449,553
Receivable-Due from Municipal-Property Tax	$2,084,355	$2,011,777

11. Commitments

Agreements respecting photocopiers were entered into for terms ranging from one to four years. The cost for the lease of this equipment is $18,997 for 2007-08.

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	97,329
Undesignated Surplus	115,026
	212,355
Capital Fund	
Reserve Accounts	148,308
Equity in Tangible Capital Assets	389,055
	537,363
Special Purpose Fund	
School Generated Funds	36,836
Other Special Purpose Funds	0
	36,836
Total Accumulated Surplus	$786,554

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved appropriation by motion	41,590
School budget carryovers by board policy	55,739
Designated surplus	$97,329

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	148,308
Other reserves	0
Capital Reserve	$148,308

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2008
School generated funds	36,836
Other	0
Other Special Purpose Funds	$36,836

13. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2008
Operating Fund	
Employee Future Benefits	$0
Capital Fund	
Tangible Capital Assets	5,300
Accumulated Amortization	0
	5,300
Special Purpose Fund	
School Generated Funds	0
Other Special Purpose Funds	0
	0
Total Restatement of Opening Accumulated Surplus	5,300

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period. These adjustments are the result of adopting PSAB standards.

14. Interest Received and Paid

The Division received interest during the year of $13,590 (previous year $17,969); interest paid during the year was $316,658 (previous year $459,801).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$29,064
Capital Fund	
Debenture debt interest	287,594
Other interest	0
	$316,658

The accrual portion of debenture debt interest expense of $105,849 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

15. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

Description	Actual 2008	Budget 2008	Actual 2007
Salaries	$7,841,094	$7,680,671	$7,478,067
Employee benefits and allowances	612,848	604,289	588,374
Services	947,215	956,391	955,851
Supplies, materials & minor equip.	717,523	1,105,926	980,967
Interest	316,658	25,000	459,801
Payroll tax / Transfers/Bad Dept Exp	200,278	162,000	189,931
Amortization	399,363	0	383,767
School generated funds	200,613	0	162,671
Total	$11,235,592	$10,534,277	$11,199,429

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Turtle River School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies is described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

October 28, 2008

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Turtle River School Division

We have audited the consolidated statement of financial position of the Turtle River School Division as at June 30, 2008 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
October 17, 2008

AUDITOR

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above-mentioned School Division.

Oct. 28/08

DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	797,366	728,046
	Short Term Investments	-	-
	Due from - Provincial Government	357,888	178,485
	- Federal Government	69,466	77,128
	- Municipal Government	2,114,566	1,966,264
	- Other School Divisions	28,757	41,086
	- First Nations	1,558	5,730
	Accounts Receivable	29,001	58,908
	Accrued Investment Income	-	-
	Other Investments	-	-
		3,398,602	3,055,647
	Liabilities		
	Overdraft	-	-
	Accounts Payable	479,563	337,517
	Accrued Liabilities	656,390	806,420
	Employee Future Benefits	-	-
	Accrued Interest Payable	92,075	90,558
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	60,610	52,460
	- First Nations	-	-
6	Deferred Revenue	1,464,942	1,186,351
8	Debenture Debt	2,856,881	2,717,523
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		5,610,461	5,190,829
	Net Debt	(2,211,859)	(2,135,182)
	Non-Financial Assets		
e3	Net Tangible Capital Assets (TCA Schedule)	3,616,502	3,963,726
	Inventories	112,671	94,442
	Prepaid Expenses	61,028	45,371
		3,790,201	4,103,539
9	**Accumulated Surplus**	1,578,342	1,968,357

See accompanying notes to the Financial Statements

Turtle River School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		6,541,820	6,342,698
	Federal Government		9,681	9,734
	Municipal Government	- Property Tax	1,809,639	2,053,989
		- Other	-	-
	Other School Divisions		13,000	32,500
	First Nations		26,703	107,464
	Private Organizations and Individuals		6,003	6,479
	Other Sources		(157,141)	31,162
	School Generated Funds		351,593	316,751
	Other Special Purpose Funds		-	-
			8,601,298	8,900,777
	Expenses			
	Regular Instruction		4,432,144	4,405,767
	Student Support Services		1,210,685	1,226,707
	Adult Learning Centres		-	-
	Community Education and Services		10,924	6,742
	Divisional Administration		335,381	314,618
	Instructional and Other Support Services		213,979	187,438
	Transportation of Pupils		794,777	793,988
	Operations and Maintenance		907,864	840,666
11	Fiscal	- Interest	206,531	307,272
		- Other	113,887	117,378
	Amortization		427,467	408,811
	Other Capital Items		-	-
	School Generated Funds		337,674	301,947
	Other Special Purpose Funds		-	-
			8,991,313	8,911,334
	Current Year Surplus (Deficit)		(390,015)	(10,557)
	Opening Accumulated Surplus		1,968,357	14,060,496
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(12,153,937)
		Other than Tangible Cap. Assets	-	72,355
	Opening Accumulated Surplus, as adjusted		1,968,357	1,978,914
	Closing Accumulated Surplus		1,578,342	1,968,357

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(390,015)	(10,557)
Amortization of Tangible Capital Assets	427,467	408,811
Acquisition of Tangible Capital Assets	(254,820)	(441,888)
(Gain) / Loss on Disposal of Tangible Capital Assets	172,777	(3,200)
Proceeds on Disposal of Tangible Capital Assets	1,800	3,200
	347,224	(33,077)
Inventories (Increase)/Decrease	(18,229)	(3,404)
Prepaid Expenses (Increase)/Decrease	(15,657)	53,064
	(33,886)	49,660
(Increase)/Decrease in Net Debt	(76,677)	6,026
Net Debt at Beginning of Year	(2,135,182)	(2,213,563)
Adjustments Other than Tangible Cap. Assets	-	72,355
Net Debt at Beginning of Year as Adjusted	(2,135,182)	(2,141,208)
Net Debt at End of Year	(2,211,859)	(2,135,182)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(390,015)	(10,557)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	427,467	408,811
(Gain)/Loss on Disposal of Tangible Capital Assets	172,777	(3,200)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(303,542)	(51,472)
Accounts Receivable & Accrued Income (Increase)/Decrease	29,907	(28,705)
Inventories and Prepaid Expenses - (Increase)/Decrease	(33,886)	49,660
Due to Other Organizations Increase/(Decrease)	8,150	(94,414)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(6,467)	107,551
Deferred Revenue Increase/(Decrease)	278,591	(81,577)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	72,355
Cash Provided by Operating Transactions	182,982	368,452
Capital Transactions		
Acquisition of Tangible Capital Assets	(254,820)	(441,888)
Proceeds on Disposal of Tangible Capital Assets	1,800	3,200
Cash (Applied to)/Provided by Capital Transactions	(253,020)	(438,688)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	139,358	(181,287)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	139,358	(181,287)
Cash and Bank / Overdraft (Increase)/Decrease	69,320	(251,523)
Cash and Bank (Overdraft) at Beginning of Year	728,046	979,569
Cash and Bank (Overdraft) at End of Year	797,366	728,046

Turtle River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	8,534,107	411,192	1,692,819	95,968	41,139	66,492	37,325	-	-	10,879,042	16,084,586
Adjustments	-	-	-	-	-	-	-	-	-	-	(5,647,432)
Opening Cost adjusted	8,534,107	411,192	1,692,819	95,968	41,139	66,492	37,325	-	-	10,879,042	10,437,154
Add: Additions during the year	176,193	-	-	-	16,090	41,203	-	-	21,334	254,820	441,888
Less: Disposals and write downs	621,843	-	-	-	-	-	1,000	-	-	622,843	-
Closing Cost	8,088,457	411,192	1,692,819	95,968	57,229	107,695	36,325	-	21,334	10,511,019	10,879,042
Accumulated Amortization											
Opening, as previously reported	5,596,906	411,192	790,805	39,573	20,207	56,633	-	-	-	6,915,316	-
Adjustments	-	-	-	-	-	-	-	-	-	-	6,506,505
Opening adjusted	5,596,906	411,192	790,805	39,573	20,207	56,633	-	-	-	6,915,316	6,506,505
Add: Current period Amortization	220,668	-	163,532	19,194	9,837	14,236	-	-		427,467	408,811
Less: Accumulated Amortization on Disposals and Writedowns	448,266	-	-	-	-	-	-	-	-	448,266	-
Closing Accumulated Amortization	5,369,308	411,192	954,337	58,767	30,044	70,869	-	-	-	6,894,517	6,915,316
Net Tangible Capital Asset	2,719,149	-	738,482	37,201	27,185	36,826	36,325	-	21,334	3,616,502	3,963,726
Proceeds from Disposal of Capital As	-	-	1,800	-	-	-	-			1,800	3,200

* Includes network infrastructure.

TURTLE RIVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Turtle River School Division is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba, and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Comparative Figures

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus. Previous to the 2006/07 year Financial Statements were presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to implementation of PSAB.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds.
All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds held by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The Division participates in the MAST (Manitoba Association of School Trustees) Pension Plan. The terms and conditions of this pension plan are administered by a provincial committee consisting of school trustees, employee and division management representative. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 4.7% to 6.7% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position. The Division has a reserve for school bus purchases in the amount of $419,293. The Board of Trustees of Turtle River School Division committed (Resolution Number 15, June 24, 2008) to purchase 2 each 46 passenger and 1 each 64 passenger bus from this reserve in the approximate amount of $265,715 including net taxes.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

(i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an operating $1,000,000 line of credit with the Royal Bank of Canada by way of overdraft. (By-Law #151) The Division does not receive any 2008 property taxation until October 31 each year.

In addition small capital projects are funded out of the operating fund.

6. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Municipal Revenue	$921,770	$1,166,086	$921,770	$1,166,086
Eduction Property Tax Credit	264,581	298,481	264,581	298,481
Prepaid Transportation Fees	-	375		375
	$ 1,186,351	$ 1,464,942	$ 1,186,351	$ 1,464,942

7. School Generated Funds Liability & Revenue/Expense Presentation

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2008 covers a period of twelve months from July 1, 2007 to June 30, 2008.

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2008 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.125% to 12.125%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	$ 218,032	$ 193,203	$ 411,235
2010	238,922	190,003	428,925
2011	258,680	170,245	428,925
2012	272,594	148,775	421,369
2013	285,660	126,353	412,013
	$ 1,273,888	$ 828,579	$ 2,102,467

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	28,016
Undesignated Surplus	297,760
	325,776
Capital Fund	
Reserve Accounts	419,293
Equity in Tangible Capital Assets	732,195
	1,151,488
Special Purpose Fund	
School Generated Funds	101,078
Other Special Purpose Funds	-
	101,078
Total Accumulated Surplus	$ 1,578,342

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
School budget carryovers by board policy	28,016
Designated surplus	$ 28,016

Reserve Accounts under the Capital Fund represent internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	419,293
Other reserves	-
Capital Reserve	$ 419,293

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 50% from 2007 tax year and 50% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 1,809,639	$ 2,053,989
Receivable-Due from Municipal-Property Tax	$ 2,114,566	$ 1,966,264

11. Interest Received and Paid

The Division received interest during the year of $15,636 (previous year $27,962).

