MANAGEMENT RESPONSIBILITY REPORT

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 Chartered Professional Accountants of Canada. A summary of the significant accounting policies is 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 MNP LLP independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary-Treasurer

October 15, 2019

Independent Auditor's Report

To the Board of Trustees of Beautiful Plains School Division:

Opinion

We have audited the accompanying consolidated financial statements of Beautiful Plains School Division, which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Beautiful Plains School Division as at June 30, 2019 and the consolidated results of its operations and accumulated surplus, consolidated change in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Division in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Division's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Division to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Division to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Brandon, Manitoba
October 15, 2019

Chartered Professional 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 Beautiful Plains School Division.

Original Document Signed
Chairperson of the Board

October 15, 2019
Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	-	117,368
	Due from - Provincial Government	869,963	1,081,171
	- Federal Government	224,960	74,113
	- Municipal Government	3,837,160	3,713,865
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	45,078	35,736
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		4,977,161	5,022,253
	Liabilities		
4	Overdraft	1,319,979	-
	Accounts Payable	1,291,910	193,542
	Accrued Liabilities	2,898,083	2,036,934
3	Employee Future Benefits	40,548	36,275
	Accrued Interest Payable	402,423	541,230
	Due to - Provincial Government	13	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	828,338	760,310
7	Borrowings from the Provincial Government	21,857,757	15,505,443
	Other Borrowings	-	-
	School Generated Funds Liability	22,220	23,259
		28,661,271	19,096,993
	Net Assets (Debt)	(23,684,110)	(14,074,740)
	Non-Financial Assets		
2	Net Tangible Capital Assets (TCA Schedule)	31,477,657	21,314,073
	Inventories	-	-
	Prepaid Expenses	222,174	276,080
		31,699,831	21,590,153
8	**Accumulated Surplus**	8,015,721	7,515,413

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2019	2018
	Revenue		
	Provincial Government	15,040,048	15,208,926
	Federal Government	-	-
	Municipal Government - Property Tax	7,354,515	7,100,396
	- Other	-	-
	Other School Divisions	32,500	33,150
	First Nations	-	-
	Private Organizations and Individuals	14,087	14,358
	Other Sources	116,248	95,070
	School Generated Funds	375,017	429,196
	Other Special Purpose Funds	-	-
		22,932,415	22,881,096
	Expenses		
	Regular Instruction	12,720,527	12,810,174
	Student Support Services	2,640,269	2,421,012
	Adult Learning Centres	-	-
	Community Education and Services	16,302	26,306
	Divisional Administration	646,032	619,533
	Instructional and Other Support Services	574,815	566,557
	Transportation of Pupils	1,307,367	1,318,574
	Operations and Maintenance	1,905,460	1,768,421
10	Fiscal - Interest	685,790	957,170
	- Other	337,345	330,872
	Amortization	1,219,133	1,205,603
	Other Capital Items	(244)	(159)
	School Generated Funds	375,038	421,919
	Other Special Purpose Funds	-	-
		22,427,834	22,445,982
	Current Year Surplus (Deficit) before Non-vested Sick Leave	504,581	435,114
	Less: Non-vested Sick Leave Expense (Recovery)	4,273	(17,810)
	Net Current Year Surplus (Deficit)	500,308	452,924
	Opening Accumulated Surplus	7,515,413	7,062,489
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	-
	Other than Tangible Cap. Assets	-	-
	Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted	7,515,413	7,062,489
	Closing Accumulated Surplus	8,015,721	7,515,413

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2019

	2019	2018
Net Current Year Surplus (Deficit)	500,308	452,924
Amortization of Tangible Capital Assets	1,219,133	1,205,603
Acquisition of Tangible Capital Assets	(11,382,717)	(2,137,094)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(1,800)
Proceeds on Disposal of Tangible Capital Assets	-	1,800
	(10,163,584)	(931,491)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	53,906	40,233
	53,906	40,233
(Increase)/Decrease in Net Debt	(9,609,370)	(438,334)
Net Debt at Beginning of Year	(14,074,740)	(13,636,406)
Adjustments Other than Tangible Cap. Assets	-	-
	(14,074,740)	(13,636,406)
Net Assets (Debt) at End of Year	(23,684,110)	(14,074,740)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	500,308	452,924
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,219,133	1,205,603
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(1,800)
Employee Future Benefits Increase/(Decrease)	4,273	(17,810)
Due from Other Organizations (Increase)/Decrease	(62,934)	(433,447)
Accounts Receivable & Accrued Income (Increase)/Decrease	(9,342)	9,675
Inventories and Prepaid Expenses - (Increase)/Decrease	53,906	40,233
Due to Other Organizations Increase/(Decrease)	13	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,820,710	279,951
Deferred Revenue Increase/(Decrease)	68,028	(174,939)
School Generated Funds Liability Increase/(Decrease)	(1,039)	(1,732)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,593,056	1,358,658
Capital Transactions		
Acquisition of Tangible Capital Assets	(11,382,717)	(2,137,094)
Proceeds on Disposal of Tangible Capital Assets	-	1,800
Cash Provided by (Applied to) Capital Transactions	(11,382,717)	(2,135,294)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	6,352,314	(124,302)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	6,352,314	(124,302)
Cash and Bank / Overdraft (Increase)/Decrease	(1,437,347)	(900,938)
Cash and Bank (Overdraft) at Beginning of Year	117,368	1,018,306
Cash and Bank (Overdraft) at End of Year	(1,319,979)	117,368

