

The Public Schools
Finance Board

Annual Report
The Year Ending June 30, 2019

Add: Minister Letter



Education

The Public Schools Finance Board

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December 9, 2019

Honourable Kelvin Goertzen
Minister of Education and Training
168 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

Pursuant to Section 13 of *The Public Schools Finance Board Act*, on behalf of The Public Schools Finance Board, I have the honour of submitting the attached document for your review and consideration.

This annual report of The Public Schools Finance Board is for a twelve-month period ending June 30, 2019.

Respectfully submitted,

Original Document Signed

Grant Doak

Chair

The Public Schools Finance Board



Add: Auditor General Letter

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 December 9, 2019. 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 his 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 Auditor's 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

Original Document Signed

Tina Choy-Pohl

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position

As at June 30, 2019

	<u>2019</u>	<u>2018</u>
	(in thousands of dollars)	
Financial Assets		
Cash	\$ 1,931	\$ 1,340
Funds on deposit with the Province of Manitoba (Note 6)	38	55
Due from:		
Municipal corporations - Education Support Levy	108,181	108,556
Other	2,669	1,462
	<u>112,819</u>	<u>111,413</u>
Liabilities		
Accrued interest	587	504
Other payables	530	484
Support payable to school divisions (Note 7)	407	1,276
Notes payable - Province of Manitoba (Note 8)	92,645	91,811
	<u>94,169</u>	<u>94,075</u>
Accumulated Surplus and Net Financial Assets	<u>\$ 18,650</u>	<u>\$ 17,338</u>

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Operations and Accumulated Surplus for the year ended June 30, 2019

	Budget 2019	Actual 2019	Actual 2018
	(in thousands of dollars)		
Revenue			
Province of Manitoba - Funding of Schools Program	\$ 1,073,541	\$ 1,030,678	\$ 972,102
Municipal corporations - Education Support Levy	180,927	180,462	179,819
Proceeds from the sale of Pembina Trails School Division's Chapman School	-	2,318	-
	<u>1,254,468</u>	<u>1,213,458</u>	<u>1,151,921</u>
Expenses			
Operational support program (Note 9)	1,079,054	1,079,681	1,063,539
Capital support program (Note 10)	172,078	129,425	87,635
Administrative and other expenses (Note 11)	3,336	3,040	2,693
	<u>1,254,468</u>	<u>1,212,146</u>	<u>1,153,867</u>
Current Year Surplus / (Deficit)	<u>\$ -</u>	<u>\$ 1,312</u>	<u>\$ (1,946)</u>
Accumulated Surplus, Beginning of Year		17,338	19,284
Accumulated Surplus, End of Year		<u>\$ 18,650</u>	<u>\$ 17,338</u>

THE PUBLIC SCHOOLS FINANCE BOARD

**Statement of Change in Net Financial Assets
for the year ended June 30, 2019**

	<u>Budget 2019</u>	<u>Actual 2019</u>	<u>Actual 2018</u>
	(in thousands of dollars)		
Current Year Surplus (Deficit)	\$ -	\$ 1,312	\$ (1,946)
Allocation of modular units inventory	-	-	189
Increase (Decrease) in Net Financial Assets	<u>\$ -</u>	<u>1,312</u>	<u>(1,757)</u>
Net Financial Assets, Beginning of year		<u>17,338</u>	<u>19,095</u>
Net Financial Assets, End of year		<u>\$ 18,650</u>	<u>\$ 17,338</u>

The accompanying notes are an integral part of these financial statements.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow for the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
	(in thousands of dollars)	
Operating Activities		
Current year Surplus (Deficit)	\$ 1,312	\$ (1,946)
Changes in non cash Items:		
Due from:		
Municipal corporations - Education Support Levy	375	(1,645)
Other	(1,207)	(1,045)
Accrued interest	83	172
Other payables	46	(109)
Support payable to school divisions	(869)	(1,183)
	<u>(260)</u>	<u>(5,756)</u>
Financing Activities		
Notes payable - Province of Manitoba	<u>834</u>	<u>5,821</u>
Non Financial Assets		
Modular units inventory sales	<u>-</u>	<u>189</u>
Increase (decrease) in Cash and Funds on Deposit with the Province	574	254
Cash and Funds on Deposit with the Province, Beginning of year	1,395	1,141
Cash and Funds on Deposit with the Province, End of year	<u><u>\$ 1,969</u></u>	<u><u>\$ 1,395</u></u>
Consists of:		
Cash	\$ 1,931	\$ 1,340
Funds on deposit with Province of Manitoba	38	55
	<u><u>\$ 1,969</u></u>	<u><u>\$ 1,395</u></u>
Supplemental Cash Flow Information:		
Interest paid	\$ 871	\$ 553

The accompanying notes are an integral part of these financial statements.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2019

1. Nature of the Board's operations

The Public Schools Finance Board (Board) was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid for the financing (operating and capital) of public schooling in Manitoba. It is responsible for the determination and distribution of all capital grants to Manitoba school divisions under the capital support program. It is also responsible for the distribution of all operating grants to Manitoba school divisions under the operating support program in amounts as determined by the Minister of Education and Training. These monies are credited to and paid out from the Education Support Fund.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant accounting policies

(a) Basis of accounting:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Revenue:

The Province of Manitoba Funding of School Program revenue is recognized as funds drawn from the Province of Manitoba Appropriations, adjusted to a school year basis.