Interest expense is included in Fiscal and is comprised of the following:

		2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	3,557
Capital Fund		
Debenture debt interest		202,974
Other interest		-
	$	206,531

The accrual portion of debenture debt interest expense of $92,075 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

		Actual 2008		Budget 2008		Actual 2007
Salaries	$	5,617,812	$	5,630,425	$	5,535,720
Employees benefits & allowances		435,930		472,120		431,231
Services		894,296		1,017,703		921,802
Supplies, materials & minor equipment		804,490		700,767		724,481
Interest		206,531		206,458		307,272
Transfers		153,226		170,000		162,692
Payroll tax		113,887		118,104		117,378
Amortization		427,467		-		408,811
Other capital items		-		-		-
School generated funds		337,674		-		301,947
Other special purpose funds		-		-		-
	$	8,991,313	$	8,315,577	$	8,911,334

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Western School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Gislason Targownik Peters, Certified General Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

____________________	____________________
Chairperson	Secretary-Treasurer

September 25, 2008

Gislason Targownik Peters
Certified General Accountants
720 Norquay Drive • Box 2430 • Winkler • Manitoba R6W 4C1 • Tel: (204) 325-7579 • Fax (204) 325-7318

AUDITORS' REPORT

To the board of trustees
Western School Division

We have audited the Consolidated Statement of Financial Position for the Operating Fund, Capital Fund and Special Fund of Western School Division as at June 30, 2008, and the Consolidated Statements of Revenue, Expenses and Accumulated Surplus and Cash Flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2008 and the results of operations and cash flow of the organization for the year then ended, in accordance with Canadian generally accepted accounting principles.

Gislason Targownik Peters

CERTIFIED GENERAL ACCOUNTANTS

Winkler, Manitoba
September 25, 2008

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above mentioned School Division.

Oct 30/08
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	810,482	-
	Short Term Investments	-	744,690
	Due from - Provincial Government	577,830	351,034
	- Federal Government	37,432	37,519
10	- Municipal Government	2,151,323	2,148,483
	- Other School Divisions	63,849	72,911
	- First Nations	-	-
	Accounts Receivable	21,575	28,865
	Accrued Investment Income	-	25,546
	Other Investments	-	-
		3,662,491	3,409,048
	Liabilities		
	Overdraft	-	376,332
	Accounts Payable	575,584	389,900
	Accrued Liabilities	228,058	119,661
	Employee Future Benefits	-	-
	Accrued Interest Payable	149,323	165,955
	Due to - Provincial Government	-	-
	- Federal Government	206	-
	- Municipal Government	-	-
	- Other School Divisions	186,100	158,244
	- First Nations	-	-
4	Deferred Revenue	654,730	1,802,796
5	Debenture Debt	3,943,758	4,348,074
6	Other Borrowings	401,788	438,172
7	School Generated Funds Liability	86,438	70,265
		6,225,985	7,869,399
	Net Debt	(2,563,494)	(4,460,351)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	5,792,518	6,194,078
	Inventories	-	-
	Prepaid Expenses	49,944	30,270
		5,842,462	6,224,348
9	**Accumulated Surplus**	3,278,968	1,763,997

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2008	2007
	Revenue			
	Provincial Government		9,621,850	9,216,548
	Federal Government		35,242	137,242
10	Municipal Government	- Property Tax	3,663,644	3,796,742
		- Other	3,200	3,200
	Other School Divisions		28,600	16,900
	First Nations		-	-
	Private Organizations and Individuals		297,249	256,298
	Other Sources		1,314,057	6,670
	School Generated Funds		51,030	44,480
	Other Special Purpose Funds		-	-
			15,014,872	13,478,080
	Expenses			
	Regular Instruction		7,779,705	7,250,619
	Student Support Services		1,547,383	1,329,898
	Adult Learning Centres		340,820	325,242
	Community Education and Services		43,132	144,177
	Divisional Administration		444,866	429,379
	Instructional and Other Support Services		433,373	418,514
	Transportation of Pupils		495,537	463,329
	Operations and Maintenance		1,270,198	1,188,107
11	Fiscal	- Interest	400,311	619,515
		- Other	204,077	199,687
	Amortization		458,385	471,216
	Other Capital Items		35,900	-
	School Generated Funds		46,214	45,573
	Other Special Purpose Funds		-	-
			13,499,901	12,885,255
	Current Year Surplus (Deficit)		1,514,971	592,824
	Opening Accumulated Surplus		1,763,997	8,910,583
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	(7,742,903)
		Other than Tangible Cap. Assets	-	3,492
	Opening Accumulated Surplus, as adjusted		1,763,997	1,171,172
	Closing Accumulated Surplus		3,278,968	1,763,997

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	1,514,971	592,824
Amortization of Tangible Capital Assets	458,385	471,216
Acquisition of Tangible Capital Assets	(136,043)	(290,338)
(Gain) / Loss on Disposal of Tangible Capital Assets	77,368	(1,000)
Proceeds on Disposal of Tangible Capital Assets	1,850	1,000
	401,560	180,878
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(19,674)	(22,890)
	(19,674)	(22,890)
(Increase)/Decrease in Net Debt	1,896,857	750,812
Net Debt at Beginning of Year	(4,460,351)	(5,214,655)
Adjustments Other than Tangible Cap. Assets	-	3,492
Net Debt at Beginning of Year as Adjusted	(4,460,351)	(5,211,163)
Net Debt at End of Year	(2,563,494)	(4,460,351)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	1,514,971	592,824
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	458,385	471,216
(Gain)/Loss on Disposal of Tangible Capital Assets	77,368	(1,000)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	744,690	(744,690)
Due from Other Organizations (Increase)/Decrease	(220,487)	(18,367)
Accounts Receivable & Accrued Income (Increase)/Decrease	32,836	(18,142)
Inventories and Prepaid Expenses - (Increase)/Decrease	(19,674)	(22,890)
Due to Other Organizations Increase/(Decrease)	28,062	158,244
Accounts Payable & Accrued Liabilities Increase/(Decrease)	277,449	102,112
Deferred Revenue Increase/(Decrease)	(1,148,066)	1,692,691
School Generated Funds Liability Increase/(Decrease)	16,173	70,265
Adjustments Other than Tangible Cap. Assets	-	3,492
Cash Provided by Operating Transactions	1,761,707	2,285,755
Capital Transactions		
Acquisition of Tangible Capital Assets	(136,043)	(290,338)
Proceeds on Disposal of Tangible Capital Assets	1,850	1,000
Cash (Applied to)/Provided by Capital Transactions	(134,193)	(289,338)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(404,316)	(401,784)
Other Borrowings Increase/(Decrease)	(36,384)	438,172
Cash Provided by (Applied to) Financing Transactions	(440,700)	36,388
Cash and Bank / Overdraft (Increase)/Decrease	1,186,814	2,032,805
Cash and Bank (Overdraft) at Beginning of Year	(376,332)	(2,409,137)
Cash and Bank (Overdraft) at End of Year	810,482	(376,332)

Western School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	10,864,028	409,660	1,180,779	28,992	96,805	279,459	533,717	-	79,218	13,472,659	14,117,858
Adjustments	-	-	-	-	-	-	-	-	-	-	(888,538)
Opening Cost adjusted	10,864,028	409,660	1,180,779	28,992	96,805	279,459	533,717	-	79,218	13,472,659	13,229,320
Add: Additions during the year	-	-	91,319	-	10,836	-	-	33,888	-	136,043	290,338
Less: Disposals and write downs	-	-	45,000	-	-	127,010	-	-	79,218	251,228	47,000
Closing Cost	10,864,028	409,660	1,227,098	28,992	107,641	152,449	533,717	33,888	0	13,357,474	13,472,659
Accumulated Amortization											
Opening, as previously reported	6,072,228	181,450	752,009	19,854	34,402	218,638	-	-	-	7,278,581	-
Adjustments	-	-	-	-	-	-	-	-	-	-	6,854,365
Opening adjusted	6,072,228	181,450	752,009	19,854	34,402	218,638	-	-	-	7,278,581	6,854,365
Add: Current period Amortization	301,347	13,494	87,197	2,611	20,445	31,597	-	1,694		458,385	471,216
Less: Accumulated Amortization on Disposals and Writedowns	-	-	45,000	-	-	127,010	-	-	-	172,010	47,000
Closing Accumulated Amortization	6,373,575	194,944	794,206	22,465	54,847	123,225	-	1,694	-	7,564,956	7,278,581
Net Tangible Capital Asset	4,490,453	214,716	432,892	6,527	52,794	29,224	533,717	32,194	0	5,792,518	6,194,078
Proceeds from Disposal of Capital As	-	-	1,850	-	-	-	-			1,850	1,000

* Includes network infrastructure.

WESTERN SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The School Division (Division) is a public body that provides education services to residents within its geographic location. The division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds controlled by the Division.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated

Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), have been set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their fair values, unless otherwise noted.

3. Overdraft

The Division has an authorized line of credit with Agassiz Credit Union Limited of $2,800,000 by way of overdrafts and is repayable on demand at prime less 0.5%.

4. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Manitoba Textbook Bureau	$ 25,096	$ 44,193	$ 41,984	$ 27,305
Education & Property Tax Credit	474,987	553,094	474,987	553,094
International Education Tuition	-	-	-	-
Other	27,569	46,762	-	74,331
Restricted Capital Fund Donation	1,275,144	-	1,275,144	-
	$ 1,802,796	$ 644,049	$ 1,792,115	$ 654,730

The Restricted Capital Fund Donation of $1,275,144 was recognized as revenue during the year due to the removal of the restriction on the funds.

5. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2010 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 5.375% to 11.875%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	482,409	332,787	$ 815,196
2010	528,746	286,450	815,196
2011	381,337	235,558	616,895
2012	373,513	201,216	574,729
2013	345,804	165,401	511,205
	$ 2,111,809	$ 1,221,412	$ 3,333,221

6. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to purchase property.

	2007	2006
Property loan	$ 401,788	$ 438,172

The property loan has prime less 0.5% interest per annum, due in 2017 and a monthly payment of $4,885 principal and interest. This loan is secured by way of a demand promissory note.

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2009	$ 42,369	$ 16,257	$ 58,626
2010	44,205	14,421	58,626
2011	46,121	12,505	58,626
2012	48,119	10,507	58,626
2013	50,205	8,421	58,626
	$ 231,019	$ 62,111	$ 293,130

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $86,438.

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$ 13,357,473	$ 7,564,955	$ 5,792,518

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008
Operating Fund	
Designated Surplus	-
Undesignated Surplus	524,130
	524,130
Capital Fund	
Reserve Accounts	216,900
Equity in Tangible Capital Assets	2,530,723
	2,747,623
Special Purpose Fund	
School Generated Funds	7,215
Other Special Purpose Funds	-
	7,215
Total Accumulated Surplus	$ 3,278,968

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2008
Bus reserves	216,899

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

10. Municipal Government – Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2006 tax year and 60% from 2007 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$ 3,663,644	$ 3,796,742
Receivable-Due from Municipal-Property Tax	$ 2,151,323	$ 2,148,483

11. Interest Received and Paid

The Division received interest during the year of $75,649 (previous year $9,591); interest paid during the year was $416,943 (previous year $453,561).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 19,720
Capital Fund	
Debenture debt interest	358,350
Other interest	22,241
	$ 400,311

The accrual portion of debenture debt interest expense of $149,323 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 9,431,238	$ 9,352,403	$ 8,991,723
Employees benefits & allowances	644,087	624,091	628,227
Services	1,173,524	1,129,728	1,048,371
Supplies, materials & minor equipment	942,314	879,152	750,762
Interest	400,311	43,285	619,514
Payroll tax	204,077	190,834	199,687
Amortization	458,385	-	471,216
Other capital items	35,900	-	-
School generated funds	46,214	-	45,572
Transfers	163,851	154,850	130,183
	$ 13,499,901	$ 12,374,343	$ 12,885,255

13. Contractual Obligations

The Division has entered into a lease agreement for its Adult Learning Centre premises at $3,333 per month expiring November 2008.