Beautiful Plains School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2019

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2019	2018
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	35,028,175	841,511	2,657,673	141,965	429,808	305,895	221,168	-	1,848,081	41,474,276	39,337,182
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	35,028,175	841,511	2,657,673	141,965	429,808	305,895	221,168	-	1,848,081	41,474,276	39,337,182
Add: Additions during the year	-	-	215,493	47,762	26,982	-	403,174	-	10,689,306	11,382,717	2,137,094
Less: Disposals and write downs	-	-	-	-	11,783	-	-	-	-	11,783	-
Closing Cost	35,028,175	841,511	2,873,166	189,727	445,007	305,895	624,342	-	12,537,387	52,845,210	41,474,276
Accumulated Amortization											
Opening, as previously reported	16,969,382	435,821	2,037,133	106,151	392,211	219,505		-		20,160,203	18,954,600
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	16,969,382	435,821	2,037,133	106,151	392,211	219,505		-		20,160,203	18,954,600
Add: Current period Amortization	1,031,064	24,563	105,575	23,101	14,481	20,349		-		1,219,133	1,205,603
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	11,783	-		-		11,783	-
Closing Accumulated Amortization	18,000,446	460,384	2,142,708	129,252	394,909	239,854		-		21,367,553	20,160,203
Net Tangible Capital Asset	17,027,729	381,127	730,458	60,475	50,098	66,041	624,342	-	12,537,387	31,477,657	21,314,073
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	1,800

* Includes network infrastructure.

BEAUTIFUL PLAINS SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

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 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. 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 and registered charity 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 and registered charity funds.

d) School Generated Funds

School generated funds are monies 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.

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	50,000	10
Buildings - bricks, mortar and steel	50,000	40
Buildings – wood frame	50,000	25
School Buses	50,000	10
Vehicles	10,000	5
Equipment	10,000	5
Network Infrastructure	25,000	10
Computer, Hardware, Servers & Peripherals	10,000	4
Computer Software	10,000	4
Furniture & Fixtures	10,000	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 MSBA (Manitoba School Boards Association) Pension Plan. The terms and conditions of this pension plan are administered by a provincial committee consisting of school trustees, employees and division management representatives. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 5.7% to 7.7% (dependant on age) of earnings to the plan. Effective January 1, 2019, this rate change to 8% for all employees. The Division matches this contribution and remits both contributions monthly.

For non-vesting accumulating sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using net present value techniques.

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 $643,867 and a Neepawa and Area Collegiate/Division Office Site reserve in the amount of $925,186.

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 fair values, unless otherwise noted.

j) Liability for Contaminated Sites

The Division has adopted PS 3260 Liability for Contaminated Sites effective March 31, 2015. No sites have been identified and no liability has been established in Beautiful Plains School Division.

3. Employee Future Benefits

Non-vested accumulated sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick benefits used over earned per year, to a maximum entitlement. The liability for employee future benefits for accumulated non vested sick leave recorded at June 30, 2019 was increased by $4,273. The total accrual at June 30, 2019 is $40,548.

4. Overdraft

The Division has a $3,700,000 operating line of credit with the Beautiful Plains Credit Union by way of overdraft. (By-Law #281). The Division does not receive any property taxation until November or later each year thus operates in overdraft for a portion of the year.

The Division has a temporary financing agreement with the Beautiful Plains Credit Union in place in the amount of $5,000,000 (By-Law #287). The Division will receive funding from Public Schools Finance Board for the major addition to Neepawa Collegiate and the new stand-alone daycare during the project, however this is after the Division remits payment to the general contractor.