The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the prior year levy to the July to December period and 60% of the current year levy to the January to June period.

All revenues are recognized on a gross basis.

(c) Expenses:

Expenses are recognized at a gross amount on an accrual basis.

(d) Modular units inventory:

Modular Units Inventory is valued at the lower of average cost and net realizable value. Inventory is recognized upon completion of Modular Unit construction and is reduced when the unit is transferred to the school.

(e) Liabilities:

Liabilities are recognized at cost in the financial statements when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2019

(f) Financial instruments:

The Board's financial instruments consist of cash, funds on deposit with the Province of Manitoba, accounts receivable, accrued interest, accounts payable, support payable to school divisions and notes payable. These are recorded at cost or amortized cost.

3. Measurement uncertainty

The preparation of financial statements 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 these estimates.

4. Financial Instruments Risk Management

The Board has exposure to the following risks from its use of financial instruments: credit and liquidity risk. The Board has no foreign currency denominated assets. There have been no significant changes from the previous year to risk or policies, procedures and methods used to measure risk.

a. **Credit risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes a financial loss to another party. Financial Instruments which potentially subject the Board to credit risk include cash, funds on deposit, and accounts receivable.

Cash and funds on deposit are not subject to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba.

Accounts receivable are not exposed to significant credit risk. The majority of accounts cover education support levies collected from towns and municipalities within the Province of Manitoba. These are typically paid in full. No allowance for doubtful accounts is required. The remaining balance of accounts receivable is from school divisions.

b. **Liquidity risk**

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due.

The Board manages risk by maintaining adequate cash balances and by review from the Board to ensure that adequate funding will be received to meet its obligations.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2019

5. Pension benefits

Some employees of the Public Schools Finance Board are eligible for membership in the provincially operated Civil Service Superannuation Plan (the Plan). The pension liability for these employees is included on the financial statements of the Province of Manitoba.

Accordingly, no provision is reflected in the financial statements relating to the effects of participating in the Plan by the Public Schools Finance Board.

The employer portion of contributions in the amount of \$91,980 was added to the plan during the year by the Public Schools Finance Board and is included in Note 11: Administrative and other expenses.

6. Funds on Deposit with the Province of Manitoba

The funds on deposit with the Province of Manitoba are recorded at cost, which approximates fair market value.

7. Support payable to school divisions

This amount represents the present obligations of operational support funding owing to school divisions as a result of revisions in the calculations of certain Funding of Schools Program grants and other non-operational grants occurring prior to the end of the year.

8. 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.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2019

9. Operational support program

	Actual 2019	Actual 2018
	(in thousands of dollars)	
Instructional Support	\$ 328,331	\$ 325,274
Sparsity Support	10,997	10,997
Curricular Materials	10,230	10,139
Information Technology	10,571	10,477
Library Services	15,686	15,547
Student Services Grant	64,153	63,666
Additional Instructional Support for Small Schools	797	680
Counselling and Guidance	14,152	14,026
Professional Development	6,959	6,897
Occupancy	85,268	85,267
Physical Education	3,693	3,715
Transportation	43,289	43,379
Board and Room	291	396
Special Needs	90,701	90,919
Senior Years Technology Education	8,403	8,670
English as an Additional Language	12,675	12,622
Aboriginal Academic Achievement	10,362	10,362
Aboriginal and International Languages	256	268
French Language Education	7,993	7,655
Small Schools	3,010	3,025
Enrolment Change Support	6,249	5,554
Northern Allowance	5,130	5,140
Early Childhood Development Initiative	2,663	2,582
Literacy and Numeracy	14,190	14,069
Education for Sustainable Development	488	484
Equalization Support	302,988	286,576
Formula Guarantee	16,209	21,154
Technology Education Equipment Replacement	2,500	2,500
Skills Strategy Equipment Enhancement Fund	1,483	1,486
Adjustment of previous years' support to school divisions from estimated to actual	(36)	13
	\$ 1,079,681	\$ 1,063,539

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2019

10. Capital support program

	Actual 2019	Actual 2018
	(in thousands of dollars)	
Capital grants	\$ 123,142	\$ 81,369
Minor capital projects	283	266
School buildings "D" support	6,000	6,000
	<u>\$ 129,425</u>	<u>\$ 87,635</u>

11. Administrative and other expenses

	Actual 2019	Actual 2018
	(in thousands of dollars)	
Board administration:		
Staff salaries and benefits	\$ 1,497	\$ 1,382
Service agreement	232	232
Professional services	44	49
Meetings and travel	20	18
Desktop management	83	81
Rent	153	153
Printing, stationery, postage and supplies	15	10
Telephone and fax	17	16
Professional development	14	19
Computers, software and minor equipment	10	8
Total board administration expenses	<u>2,085</u>	<u>1,968</u>
Interest charges on notes payable to the Province of Manitoba	<u>955</u>	<u>725</u>
	<u>\$ 3,040</u>	<u>\$ 2,693</u>

12. 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.

The Minister and Deputy Minister of Manitoba Education (formerly Manitoba Education and Training) including their close family members and any controlled businesses are identified as related parties.