The minimum annual lease payments for the next year are as follows:

2009	$13,333

A sublet agreement has been entered into for a portion of these premises. The sublet pays $1,013 per month to the Division expiring November 2008.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Whiteshell School District are the responsibility of the District management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. District management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the District met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

______________________________ ______________________________

Chairperson Secretary-Treasurer

September 4, 2008

Collins Barrow

Chartered Accountants

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Auditors' Report

To the Chairperson and Trustees
Whiteshell School District

We have audited the Consolidated Statement of Financial Position for the Whiteshell School District as at June 30, 2008, and the Consolidated Statement of Revenue, Expenses, Consolidated Statement of change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2008. These financial statements are the responsibility of the school district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded in the District and we were not able to determine whether any adjustments might be necessary to revenue, current year surplus (deficit) and accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school district as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in notes 3 and 4 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplementary information shown.

Winnipeg, Canada
September 4, 2008

Collins Barrow
CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division.

Sep 30/08
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	825,591	684,422
	Short Term Investments	-	-
	Due from - Provincial Government	149,180	111,338
	- Federal Government	13,079	9,391
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	793	82
	Accrued Investment Income	-	-
	Other Investments	-	-
		988,643	805,233
	Liabilities		
	Overdraft	-	-
	Accounts Payable	386,972	341,855
	Accrued Liabilities	147,245	-
	Employee Future Benefits	-	-
	Accrued Interest Payable	7,779	9,626
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
4	Deferred Revenue	297,079	257,583
5	Debenture Debt	184,862	238,989
6	Other Borrowings	150,000	175,000
	School Generated Funds Liability	-	-
		1,173,937	1,023,053
	Net Debt	(185,294)	(217,820)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	1,240,638	1,308,109
	Inventories	-	-
	Prepaid Expenses	-	-
		1,240,638	1,308,109
8	**Accumulated Surplus**	1,055,344	1,090,289

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	1,179,157	1,107,151
	Federal Government	-	-
9	Municipal Government - Property Tax	1,636,803	1,583,423
	- Other	-	-
	Other School Divisions	42,900	47,450
	First Nations	-	-
	Private Organizations and Individuals	115	805
	Other Sources	37,920	26,571
	School Generated Funds	35,918	53,463
	Other Special Purpose Funds	-	-
		2,932,813	2,818,863
	Expenses		
	Regular Instruction	1,735,011	1,636,143
	Student Support Services	440,681	469,102
	Adult Learning Centres	-	-
	Community Education and Services	5,500	5,000
	Divisional Administration	115,341	107,050
	Instructional and Other Support Services	70,282	43,636
	Transportation of Pupils	27,089	26,847
	Operations and Maintenance	386,978	308,445
10	Fiscal - Interest	25,483	31,474
	- Other	61,086	43,360
	Amortization	67,471	67,471
	Other Capital Items	-	-
	School Generated Funds	32,836	55,095
	Other Special Purpose Funds	-	-
		2,967,758	2,793,623
	Current Year Surplus (Deficit)	(34,945)	25,240
	Opening Accumulated Surplus	1,090,289	3,097,909
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(2,051,235)
	Other than Tangible Cap. Assets	-	18,375
	Opening Accumulated Surplus, as adjusted	1,090,289	1,065,049
	Closing Accumulated Surplus	1,055,344	1,090,289

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	(34,945)	25,240
Amortization of Tangible Capital Assets	67,471	67,471
Acquisition of Tangible Capital Assets	-	-
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	67,471	67,471
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	-	-
	0	0
(Increase)/Decrease in Net Debt	32,526	92,711
Net Debt at Beginning of Year	(217,820)	(328,906)
Adjustments Other than Tangible Cap. Assets	-	18,375
Net Debt at Beginning of Year as Adjusted	(217,820)	(310,531)
Net Debt at End of Year	(185,294)	(217,820)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	(34,945)	25,240
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	67,471	67,471
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(41,530)	35,126
Accounts Receivable & Accrued Income (Increase)/Decrease	(711)	400
Inventories and Prepaid Expenses - (Increase)/Decrease	-	-
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	190,515	(1,933)
Deferred Revenue Increase/(Decrease)	39,496	60,403
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	18,375
Cash Provided by Operating Transactions	220,296	205,082
Capital Transactions		
Acquisition of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	0	0
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(54,127)	(50,764)
Other Borrowings Increase/(Decrease)	(25,000)	(25,000)
Cash Provided by (Applied to) Financing Transactions	(79,127)	(75,764)
Cash and Bank / Overdraft (Increase)/Decrease	141,169	129,318
Cash and Bank (Overdraft) at Beginning of Year	684,422	555,104
Cash and Bank (Overdraft) at End of Year	825,591	684,422

Whiteshell School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	3,002,001	-	-	-	-	-	15,400	-	-	3,017,401	3,426,815
Adjustments	-	-	-	-	-	-	-	-	-	-	(409,414)
Opening Cost adjusted	3,002,001	-	-	-	-	-	15,400	-	-	3,017,401	3,017,401
Add: Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	3,002,001	-	-	-	-	-	15,400	-	-	3,017,401	3,017,401
Accumulated Amortization											
Opening, as previously reported	1,709,292	-	-	-	-	-	-	-	-	1,709,292	-
Adjustments	-	-	-	-	-	-	-	-	-	-	1,641,821
Opening adjusted	1,709,292	-	-	-	-	-	-	-	-	1,709,292	1,641,821
Add: Current period Amortization	67,471	-	-	-	-	-	-	-		67,471	67,471
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	1,776,763	-	-	-	-	-	-	-	-	1,776,763	1,709,292
Net Tangible Capital Asset	1,225,238	-	-	-	-	-	15,400	-	-	1,240,638	1,308,109
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School District (District) is a public body that provides education services to residents within its geographic location. The District is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the District's boundaries. The District is exempt from income tax.

The District is economically dependent on the Province for a significant portion of its revenue. Without this funding, the District would not be able to continue its operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the District.

All inter-fund accounts and transactions are eliminated upon consolidation wherever possible.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the District to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the District.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the District are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the District to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land and buildings acquired before June 30, 1995, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

All land acquired prior to June 30, 1995 has been valued using information provided by the Crown Lands and Property Agency and adjusted by the District where further information was available.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the District. The District does not contribute to TRAF, and no costs relating to this plan are included in the District's financial statements.

2. Significant Accounting Policies - Continued

g) Capital Reserve

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), may be set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Consolidated Statement of Financial Position.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, accounts payable, accrued interest payable, deferred revenue and long-term debt) that may affect the amount, timing and certainty of future cash flows. The District is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The District has an authorized line of credit with The South Interlake Credit Union Limited of $250,000 by way of overdrafts and is repayable on demand at prime plus .50%; interest is paid monthly. $250,000 remains available on this line of credit. Overdrafts are secured by a temporary borrowing by-law.

4. Deferred Revenue

The deferral method of accounting is used to properly match revenues with expenditures. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

5. Debenture Debt

The debenture debt of the District is in the form of one ten-year debenture payable, principal and interest, in ten equal yearly installments and maturing June 15, 2011. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debenture carries interest at 6.625%. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and is funded by the Operating Fund as an annual transfer. The debenture principal and interest repayments in the next three years are:

	Principal	Interest	Total
2009	57,713	12,247	69,690
2010	61,537	8,423	69,690
2011	65,612	4,348	69,690
	$184,862	$ 25,018	$209,070

6. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans to finance a boiler replacement project.

The loan bears interest at 6.50% per annum, due in 2013 and an annual payment of $25,000 principal plus interest. This loan is secured by way of a borrowing By-law.

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2009	$ 25,000	$ 9,750	$ 34,750
2010	25,000	8,125	33,125
2011	25,000	6,500	31,500
2012	25,000	4,875	29,875
2013	25,000	3,250	28,250
	$ 125,000	$ 32,500	$ 157,500

7. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Owned-tangible capital assets	$3,017,401	$1,776,763	$1,240,638	$1,308,109
Capital lease	-	-	-	-
	$3,017,401	$1,776,763	$1,240,638	$1,308,109

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$ 0	$ 0
Undesignated Surplus	137,470	189,000
	137,470	189,000
Capital Fund		
Reserve Accounts	0	0
Equity in Tangible Capital Assets	898,049	884,546
	898,049	884,546
Special Purpose Fund		
School Generated Funds	19,825	16,743
Other Special Purpose Funds	0	0
	19,825	16,743
Total Accumulated Surplus	$1,055,344	$1,090,289

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use, Scholarship Awards and donations for school projects.

9. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the District's contribution to the cost of providing public education for the student's resident in the District. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 44% from 2007 tax year and 56% from 2008 tax year. Below are the related revenue and receivable amounts:

	2008	2007
Revenue-Municipal Government-Property Tax	$1,636,803	$1,583,423
Receivable-Due from Municipal-Property Tax	$ 0	$ 0

10. Interest Received and Paid

The District received interest during the year of $31,879 (previous year $22,108); interest paid during the year was $25,483 (previous year $31,474).

Interest expense is included in Fiscal and is comprised of the following:

	2008	2007
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 44	$ 85
Capital Fund		
Debenture debt interest	15,686	19,847
Other interest	9,753	11,542
	$ 25,483	$ 31,474

11. Expenses by Object

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$2,050,185	$2,061,884	$1,977,993
Employees benefits and allowances	125,709	143,107	131,155
Services	469,272	415,900	366,051
Supplies, materials and minor equipment	135,716	104,500	117,278
Interest	25,483	0	31,474
Bad debts	-	-	-
Payroll tax	61,086	17,500	43,360
Transfers	0	2,700	3,746
Amortization	67,471		67,471
Loss (Gain) and disposal of capital assets	0		0
School generated funds	32,836		55,095
Other special purpose funds	0		0
	$2,967,758	$2,745,591	$2,793,623

12. Budget Figures and Non Financial Information

The 2008 - Fixed budget figures, student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of The Winnipeg School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The Division's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chairperson

Secretary-Treasurer

September 12, 2008

KPMG LLP
Chartered Accountants
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Winnipeg MB R3B 0X3
Canada

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AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the consolidated statement of financial position of The Winnipeg School Division as at June 30, 2008 and the consolidated statements of revenues, expenses and accumulated surplus, changes in net debt and cash flow for the year then ended. These financial statements have been prepared to comply with the Public Schools Act. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

September 12, 2008

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of The Winnipeg School Division.

______________________ October 27, 2008

Chairperson of the Board   Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	-	-
(4)	Short Term Investments	2,481,803	2,305,005
	Due from - Provincial Government	10,098,906	8,964,509
	- Federal Government	653,988	1,038,491
	- Municipal Government	64,014,558	64,570,962
	- Other School Divisions	609,137	1,104,663
	- First Nations	1,190,600	925,907
	Accounts Receivable	2,176,701	1,352,674
	Accrued Investment Income	3,486	7,525
	Other Investments	2,896,770	3,112,585
		84,125,949	83,382,321
	Liabilities		
(3)	Overdraft	11,066,895	15,013,469
	Accounts Payable	9,034,590	5,472,523
	Accrued Liabilities	9,362,203	8,771,860
(5)	Employee Future Benefits	3,643,222	3,551,483
	Accrued Interest Payable	2,333,541	2,606,214
	Due to - Provincial Government	2,895,413	2,808,803
	- Federal Government	13,220,548	13,552,847
	- Municipal Government	-	-
	- Other School Divisions	585,917	437,882
	- First Nations	-	-
(6)	Deferred Revenue	11,210,340	9,843,161
(8)	Debenture Debt	73,206,834	78,062,285
	Other Borrowings	-	-
(7)	School Generated Funds Liability	2,063,576	1,946,196
		138,623,079	142,066,723
	Net Debt	(54,497,130)	(58,684,402)
	Non-Financial Assets		
(2)	Net Tangible Capital Assets (TCA Schedule)	107,297,779	108,175,174
	Inventories	903,936	1,062,198
	Prepaid Expenses	873,276	614,718
		109,074,991	109,852,090
	Accumulated Surplus	54,577,861	51,167,688

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	205,239,864	193,183,943
	Federal Government	8,310	9,822
	Municipal Government - Property Tax	105,992,512	107,087,925
	- Other	216,506	435,652
	Other School Divisions	2,257,290	2,183,800
	First Nations	2,528,157	2,491,990
	Private Organizations and Individuals	824,245	967,011
	Other Sources	2,663,811	1,634,521
	School Generated Funds	695,320	1,340,103
	Other Special Purpose Funds	195,279	204,800
		320,621,294	309,539,567
	Expenses		
	Regular Instruction	161,056,179	156,824,627
	Student Support Services	66,852,733	62,543,656
	Adult Learning Centres	452,382	266,203
	Community Education and Services	6,936,763	6,591,406
	Divisional Administration	7,643,875	7,866,218
	Instructional and Other Support Services	10,602,185	9,418,735
	Transportation of Pupils	4,408,721	4,044,924
	Operations and Maintenance	39,290,585	39,713,263
	Fiscal - Interest	8,271,405	9,012,066
	- Other	5,107,508	4,946,213
	Amortization	5,486,563	5,152,459
	Other Capital Items	-	-
	School Generated Funds	868,013	1,324,650
	Other Special Purpose Funds	234,209	239,497
		317,211,121	307,943,917
	Current Year Surplus (Deficit)	3,410,173	1,595,650
	Opening Accumulated Surplus	51,167,688	196,971,806
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(148,153,250)
	Other than Tangible Cap. Assets	-	753,482
	Opening Accumulated Surplus, as adjusted	51,167,688	49,572,038
	Closing Accumulated Surplus	54,577,861	51,167,688

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	3,410,173	1,595,650
Amortization of Tangible Capital Assets	5,486,563	5,152,459
Acquisition of Tangible Capital Assets	(4,612,308)	(8,069,717)
(Gain) / Loss on Disposal of Tangible Capital Assets	(857,240)	-
Proceeds on Disposal of Tangible Capital Assets	860,380	-
	877,395	(2,917,258)
Inventories (Increase)/Decrease	158,262	(283,606)
Prepaid Expenses (Increase)/Decrease	(258,558)	78,078
	(100,296)	(205,528)
(Increase)/Decrease in Net Debt	4,187,272	(1,527,136)
Net Debt at Beginning of Year	(58,684,402)	(57,910,748)
Adjustments Other than Tangible Cap. Assets	-	753,482
Net Debt at Beginning of Year as Adjusted	(58,684,402)	(57,157,266)
Net Debt at End of Year	(54,497,130)	(58,684,402)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	3,410,173	1,595,650
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	5,486,563	5,152,459
(Gain)/Loss on Disposal of Tangible Capital Assets	(857,240)	-
Employee Future Benefits Increase/(Decrease)	91,739	3,551,483
Short Term Investments (Increase)/Decrease	(176,798)	(30,642)
Due from Other Organizations (Increase)/Decrease	37,343	(2,003,409)
Accounts Receivable & Accrued Income (Increase)/Decrease	(819,988)	(64,329)
Inventories and Prepaid Expenses - (Increase)/Decrease	(100,296)	(205,528)
Due to Other Organizations Increase/(Decrease)	(97,654)	91,409
Accounts Payable & Accrued Liabilities Increase/(Decrease)	3,879,737	1,410,809
Deferred Revenue Increase/(Decrease)	1,367,179	2,567,379
School Generated Funds Liability Increase/(Decrease)	117,380	1,946,196
Adjustments Other than Tangible Cap. Assets	-	753,482
Cash Provided by Operating Transactions	12,338,138	14,764,959
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,612,308)	(8,069,717)
Proceeds on Disposal of Tangible Capital Assets	860,380	-
Cash (Applied to)/Provided by Capital Transactions	(3,751,928)	(8,069,717)
Investing Transactions		
Other Investments (Increase)/Decrease	215,815	(3,112,585)
Cash Provided by (Applied to) Investing Transactions	215,815	(3,112,585)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(4,855,451)	(3,753,159)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(4,855,451)	(3,753,159)
Cash and Bank / Overdraft (Increase)/Decrease	3,946,574	(170,502)
Cash and Bank (Overdraft) at Beginning of Year	(15,013,469)	(14,842,967)
Cash and Bank (Overdraft) at End of Year	(11,066,895)	(15,013,469)

Winnipeg School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2008	2007
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	171,103,598	4,525,115	5,510,049	321,319	3,356,329	731,903	17,605,498	251,598	537,016	203,942,425	253,411,166
Adjustments	-	-	-	-	-	-	-	-	-	-	(57,538,458)
Opening Cost adjusted	171,103,598	4,525,115	5,510,049	321,319	3,356,329	731,903	17,605,498	251,598	537,016	203,942,425	195,872,708
Add: Additions during the year	2,784,859	-	362,900	91,952	165,190	287,148	7,777	153,152	759,330	4,612,308	8,069,717
Less: Disposals and write downs		165,193	125,606	-	-	-	-	-	-	290,799	-
Closing Cost	173,888,457	4,359,922	5,747,343	413,271	3,521,519	1,019,051	17,613,275	404,750	1,296,346	208,263,934	203,942,425
Accumulated Amortization											
Opening, as previously reported	87,833,714	2,945,377	3,004,681	187,089	1,390,040	393,770	-	12,580	-	95,767,251	-
Adjustments	-	-	-	-	-	-	-	-	-	-	90,614,792
Opening adjusted	87,833,714	2,945,377	3,004,681	187,089	1,390,040	393,770	-	12,580	-	95,767,251	90,614,792
Add: Current period Amortization	4,227,288	79,315	527,999	63,163	420,404	135,577		32,817		5,486,563	5,152,459
Less: Accumulated Amortization on Disposals and Writedowns		165,193	122,466	-	-	-	-	-	-	287,659	-
Closing Accumulated Amortization	92,061,002	2,859,499	3,410,214	250,252	1,810,444	529,347	-	45,397	-	100,966,155	95,767,251
Net Tangible Capital Asset	81,827,455	1,500,423	2,337,129	163,019	1,711,075	489,704	17,613,275	359,353	1,296,346	107,297,779	108,175,174
Proceeds from Disposal of Capital Assets		485,813	15,500	-	-	-	359,067			860,380	-

* Includes network infrastructure.

1. Nature of organization and economic dependence:

The Winnipeg School Division (Division) is a public education system that provides educational services for students in nursery to grade 12 residing primarily within its designated boundaries.

The Division is economically dependent on the Province of Manitoba for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

The Division is exempt from income tax under the *Income Tax Act*.

2. Significant accounting policies.

The significant accounting policies of the Division include:

(a) Reporting entity and consolidation:

The Division's reporting entities are comprised of the Division, school generated funds and The Children's Heritage Fund.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Operating Fund, Capital Fund, and Special Purpose Fund of the Division.

(b) Trust funds:

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division.

Margaret Crawford Fund:

The Division administers the Margaret H. Crawford Trust Fund, a bequest fund that was established in 1954 which awards bursaries to students in vocational programming. Total funds under administration as at December 31, 2007 were $682,966 (2006 - $575,404).

2. Significant accounting principles (continued).

(b) Trust funds (continued):

School scholarship funds:

Certain schools in the Division administer trust funds for the specific purpose of awarding scholarships to students. As at June 30, 2008 funds on hand in these schools for this purpose totaled $126,670 (2007 - $151,886).

Funds under administration:

The Division administers certain programs at the request of third parties. As the Division does not rely on receipt of these monies to operate its mandated educational programming, the related receipts and disbursements of $950,759 have not been included in these consolidated financial statements.

(c) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods and services acquired in the period.

(d) Fund accounting:

The Division records financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME).

The Operating Fund is maintained to record all the day to day operating revenues and expenditures. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and the Children's Heritage Fund controlled by the Division.

2. Significant accounting principles (continued).

(e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the delivery of certain programs and services 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.

(f) Tangible capital assets:

Tangible capital assets are non-financial assets that are used by the Division in operations and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset, other than land, must meet the capitalization threshold for its class as prescribed by FRAME.

Asset description	Capitalization threshold	Estimated useful life (years)
Land improvements	$ 25,000	10
Buildings - bricks, mortar and steel	25,000	40
Building - wood frame	25,000	25
Network infrastructure	25,000	10
Leasehold improvements	25,000	Over term of the lease
School buses	20,000	10
Vehicles	10,000	5
Computer software	10,000	4
Equipment	5,000	5
Computer hardware, services and peripherals	5,000	4
Furniture and fixtures	5,000	10

With the exception of buildings, all tangible capital assets are recorded at historical cost.

Buildings are recorded at historical cost. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

2. Significant accounting principles (continued).

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

(g) Employee future benefits:

The Division provides a contributory defined benefit pension plan and Disability Income Plan (benefit plans) and other negotiated future benefits to employees. The costs of the Division's benefit plans are recognized over the period in which the related employees render their service. The Division adopted the following PSAB reporting standards with respect to accounting for these employee future benefits:

(i) Benefit plans:

A discount rate is used to measure benefit obligations. The expected return on pension plan assets is calculated on the fair value of the assets as of the year end date.

These costs are actuarially determined using the accrued benefit actuarial cost method with salary projection and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

Current service costs and interest costs on the benefit obligation are charged to income as they accrue. Actuarial gains and losses are amortized to the liability or asset and the related expenditure over the expected average remaining service life of active plan members.

The cost of the benefit plan amendments related to prior period employee services is accounted for in the period of the plan amendment.

(ii) Other future benefits.

Other future benefits are currently under-written on an experience-rated non-refundable basis. Should the rates established be inadequate or excessive, any deficit or surplus which develops in the account is absorbed by the insurer.

2. Significant accounting principles (continued).

(h) Capital reserve:

Certain amounts approved by the Board of Trustees and the Public Schools Finance Board have been set aside in reserve accounts for future capital purposes. These capital reserve accounts are internally restricted funds that form part of the accumulated surplus presented in the consolidated statement of financial position.

(i) Government transfers:

Government transfers, including 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.

(j) Investment income:

Investment income is reported as revenue in the period earned.

(k) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements during the reporting period. Actual subsequent results could differ from these estimates.

3. Overdraft:

The Division has an authorized overdraft limit with a chartered bank of $55,000,000. As at June 30, 2008 $18,000,000 of the authorized overdraft has been utilized in the form of fixed rate promissory notes, bearing interest at rates ranging from 3.93 percent to 4.40 percent, due July 2008.

Included in the overdraft are capital projects totaling approximately $809,114 which will be submitted to PSFB for debenture funding, funds held on behalf of the Winnipeg Teachers Association's dental plan totaling $2,128,695 and funds on behalf of the Winnipeg Teachers Association and the Winnipeg Association of Non Teaching employees extended health care plan totaling $1,380,470 as at June 30, 2008. As at June 30, 2007, the Division held funds on behalf of the dental plan totaling $2,031,717 and the extended health care plan totaling $980,272, however, the funds were reflected net against the corresponding liability.

Overdrafts are secured by borrowing By-Law No. 1141.

4. Short-term investments:

Short-term investments consist of Federal, Provincial and Corporate bonds and debentures, and mortgage backed securities. All short-term investments are recorded at the lower of cost or market. As at June 30, 2008, the cost of short-term investments was $2,644,972 (2007 - $2,490,487); investment income earned during the year was $176,799 (2007 - $109,991).

5. Employee future benefits:

The Division sponsors a contributory defined benefit pension plan and other future benefits for certain employees.

(i) Benefit plans:

Employees eligible for the pension plan are required to contribute a percentage of earnings in accordance with the following schedule:

Year	Pensionable salary	Excess pensionable salary
2006	5.50%	7.00%
2007	6.00%	7.40%
2008	6.50%	7.80%
2009	7.00%	8.20%

The School Division is required to contribute an amount each year equal to 127.4 percent of employees' required pension contributions.

The benefit plans are actuarially valued every two years. The most recent actuarial report was prepared on December 31, 2006.

5. Employee future benefits (continued):

Information about the Division's benefit plans in aggregate, is as follows:

Benefit plan assets:	
Fair value, beginning of year	$ 238,281,394
Expected return	14,712,925
Actuarial investment gain/(loss)	8,469,519
Employer contributions	3,761,580
Employee contributions	3,547,804
Benefits paid	(10,919,332)
Fair value, end of year	$ 257,853,890
Accrued benefit plan obligations:	
Balance, beginning of year	$ 220,655,154
Current service costs	8,543,728
Interest costs	13,415,113
Benefits paid	(10,919,332)
Actuarial gain/loss	–
Balance, end of year	$ 231,694,663
Surplus of plan assets versus plan obligations	$ 26,159,227

Unamortized net actuarial gain/loss	$
Benefit plan surplus	26,159,227
Less: valuation allowance	(26,159,227)
Net accrued benefits plan asset	$ –

Pursuant to the Division's by-laws it does not have any access to any benefit plan surplus'. As such, a valuation allowance has been recorded to offset the benefit plan asset.

Included in the accrued benefit plan obligations and the fair value of benefit plan assets at year end are amounts in respect of the Disability Income Plan which has an accrued benefit plan obligation in excess of plan assets.

5. Employee future benefits (continued):

The total net cost for the Division's benefit plans is as follows:

Net defined benefit plan's costs:	
Current service cost less employee contributions	$ 4,995,924
Interest on plan obligations	13,415,113
Expected return on plan assets	(14,712,925)
Amortization of actuarial (gains) and losses	–
Valuation allowance increase (decrease)	63,468
Net defined benefit plans cost	$ 3,761,580

The significant actuarial assumptions adopted in measuring the Division's accrued benefit obligations are as follows:

Discount rate	6.00%
Rate of compensation increase	4.00%

The significant actuarial assumptions adopted in measuring the Division's pension cost are as follows:

Discount rate	6.00%
Expected long-term rate of return on plan assets	6.00%
Rate of compensation increase	4.00%

The benefit plan assets are held in trust and are invested as follows:

Equities	51%
Bonds	43%
Cash and cash equivalents	6%

(ii) Other future benefits:

The Division promotes other negotiated future benefits to employees, the costs of which are recognized over the period in which these employees render their service. At June 30, 2008, the Division has recorded an estimated liability of $3,643,222 (2007 - $3,551,483) in respect of these benefits.

6. Deferred revenue:

	Balance as at June 30, 2007	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2008
Educational property tax credit	$ 8,654,617	$ 9,824,821	$ 8,654,617	$ 9,824,821
Manitoba Textbook Bureau	322,267	897,596	671,206	548,657
Other special purpose funds	866,277	1,220,361	1,249,776	836,862
	$ 9,843,161	$ 11,942,778	$ 10,575,599	$ 11,210,340

7. School generated funds:

School generated funds are monies raised by the school, or under the auspices of the school, which each school's principal may raise, hold, administer or expend subject to the rules of the Division. At June 30, 2008, school funds held totaled $2,215,442 (2007 -$2,270,755).

The school generated funds liability of $2,063,576 (2007 -$1,946,196) comprises the portion of school generated funds that are not controlled and included in the cash and bank balances noted above.

8. Debenture debt:

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.5 percent to 12.25 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2009	$ 6,632,589	$ 5,126,975	$ 11,759,564
2010	6,190,029	4,546,287	10,736,316
2011	5,802,416	4,025,083	9,827,499
2012	5,552,002	3,555,948	9,107,950
2013	5,287,256	3,128,700	8,415,956
Thereafter	43,742,542	15,424,426	59,166,968
	$ 73,206,834	$ 35,807,419	$ 109,014,253

As June 30, 2008, the Division has submitted claims for capital projects to the Public Schools Finance Board totaling $809,114 (2007 - $472,675).

9. Net tangible capital assets:

The schedule of tangible capital assets (TCA), page 23 of the consolidated financial statements provides a breakdown of cost, accumulated amortization and net book value by class

	Gross amount	Accumulated amortization	Net book value
Tangible capital assets	$ 208,263,934	$ 100,966,155	$ 107,297,779

10. Expenditures by type:

Expenditures by type not otherwise disclosed in these consolidated financial statements are listed on page 11.

11. Contractual obligations:

The Division is committed to payments under operating leases for equipment and buildings through 2011 in the amount of $1,886,343. Annual payments are; 2009 - $1,239,630; 2010 - $428,270; 2011 - $218,443.

The Division has entered into a memorandum of understanding for the construction of certain network assets. Total estimated cost of this project is $4,106,000.

12. Special levy raised for la Division Scolaire Franco-Manitobaine:

In accordance with Section 190.1 of *The Public Schools Act* the Division is required to collect a special levy on behalf la Division Scolaire Franco-Manitobaine. As at June 30, 2008, the amount of this special levy was $847,880 (2007 - $714,185). These amounts are not included in the Division's consolidated financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Winnipeg Technical College are the responsibility of the College management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note #3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. College 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 Governing Board of the College met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chair

Vice President, Finance and Administrator

October 20, 2008

Grant Thornton

Auditors' Report

Grant Thornton LLP
[illegible]

To the Chair and Members of the Governing Board of
Winnipeg Technical College

We have audited the consolidated statements of financial position of **Winnipeg Technical College** as at June 30, 2008 and the consolidated statements of revenues, expenses and accumulated surplus change in net debt and cash flow, for the year ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements fairly, in all material respects, the financial position of the College as at June 30, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with the generally accepted accounting principals as established by the Public Sector Accounting Board.

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our examination did not include the budget figures and we do not express any opinion concerning them.

Winnipeg, Manitoba

Grant Thornton LLP

October 20, 2008

Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Governing Board of Winnipeg Technical College.

Chair of the Board

Nov. 17/08.

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2008	2007
	Financial Assets		
	Cash and Bank	1,695,142	1,277,602
	Short Term Investments	-	-
	Due from - Provincial Government	759,460	292,328
	- Federal Government	23,321	28,669
	- Municipal Government	-	-
	- Other School Divisions	49,990	78,053
	- First Nations	-	-
	Accounts Receivable	103,762	101,352
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,631,676	1,778,004
	Liabilities		
	Overdraft	-	-
	Accounts Payable	219,524	139,958
	Accrued Liabilities	(467)	11,426
*	Employee Future Benefits	614,671	481,308
	Accrued Interest Payable	42,351	27,722
	Due to - Provincial Government	-	-
	- Federal Government	6,456	4,603
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	316,067	306,081
*	Debenture Debt	1,591,145	1,672,707
*	Other Borrowings	26,336	37,683
	School Generated Funds Liability	-	-
		2,816,085	2,681,488
	Net Debt	(184,409)	(903,484)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	6,010,782	6,181,654
	Inventories	-	-
	Prepaid Expenses	61,177	64,659
		6,071,959	6,246,313
*	**Accumulated Surplus**	5,887,550	5,342,829

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2008	2007
	Revenue		
	Provincial Government	7,882,353	6,404,311
	Federal Government	-	-
	Municipal Government - Property Tax	-	-
	- Other	-	-
	Other School Divisions	1,788,274	1,765,522
	First Nations	27,494	25,000
	Private Organizations and Individuals	2,991,509	2,947,899
	Other Sources	169,704	175,935
	School Generated Funds	-	-
	Other Special Purpose Funds	723	5,107
		12,860,057	11,323,774
	Expenses		
	Regular Instruction	4,795,264	4,763,269
	Student Support Services	760,676	700,867
	Adult Learning Centres	1,895,153	1,943,490
	Community Education and Services	2,506,307	1,053,631
	Divisional Administration	668,647	701,923
	Instructional and Other Support Services	296,163	251,213
	Transportation of Pupils	-	-
	Operations and Maintenance	858,085	940,522
*	Fiscal - Interest	136,432	133,721
	- Other	111,179	101,998
	Amortization	282,925	270,340
	Other Capital Items	-	-
	School Generated Funds	-	-
	Other Special Purpose Funds	4,505	5,056
		12,315,336	10,866,030
	Current Year Surplus (Deficit)	544,721	457,744
	Opening Accumulated Surplus	5,342,829	11,217,018
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	(6,337,554)
	Other than Tangible Cap. Assets	-	5,621
	Opening Accumulated Surplus, as adjusted	5,342,829	4,885,085
	Closing Accumulated Surplus	5,887,550	5,342,829

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2008

	2008	2007
Current Year Surplus (Deficit)	544,721	457,744
Amortization of Tangible Capital Assets	282,925	270,340
Acquisition of Tangible Capital Assets	(112,053)	(170,171)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	170,872	100,169
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	3,482	(8,766)
	3,482	(8,766)
(Increase)/Decrease in Net Debt	719,075	549,147
Net Debt at Beginning of Year	(903,484)	(1,458,252)
Adjustments Other than Tangible Cap. Assets	-	5,621
Net Debt at Beginning of Year as Adjusted	(903,484)	(1,452,631)
Net Debt at End of Year	(184,409)	(903,484)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2008

	2008	2007
Operating Transactions		
Current Year Surplus/(Deficit)	544,721	457,744
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	282,925	270,340
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	133,363	481,308
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(433,721)	232,392
Accounts Receivable & Accrued Income (Increase)/Decrease	(2,410)	26,035
Inventories and Prepaid Expenses - (Increase)/Decrease	3,482	(8,766)
Due to Other Organizations Increase/(Decrease)	1,853	(5,879)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	82,303	(495,342)
Deferred Revenue Increase/(Decrease)	9,986	51,357
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	5,621
Cash Provided by Operating Transactions	622,502	1,014,810
Capital Transactions		
Acquisition of Tangible Capital Assets	(112,053)	(170,171)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(112,053)	(170,171)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(81,562)	(46,226)
Other Borrowings Increase/(Decrease)	(11,347)	(984)
Cash Provided by (Applied to) Financing Transactions	(92,909)	(47,210)
Cash and Bank / Overdraft (Increase)/Decrease	417,540	797,429
Cash and Bank (Overdraft) at Beginning of Year	1,277,602	480,173
Cash and Bank (Overdraft) at End of Year	1,695,142	1,277,602

Winnipeg Technical College

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2008

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2008 Totals	2007 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,376,456	-	-	-	172,744	25,245	899,310	-	5,650	10,479,405	12,619,377
Adjustments	-	-	-	-	-	-	-	-	(5,650)	(5,650)	(2,310,143)
Opening Cost adjusted	9,376,456	-	-	-	172,744	25,245	899,310	-	-	10,473,755	10,309,234
Add: Additions during the year	-	-	-	-	54,831	57,222	-	-	-	112,053	170,171
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	9,376,456	-	-	-	227,575	82,467	899,310	-	-	10,585,808	10,479,405
Accumulated Amortization											
Opening, as previously reported	4,195,733	-	-	-	82,153	14,215	-	-	5,650	4,297,751	-
Adjustments	-	-	-	-	-	-	-	-	(5,650)	(5,650)	4,027,411
Opening adjusted	4,195,733	-	-	-	82,153	14,215	-	-	-	4,292,101	4,027,411
Add: Current period Amortization	242,223	-	-	-	31,530	9,172	-	-		282,925	270,340
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	4,437,956	-	-	-	113,683	23,387	-	-	-	4,575,026	4,297,751
Net Tangible Capital Asset	4,938,500	-	-	-	113,892	59,080	899,310	-	-	6,010,782	6,181,654
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

WINNIPEG TECHNICAL COLLEGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

1. Nature of Organization and Economic Dependence

The Winnipeg Technical College is a public body that provides vocational training to adults and secondary students. The division is funded primarily through a five year agreement with the Province of Manitoba and the Pembina Trails School Division which details operational requirements of the College. The Pembina Trails School Division contributed $912,467 to the partnership relationship recorded in ‘Other School Division Revenue’ on page 10: Operating Fund – Revenue Detail.

The College is exempt from income tax and operates a registered charity.

The College is economically dependent on the Province and Pembina Trails School Division for the majority of its revenue and capital financing requirements. Without this funding, continued operation of the College would be difficult.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the College. The College reporting entity includes funds associated with the SWTC Scholarship/ Trust Fund controlled by the College.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Fund Accounting

The fund method of accounting is employed by the College to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the College.

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

Only revenue and expenses of school generated funds controlled by the College are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

Period end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the College to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers, capital leases, leasehold improvements, and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class as prescribed by FRAME.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

Grouping of assets is not permitted except for computer work stations.

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the College. The College does not contribute to TRAF, and no costs relating to this plan are included in the College's financial statements.

The College does provide retirement benefits to non-certified personnel and other future benefits to its employees. These benefits include vacation and accumulated sick leave days. The College adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

The Retirement Plan offered non-certified staff is a money-purchase plan administered by the Manitoba Association of School Trustees (MAST). The plan requires the College to make a specific fixed contribution each period. The College does not assume any actuarial or investment risk in the future, nor responsibility to make further contributions.

(ii) Vacation Days

Non-certified permanent personnel accrue vacation entitlement for service in accordance with College policy. General practice is that most days are accumulated through the period July 1- June 30. The unused entitlement balance is recorded as a liability at yearend.

Permanent certified personnel do not earn vacation entitlement, however they are paid over 12 months for services performed over ten months. The amount to be paid in July and August for the prior service year is set up as a liability at yearend.

(iii) Accumulated Sick Days

The College offers sick leave to its employees which do not vest, but accumulate for use by the employee beyond the current period. The College concurs with the Province of Manitoba that the liability for accumulated sick days would not be material; therefore a liability has not been recorded for this benefit.

g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

i) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The

College is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Overdraft

The College has an authorized demand facility with the Royal Bank of Canada of $ 625,000 by way of overdraft and loan and is repayable on demand at RB Prime less .75 % (interest is paid monthly in arrears).

4. Employee Future Benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods.

The College sponsors one defined contribution benefit pension plan that is provided to all non-certified employees. The defined contribution insured plan requires eligible employees to contribute a percentage of their earnings based on their age at the start of each calendar year. Employees contribute from a low of 9% to a high of 11.65% less their contribution to the Canada Pension Plan. The College contributions equal the employee contributions to the plan. No pension liability is included in the financial statements other than late payment interest owing for the period.

Long term disability benefits are covered by a defined contribution/ insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

5. Debenture Debt

PS 3230.15, 3230.17-18 (Reference)

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2010 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for debenture debt on one self-funded capital project which matures in 2018. The debentures carry interest rates that range from 4.875 % to 10.25 %. Debenture interest expense payable as at June 30, 2008, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2009	86,315	88,357	174,672
2010	91,353	83,319	174,672
2011	92,392	77,979	170,371
2012	97,613	72,758	170,371
2013	103,131	67,240	170,371
	$ 470,804	$ 389,653	$ 860,457

6. Tangible Capital Assets

PS 3150.40-41, 3150.42, PSG-2 24(a) (Reference)

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$10,545,131	$4,570,958	$5,974,173
Capital lease	40,677.00	4,068.00	36,609.00
	$10,585,808	$4,575,026	$6,010,782

7. Accumulated Surplus

PSG-4 7-8 (Reference)

The consolidated accumulated surplus is comprised of the following:

	2008	2007
Operating Fund		
Designated Surplus	$1,234,097.00	$641,632.00
Undesignated Surplus	$263,827.00	$200,305.00
	$1,497,924.00	$841,937.00
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets	$4,387,736.00	$4,495,220.00
	$4,387,736.00	$4,495,220.00
Special Purpose Fund		
School Generated Funds	-	-
Other Special Purpose Funds	$1,890.00	$5,672.00
	$1,890.00	$5,672.00
Total Accumulated Surplus	$5,887,550.00	$5,342,829.00

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2008
Board approved appropriation by motion	1,234,097
School budget carryovers by board policy	
Designated surplus	$ 1,234,097

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and (*provide details of Other Special Purpose Funds*) use.

	2008
Foundation-Scholarship	$ 1,890
Other - *Specify*	-
Other Special Purpose Funds	$ 1,890

8. Interest Received and Paid

PS 1200.106-7 (Reference)

The Division received interest during the year of $86,980 (previous year $66,786); interest paid during the year was $136,432(previous year $129,278).

Interest expense is included in Fiscal and is comprised of the following:

	2008
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 25,001
Capital Fund	
Debenture debt interest	108,938
Other interest	2,493
	$ 136,432

The accrual portion of debenture debt interest expense of $26,524 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

9. Expenses by object

PS 1200.085; PS 2500.014 (Reference)

Expenses in the consolidated statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	Actual 2008	Budget 2008	Actual 2007
Salaries	$ 7,463,857	$ 5,149,330	$ 6,469,351
Employees benefits & allowances	654,673	456,666	582,123
Services	1,845,118	1,464,720	1,757,603
Supplies, materials & minor equipment	1,393,516	1,323,575	1,176,389
Interest	25,001	30,000	31,275
Bad debts	-	-	-
Payroll tax	111,179	105,592	101,998
Amortization	282,925	-	270,340
Other capital items	111,431	62,569	102,446
School generated funds	-	-	-
Other special purpose funds	4,505	-	5,056
	$ 11,892,205	$ 8,592,452	$ 10,496,581

10. Contractual Obligations

An agreement providing guaranteed access to training spaces for students from the Louis Riel School Division was concluded in late June 2006. The agreement covers the period July 1, 2006 through June 30, 2011 and outlines certain rights granted to the Louis Riel School Division and their students as a result of withdrawal from governance of the College. The College will guarantee access to 71 FTE students from the Louis Riel School Division and charge a fee for these services of $708,483 for 2008-09.

PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to November 19, 2008. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of the Board's assets.

The responsibility of the Auditor General and her staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management

Steve Power, CMA

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the statement of financial position of The Public Schools Finance Board as at June 30, 2008, and the statements of revenue and expenditure and education support fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
November 19, 2008

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position
As at June 30, 2008

		2008		2007
		(in thousands of dollars)		
Assets				
Cash	$	1,369	$	1,314
Funds on deposit with the Province of Manitoba		45		17
Accounts receivable:				
Province of Manitoba		-		7,536
Municipal corporations - Education Support Levy		75,359		74,034
Other		294		356
	$	**77,067**	**$**	**83,257**
Liabilities and Education Support Fund				
Support payable to school divisions	$	4,467	$	3,296
Accrued interest		734		1,129
Funds advanced from the Province of Manitoba		411		-
Notes payable - Province of Manitoba (Note 7)		70,575		75,206
Other payables		169		135
		76,356		**79,766**
Education Support Fund		**711**		**3,491**
	$	**77,067**	**$**	**83,257**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenses and Education Support Fund for the year ended June 30, 2008

	2008	2007
	(in thousands of dollars)	
Revenue:		
Province of Manitoba - Funding of Schools Program	$ 772,259	$ 771,611
Municipal corporations - Education Support Levy	124,715	122,867
Misc Revenue	14	-
	896,988	**894,478**
Expenses:		
Operational support program (Note 8)	846,235	820,933
Capital support program (Note 9)	50,484	73,421
Administrative and other expenses (Note 10)	3,049	3,498
	899,768	**897,852**
Excess (deficiency) of revenue over expenses	**(2,780)**	**(3,374)**
Education Support Fund		
Balance, beginning of year	3,491	6,865
Balance, end of year	$ **711**	$ **3,491**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow
for the year ended June 30, 2008

	2008	2007
	(in thousands of dollars)	
Cash Flows from Operating Activities:		
Excess (deficiency) of revenue over expenses	$ (2,780)	$ (3,374)
Changes in working capital:		
Accounts receivable:		
Province of Manitoba	7,536	4,634
Municipal Corporations - Education Support Levy	(1,325)	(777)
Other	62	276
Accounts payable:		
Support payable to school divisions	1,171	(252)
Accrued interest	(395)	157
Other	34	(63)
	4,303	601
Cash Flows from Financing Activities:		
Funds advanced from the Province of Manitoba	411	-
Notes payable - Province of Manitoba	(4,631)	(1,013)
	(4,220)	(1,013)
Net increase(decrease) in cash	83	(412)
Cash - beginning of year	1,331	1,743
Cash - end of year	**$ 1,414**	**$ 1,331**
Consisting of:		
Cash	$ 1,369	$ 1,314
Funds on deposit with the Province of Manitoba	45	17
	$ 1,414	**$ 1,331**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2008

1. Nature of the Board's operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the capital support program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the operational support program in amounts as determined by the Minister of Education, Citizenship and Youth.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The financial statements of the Board have been prepared in accordance with Canadian generally accepted accounting principles.

(b) The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2007 levy to the July to December period and 60% of the 2008 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(d) The Board's financial instruments consist of cash, funds on deposit with the Province of Manitoba, accounts receivable, support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba, and other payables.

The Board has designated its financial instruments as follows:

Cash and funds on deposit with the Province of Manitoba are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings.

Significant Accounting Policies (continued)

Accounts Receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba and other payables are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable, support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba and other payables approximates their carrying values due to their short-term maturity.

3. Future Accounting Policy Changes

The Canadian Institute of Chartered Accountants (CICA) has issued two new standards, CICA 3862: Financial Instruments - Disclosures and CICA 3863: Financial Instruments - Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. This change in accounting policies, which will be adopted effective July 1, 2008, will only require additional disclosures in the financial statements.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. These changes in accounting policies, which will be adopted effective July 1, 2008, will only require additional disclosures in the financial statements.

4 New Accounting Policies

Effective July 1, 2007 the Board adopted the following new accounting standards issued by the CICA.

Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Board's financial statements for the year ended June 30, 2008.

New Accounting Policies (continued)

Financial Instruments - Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the Statement of Financial Position and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balances, respectively. All other financial instruments are subsequently measured at amortized cost.

The adoption of this revised standard had no material impact on the Board's financial statements for the year ended June 30, 2008.

5. Related party transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

6. Pension costs and obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.

7. Notes Payable

Notes Payable to the Province of Manitoba are due on demand. The interest payable on the notes is the Royal Bank prime rate less 75 basis points.

8. Operational support program

	2008	2007
	(in thousands of dollars)	
Instructional Support	$ 317,021	$ 317,372
Sparsity Support	11,439	11,491
Curricular Materials	10,079	9,362
Information Technology	6,719	6,809
Library Services	15,454	15,660
Student Services Grant	61 395	61 467
Counselling and Guidance	13,774	12,434
Professional Development	8,131	6,779
Occupancy	83,934	82,673
Transportation	41,557	40,550
Board and Room	649	799
Special Needs	90,487	84,073
Senior Years Technology Education	8,608	8,252
English as an Additional Language	7,455	6,071
Aboriginal Academic Achievement	6,993	6,898
Heritage Language	226	226
French Language Programs / Instruction	6,002	5,900
Small Schools	1,835	1,822
Enrolment Change Support	9,374	5,259
Northern Allowance	4,674	4,833
Early Childhood Development Initiative	1,595	1,443
Early Literacy Intervention	6,174	6,196
Early Numeracy	828	847
Experiential Learning	544	552
Equalization Support	128,039	119,333
Adjustment of previous years' support to school divisions from estimated to actual	(122)	164
Amalgamated School Division Guarantee	665	964
Miscellaneous (Pipeline)	(88)	(88)
Vocational Equipment Replacement	2,200	2,200
Vocational Equipment Upgrade	594	592
	$ 846,235	**$ 820,933**

Notes to the Financial Statements

As at June 30, 2008

9. Capital support program

	2008	2007
	(in thousands of dollars)	
Capital grants:		
Major school construction	$ 44,263	$ 67,268
Minor capital projects	221	238
School buildings "D" support	6,000	5,565
Environmental assistance program	-	344
Air and water quality program	-	6
Total capital support program	**$ 50,484**	**$ 73,421**

10. Administrative and other expenses

	2008	2007
	(in thousands of dollars)	
Board administration:		
Staff salaries	$ 850	$ 876
Service agreement	169	169
Professional services	78	134
Meetings and travel	22	20
Desktop management	42	35
Rent	42	40
Printing, stationery, postage and supplies	23	22
Telephone and fax	11	11
Professional Development	14	17
Computers, software and minor equipment	16	42
Total Board administration Expenses	**1,267**	**1,366**
Interest charges on notes payable to the Province of Manitoba	**1,782**	**2,132**
	$ 3,049	**$ 3,498**

KPMG

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AUDITORS' REPORT

To the Board of Governors of Red River College

We have audited the statement of financial position of Red River College as at June 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination did not extend to the budget which has been provided as additional information and therefore we do not express any opinion concerning the budget.

Signed **"KPMG LLP"**

Chartered Accountants

Winnipeg, Canada

August 28, 2008

RED RIVER COLLEGE

Statement of Financial Position
(In thousands of dollars)

June 30, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash and short-term investments - trust and endowment (note 4)	$ 1,223	$ 1,061
Cash and short-term investments (note 4)	19,369	6,478
Accounts receivable (note 5)	4,377	3,171
Current portion of note receivable - RRC Students' Association [note 21(a)]	100	40
Inventories	936	693
Prepaid expenses and other assets (note 6)	2,454	2,589
	28,459	14,032
Long term investments - trust and endowment (note 7)	10,454	8,656
Due from Province of Manitoba (note 8)	9,253	9,253
Note receivable - RRC Students' Association [note 21(a)]	235	210
Capital assets (note 9)	75,732	70,166
Intangible asset	8	10
	$ 124,141	$ 102,327
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 10)	$ 1,715	$ 255
Accounts payable and accrued liabilities (note 11)	25,654	22,728
Current portion of obligations under capital leases (note 12)	1,731	1,615
Deferred revenue	16,688	4,150
	45,788	28,748
Obligations under capital leases (note 12)	1,716	1,272
Deferred contributions (note 13)	5,580	3,395
Deferred capital campaign contributions (note 14)	3,300	3,342
Deferred contributions related to capital assets (note 15)	51,589	50,583
Net assets:		
Invested in capital and intangible assets (note 16)	17,404	13,364
Restricted for endowments (note 17)	9,689	8,205
Internally restricted (note 17)	3,116	2,803
Unrestricted net assets	(14,041)	(9,385)
	16,168	14,987
Commitments (notes 15 and 20)		
	$ 124,141	$ 102,327

See accompanying notes to financial statements.

Approved by the Board of Governors:

____________________ Chair ____________________ Vice-Chair

RED RIVER COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended June 30, 2008, with comparative figures for 2007

	Budget (Unaudited)	2008	2007
Revenue:			
Academic training fees	$ 25,299	$ 28,627	$ 26,387
Grants and reimbursements	71,591	71,605	66,996
International education	1,326	918	974
Continuing education	8,140	7,813	7,788
Sundry and other revenue	13,279	12,558	11,609
Gain (loss) on disposal of capital assets/investments	–	45	(14)
Amortization of deferred contributions	4,220	4,654	5,168
	123,855	126,220	118,908
Expenses:			
Instruction	67,895	71,449	66,546
Library	1,839	1,921	1,831
Administration and general	25,636	23,029	20,173
Physical plant	14,944	15,495	14,154
Student services	4,030	4,665	3,953
Amortization of capital and intangible assets	8,016	8,563	8,735
	122,360	125,122	115,392
Excess of revenue over expenses before the undernoted	1,495	1,098	3,516
Other:			
Net increase in accrued vacation and severance liability	(1,495)	(1,401)	(728)
Excess (deficiency) of revenue over expenses	$ –	$ (303)	$ 2,788

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended June 30, 2008, with comparative figures for 2007

	Invested in capital and intangible assets	Restricted for endow-ments	Internally restricted	Unrestricted	2008 Total	2007 Total
Balance, beginning of year	$ 13,364	$ 8,205	$ 2,803	$ (9,385)	$ 14,987	$ 11,072
Change in accounting policy (note 3)	–	4	–	–	4	–
Endowment gifts	–	1,392	–	–	1,392	1,127
Amounts restricted for endowments	–	88	–	–	88	–
Transfer to internally restricted	–	–	313	(313)	–	–
Excess (deficiency) of revenue over expenses	(4,298)	–	–	3,995	(303)	2,788
Investment in capital assets	8,338	–	–	(8,338)	–	–
Balance, end of year	$ 17,404	$ 9,689	$ 3,116	$ (14,041)	$ 16,168	$ 14,987

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2008, with comparative figures for 2007

	2008	2007
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (303)	$ 2,788
Adjustments for:		
Amortization of intangible assets	2	2
Amortization of capital assets	8,561	8,733
Amortization of deferred capital contributions	(4,220)	(4,747)
Other deferred contributions recognized as revenue	(2,170)	(2,083)
Other deferred contributions received	4,333	2,484
Trust funds used to support College activities	–	(99)
Loss (gain) on disposal of capital assets	(45)	14
Change in fair value of investments	(187)	–
Change in non-cash working capital balances (note 18)	14,150	3,373
	20,121	10,465
Investing activities:		
Purchase of capital assets	(11,118)	(4,706)
Long-term investment for trust and endowment	(3,143)	(4,383)
Proceeds on disposal of capital assets	83	–
Proceeds on disposal of long-term investments for trust and endowment	1,649	–
Note advanced to RRC Students' Association	(125)	(250)
Note principal repayments by RRC Students' Association	40	–
	(12,614)	(9,339)
Financing activities:		
Endowment gifts received	1,392	1,126
Contributions received for capital purposes	4,746	1,831
Capital campaign contributions	256	208
Repayment of obligations under capital leases	(2,308)	(1,911)
	4,086	1,254
Increase in cash and short-term investments	11,593	2,380
Cash and short-term investments, beginning of year	7,284	4,904
Cash and short-term investments, end of year	$ 18,877	$ 7,284
Comprised of:		
Cash and short-term investments - trust and endowment	$ 1,223	$ 1,061
Cash and short-term investments	19,369	6,478
Bank indebtedness	(1,715)	(255)
	$ 18,877	$ 7,284

The following have been excluded from the financing and investing activities on the statement of cash flows:

The portion of the purchase price of assets under capital lease satisfied by the assumption of debt in the amount of $2,868 (2007 - $1,990).

See accompanying notes to financial statements.

1. General:

Red River College (the College) operates under the authority of *The Colleges Act of Manitoba*. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, investment in capital assets and contributed surplus from the Province of Manitoba (the Province). The College is a registered charity under the *Income Tax Act.*

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(b) Long-term investments:

Effective July 1, 2007, long-term investments are classified as held-for-trading and are recorded at fair value (note 3). Unrealized gains and losses, representing the change between the fair value and the cost of the investments at the beginning and the end of the year, are recorded in deferred contributions or net assets restricted for endowments depending on the restrictions of the long-term investment. Fair value of investments is determined based on quoted market prices. For periods prior to July 1, 2007, all investments were carried at cost less any impairment for declines in market value that were considered to be other than temporary and investment income was recorded on an accrual basis.

(c) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair value at the time of the donation. Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions. Capital assets are amortized on a straight-line basis using an annual rate of:

Asset	Rate
Buildings	2.5%
Major renovations	5%
Equipment and furniture	10 - 20%
Computer equipment and software	20 - 33%
Vehicles	20%
Aircraft	5%
Leasehold improvements	Over the term of the lease

2. Significant accounting policies (continued):

(d) Donations:

Donations are recorded when received. Donations of materials and equipment are recorded at fair value.

(e) Revenue recognition:

The College follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

The unearned portion of tuition fees and contractual training revenue received but not earned until next fiscal year is recorded as deferred revenue.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned or there has been a change in fair value of the investments.

(f) Intangible asset:

The intangible asset is recorded at cost and is amortized on a straight-line basis using an annual rate of 10 percent.

(g) Deferred contributions:

Debt owing to the Province is reflected as deferred contributions in the statement of financial position. The related revenue earned from the Council on Post-Secondary Education (COPSE) to offset the principal repayment and the related interest expense are both excluded from the statement of operations.

(h) Foreign currency translation:

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars at year end exchange rates with any gain or loss included in income in the year. Revenues and expenses have been translated at the exchange rate in effect at the transaction date.

2. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(j) Future changes to significant accounting policies:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, *Capital Disclosures,* Handbook Section 3862, *Financial Instruments - Disclosures* and Handbook Section 3863, *Financial Instruments - Presentation*. These new standards apply to the College effective July 1, 2008.

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments - Disclosure and Presentation,* revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

In addition, the CICA issued a new accounting standard, Handbook Section 3031, *Inventories,* that replaces Handbook Section 3030. This new section provides guidance as to costs that can be included in inventories and requires that inventories be measured at the lower of cost and net realizable value.

The College is currently assessing the impact that these new standards will have on its financial statements for the year ending June 30, 2009.

3. Change in accounting policy:

The College adopted the new CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement,* on July 1, 2007. This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale or (e) other liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in the statement of operations. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

Upon adoption of this new standard, cash and short-term investments and bank indebtedness were designated as held-for-trading; accounts receivable, due from Province of Manitoba and note receivable from the RRC Students' Association as loans and receivables; accounts payable and accrued liabilities, accrued vacation pay, due to related party and long-term liabilities as other liabilities. Long-term investments are designated as held-for-trading.

The College does not have any available-for-sale or held-to-maturity instruments.

As required by the transitional arrangements of Section 3855, the accounting policy change from carrying value to fair value was adopted retroactively without restatement of the 2007 financial statements. As a result of the change, the carrying value of long-term investments increased by $116, deferred contributions increased by $112 and net assets restricted for endowments increased by $4, reflecting unrealized gains on externally restricted deferred contributions and endowments with no income restrictions at that date. The impact of Section 3855 for the year ended June 30, 2008 was an unrealized gain of $67 which has been recorded as an increase in long-term investments and deferred contributions.

4. Short-term investments:

Short-term investment activity is transacted with the Department of Finance of the Province in short-term deposits. Interest rates on short-term investments range between 2.45 percent and 2.85 percent. Short-term investments mature between July 2008 and September 2008.

The carrying value of the short-term investments at the beginning and end of the year approximated fair value due to the short-term maturity of these deposits.

(In thousands of dollars)

5. Accounts receivable:

	2008	2007
Trust and endowment receivables	$ 160	$ 159
Other accounts receivable	4,217	3,012
	$ 4,377	$ 3,171

6. Prepaid expenses and other assets:

	2008	2007
Prepaid property taxes	$ 1,332	$ 1,320
Other prepaid expenses	1,076	992
Datatel flexible spending account	46	277
	$ 2,454	$ 2,589

7. Long-term investments:

	2008		2007	
	Fair value	Cost	Fair value	Cost
Cash and fixed term instruments	$ 8,282	$ 8,010	$ 7,379	$ 7,426
Equity investments	1,768	1,865	1,393	1,230
Debentures	404	404	–	–
	$ 10,454	$ 10,279	$ 8,772	$ 8,656

Fair value as represented above was derived from the quoted market value of investments.

8. Due from Province of Manitoba:

The balance due from the Province is non-interest bearing, unsecured and has no fixed terms of repayment. This balance arose when the severance and vacation pay liabilities were transferred from the Province to the College in 1996. The College is responsible for funding liabilities for vacation pay and severance pay benefits accumulated after the transfer through its operating grants from the Province of Manitoba. As a result, the change in the severance liability, including the interest accretion, is reflected in the funding for severance expense. The portion of the receivable related to the vacation pay is paid annually through the operating grants.

(In thousands of dollars)

9. Capital assets:

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Equipment and furniture	$ 30,944	$ 20,611	$ 10,333	$ 8,493
Computer equipment and software	19,007	15,621	3,386	4,035
Major renovations	6,067	2,127	3,940	4,250
Buildings	48,510	5,169	43,341	44,536
Vehicles	208	134	74	105
Aircraft	1,716	441	1,275	1,360
Leasehold improvements	5,350	2,891	2,459	2,523
Construction in progress	5,867	–	5,867	580
Assets under capital leases	10,462	6,628	3,834	3,061
Library holdings	1,223	–	1,223	1,223
	$ 129,354	$ 53,622	$ 75,732	$ 70,166

The assets under capital leases are amortized on a straight-line basis over the expected useful life of the assets. The amount of amortization charged to expense is $2,094 (2007 - $2,113).

The increase in net book value of capital assets is due to the following:

	2008	2007
Balance, beginning of year	$ 70,166	$ 72,189
Purchase of capital assets:		
Funded by deferred capital contributions	4,746	1,831
Funded by deferred capital campaign contributions	256	208
Internally funded	8,338	4,581
Financed through capital lease proceeds	560	83
Donations of capital assets	182	21
Gain (loss) on disposal of capital assets	45	(14)
Amortization of capital assets	(8,561)	(8,733)
Balance, end of year	$ 75,732	$ 70,166

10. Bank indebtedness:

Bank indebtedness of $1,715 (2007 - $255) represents cheques issued in excess of cash on deposit with Royal Bank of Canada.

In addition, the College has a $5,000 operating line of credit with the Province, bearing interest at prime. At June 30, 2008, there had been no withdrawals on this operating line.

(In thousands of dollars)

11. Accounts payable and accrued liabilities:

	2008	2007
Trade payables	$ 4,890	$ 4,417
Trust and endowment payables	1	14
Accrued salaries and benefits	4,151	3,086
Accrued retirement severance pay	7,310	7,051
Accrued vacation pay	9,302	8,160
	$ 25,654	$ 22,728

Significant actuarial assumptions used in the severance obligations at June 30, 2008 and June 30, 2007 were:

	2008	2007
Interest rate on obligations	7.00%	7.00%
Employer current service cost as a percentage of salary	.62%	.62%

12. Obligations under capital leases:

The following is a schedule of future minimum lease payments under capital leases expiring between July 2008 and April 2013 together with the balances of the obligations under capital leases:

2009	$ 1,907
2010	967
2011	548
2012	299
2013	12
Total minimum lease payments	3,733
Less amount representing interest (ranging from 4.75% to 6.25%)	(286)
Balance of obligations	3,447
Current portion	1,731
	$ 1,716

Interest expense on the lease obligations amounted to $257 (2007 - $181).

(In thousands of dollars)

13. Deferred contributions:

Deferred contributions represent the portion of the provincial operating grant and other contributions that pertains to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	2008	2007
Deferred provincial operating grant:		
Balance, beginning of year	$ 1,738	$ 1,657
Amount recognized as revenue during the year	(1,738)	(1,657)
Amount received related to following year	3,432	1,738
Balance, end of year	3,432	1,738
Deferred other contributions:		
Balance, beginning of year (note 3)	1,657	1,430
Amount recognized as revenue during the year	(434)	(426)
Amount restricted for endowment	(88)	(1)
Trust funds used to support college operations	–	(99)
Amount received related to following year	1,013	753
Balance, end of year	2,148	1,657
	$ 5,580	$ 3,395

14. Deferred capital campaign contributions:

Deferred capital campaign contributions represent donations received for capital fundraising campaigns. The donations are being amortized on the same basis as the capital assets to which they relate. The changes in the deferred capital campaign contributions balance are as follows:

	2008	2007
Balance, beginning of year	$ 3,342	$ 3,431
Less amortization of deferred capital campaign contributions during the year	(298)	(297)
Add donations received during the year	256	208
Balance, end of year	$ 3,300	$ 3,342

(In thousands of dollars)

15. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of grants, donations and other revenue received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions are as follows:

	2008	2007
Balance, beginning of year	$ 50,583	$ 53,181
Less amortization of deferred contributions	(3,922)	(4,450)
Add:		
Contributions received for capital purposes	4,746	1,831
Donations-in-kind	182	21
Balance, end of year	$ 51,589	$ 50,583

Unamortized capital contributions of $51,589 (2007 - $50,583) include contributions received from the Province for the purchase of capital assets. The College has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province and the payment of these liabilities is guaranteed and funded by the COPSE.

New funding was received of approximately $11,700 with respect to these obligations for the construction of the Heavy Equipment Transportation Centre of Excellence (the Centre) and has been recorded in deferred revenue until completion of the Centre. Upon completion of the Centre, the balance will be recorded in deferred capital contributions. No revenue or expense is recorded in accordance with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2008	2007
Princess Street campus:		
Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments of $71 including principal and interest	$ 11,998	$ 12,097
Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments of $122 including principal and interest	20,800	20,960
Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments of $50 including principal and interest	8,558	8,621
Heavy Equipment Transportation Centre of Excellence, 5.5% interest, maturing January 31, 2048, repayable in monthly instalments of $60 including principal and interest	11,666	–
	$ 53,022	$ 41,678

(In thousands of dollars)

16. Investment in capital and intangible assets:

The investment in capital and intangible assets consists of the following:

	2008	2007
Capital assets, net book value	$ 75,732	$ 70,166
Intangible assets, net book value	8	10
Less:		
Amounts financed by deferred capital campaign contributions	(3,300)	(3,342)
Deferred capital contributions	(51,589)	(50,583)
Amounts financed by capital lease	(3,447)	(2,887)
Balance, end of year	$ 17,404	$ 13,364

The change in investment in capital and intangible assets is calculated as follows:

	2008	2007
Purchase of capital assets internally financed	$ 8,338	$ 4,581
Amortization of:		
Capital and intangible assets	(8,563)	(8,735)
Deferred capital contributions	3,922	4,450
Deferred capital campaign contributions	298	297
Gain (loss) on disposal of capital assets	45	(14)
Increase in investment in capital and intangible assets	$ 4,040	$ 579

17. Restrictions on net assets:

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to provide various scholarships, bursaries and other expenditures.

(In thousands of dollars)

17. Restrictions on net assets (continued):

Internally restricted net assets consist of the following:

	2008	2007
Princess Street campus structural reserve	$ 537	$ 537
Notre Dame campus structural reserve	200	200
Contract training net proceeds	1,579	1,266
Campus renovations reserve	800	800
Balance, end of year	$ 3,116	$ 2,803

Under college internal best practice guidelines, net proceeds earned from designated contract training activities are restricted and eligible for expenditure under certain conditions, in the years following contract completion.

18. Change in non-cash working capital balances:

	2008	2007
Accounts receivable	$ (1,206)	$ 43
Inventories	(243)	265
Prepaid expenses and other assets	135	500
Accounts payable and accrued liabilities	2,926	2,974
Deferred revenue	12,538	(409)
Change in non-cash working capital	$ 14,150	$ 3,373

19. Pension costs and obligations:

The College, together with other related and unrelated parties, is part of a defined benefit pension plan (Civil Service Superannuation Plan) that satisfies the definition of a multi-employer plan. The costs of the benefit plan are not allocated to the individual entities within the group. As a result, individual entities within the group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants Handbook, Section 3461.

The expense related to the pension plan was $1,120 (2007 - $805). These contributions represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

(In thousands of dollars)

20. Commitments:

The College leases classroom and office space in Winnipeg, Portage la Prairie, Steinbach and Winkler, Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual lease and contractual commitment payments for accommodation, services, construction costs and equipment, in aggregate, for each of the next five years, is approximately as follows:

2009	$	12,225
2010		1,541
2011		1,180
2012		1,094
2013		591
	$	16,631

The College is constructing the Heavy Equipment Training Centre of Excellence (the Centre) at the Notre Dame campus for an estimated cost of $15.1 million, of which $5.9 million has been spent as June 30, 2008.

The Centre is secured by a promissory note and is being funded both internally and through funding from the Province and other capital contributions. The College accounts for the funding from the Province for the Centre as a deferred capital contribution upon completion (note 15).

21. Related parties:

(a) Red River College Students' Association Inc.:

The Red River College Students' Association (the Students' Association) is an income tax exempt organization significantly influenced by the College. The Students' Association is responsible for providing services such as health and dental benefits, study and lounging areas, and a voice on the College's Board of Governors to students of the College. The Students' Association and the Students' Association Building Fund (SABF) are incorporated under the *Corporations Act* of Manitoba and operate on a not-for-profit basis. SABF is a wholly-owned subsidiary of the Students' Association. In 2007, the College agreed to loan $375 to SABF and during the year advanced $125 (2007 - $250) to be used to construct a new student lounge on the Notre Dame campus. The note receivable is unsecured and non-interest bearing.

(In thousands of dollars)

21. Related parties (continued):

Repayment began in February 2008 and the balance will be repaid as follows:

2009	$	100
2010		105
2011		105
2012		25
	$	335

The net assets and results of operations of the Students' Association and SABF are not included in the statements of the College.

(b) Crecomm Radio Inc.:

Crecomm Radio Inc. (Crecomm), is an organization controlled and partially funded by the College. It operates a campus radio station and provides training and educational opportunities for Creative Communication students. Crecomm is incorporated under the *Corporations Act* of Manitoba and is exempt from income taxes. As at June 30, 2008, net assets of Crecomm amount to a deficit of $149 and there is a net receivable owing to the College of $31.

The net assets and results from operations of Crecomm are not included in the statements of the College.

(c) Canadian Animal Blood Bank Inc.:

The Canadian Animal Blood Bank Inc. (the Blood Bank) is a significantly influenced investee owned 50 percent by the College and 50 percent by the Manitoba Veterinary Medical Association. The Blood Bank is dedicated to improving veterinary care by providing blood products for animals who require transfusion therapy. The Blood Bank is incorporated under the *Corporations Act* of Manitoba and operates on a not-for-profit basis and is exempt from income taxes. As at May 31, 2008, net resources of the Blood Bank amount to $125.

The net assets and results of operations of the Blood Bank are not included in the statements of the College.

22. Financial instruments:

(a) Fair value:

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of their fair values because of the short maturity of these instruments. Short-term financial assets are comprised of cash, short-term investments and accounts receivable. Short-term financial liabilities are comprised of accounts payable and accrued liabilities and current portion of obligations under capital leases. The fair value of obligations under capital leases are also approximately equal to their carrying amounts. The fair value of the long-term investments is disclosed in note 7.

The fair value of the note receivable from the Red River College Students' Association and the balance due from the Province of Manitoba is not readily determinable due to the underlying terms and conditions.

(b) Credit risk:

Credit risk is the risk to the College's earnings arising from the risk that a counter party to a transaction is unable to satisfy its obligations to the College. Credit risk is mitigated by the fact that the College's accounts receivable are comprised of a large number of comparatively small individual balances. Reviews are made of the credit worthiness of accounts and reserves established as required.

(c) Interest rate and foreign exchange risk:

Interest rates, maturities and security affect the interest rate risk of certain of the College's financial assets and liabilities.

The College is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the College's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The College does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

23. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.