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 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, 2018	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2019
Education Property Tax Credits (Fall)	$ 712,037	$ 765,620	$ 712,037	$ 765,620
Charitable Scholarship Fund	41,936	50,640	41,936	50,640
Reading Apprenticeship Grant	6,337	5,741	-	12,078
	$ 760,310	**$ 822,001**	**$ 753,973**	**$ 828,338**

6. 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 $22,220.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2019 covers a period of twelve months from April 1, 2018 to March 31, 2019.

7. Borrowings from the Provincial Government

The debenture debt and promissory notes of the Division are in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2018 to 2038. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures and promissory notes carry interest rates that range from 3.25% to 7.00%. Debenture debt and promissory note interest expense payable as at June 30, 2019, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures and promissory notes is recorded in Due From the Provincial Government.

The debenture debt and promissory note principal and interest repayments in the next five years are:

	Principal	Interest	Total
2019/20	$ 1,169,536	$ 1,883,044	$ 3,052,580
2020/21	1,084,851	1,840,972	2,925,823
2021/22	1,004,346	1,778,001	2,782,347
2022/23	929,407	1,845,699	2,775,106
2023/24	851,206	1,819,159	2,670,365
	$ 5,039,346	**$ 9,166,875**	**$ 14,206,221**

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

		2018/19
Operating Fund		
Designated Surplus	$	3,395
Undesignated Surplus		808,705
Non-vested Sick Leave Benefits		(40,547)
	$	**771,553**
Capital Fund		
Reserve Accounts	$	1,569,053
Equity in Tangible Capital Assets		5,420,138
	$	**6,989,191**
Special Purpose Fund		
School Generated Funds	$	254,977
Other Special Purpose Funds		-
		254,977
Total Accumulated Surplus	**$**	**8,015,721**

Unexpended school instructional budgets from the 2018/19 year totalling $3,395 have been carried forward to the 2019/20 school year.

Reserve Accounts under the Capital Fund represent internally restricted reserves for specific purposes approved by the Board of Trustees and Public Schools Finance Board. Contributions to the Neepawa Collegiate/Division Office Site reserve of $165,000 and Bus Reserve of $165,000 are approved by board resolution #10, October 1st, 2019. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

		2018/19
School Bus Reserve	$	643,867
Other Vehicles		-
Neepawa Collegiate/Division Office site		925,186
Total Capital Reserves	**$**	**1,569,053**

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 statement is raised over the two calendar (tax) years; 48% from 2018 tax year and 52% from the 2019 tax year. Below are the related revenue and receivable amounts:

	2018/19	2017/18
Revenue-Municipal Government-Property Tax	$ 7,354,515	$ 7,100,396
Receivable-Due from Municipal-Property Tax	$ 3,837,160	$ 3,713,865

10. Interest Received and Paid

The Division received interest during the year of $17,862 (previous year $15,370).
Interest expense is included in Fiscal and is comprised of the following:

	2018/19
Operating Fund	
Fiscal short term loan, interest and bank charges	$ 16,799
Capital Fund	
Debenture debt interest	612,530
Other interest	56,461
Total Interest Expense	**$ 685,790**

The accrual portion of debenture debt and promissory note interest expense of $402,423 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba. Other interest paid is overdraft interest on the line of credit established for the addition to Neepawa Collegiate and the construction of the stand alone daycare.

11. High Speed Connectivity Agreement

The Division has entered into a long term agreement with Westman Communications Group to provide high speed internet and wide area network connectivity for all community schools. The initial term of the agreement is ten years and two options to renew for a further five years each. Carberry and Neepawa Schools and the Division Office will utilize fiber optic cable technology and Brookdale and J. M. Young Schools will have wireless service using towers. A prepaid expense in the amount of $566,079 was established in the 2012/13 fiscal year. This expense will be recognized over the initial term of the agreement commencing in the 2012/13 fiscal year. The cost for construction of the infrastructure (wireless towers) owned by the Division is $188,693 and is being amortized in the capital fund.

13. Daycare Facility Agreement

The Division has entered into a long term agreement in July 2008 with Carberry Child Care Coop to lease space in Carberry Collegiate for their daycare facility. The initial term of the agreement is 5 years with an option to renew for unlimited further five year terms. The Child Care Provider pays monthly rent based on the agreement established by the Minister of Education in June 2005.

The Division is currently working with Budz N' Bloom Early Learning Center to establish a long term agreement to lease the stand alone daycare center that is currently being constructed. The initial term of the agreement is drafted as 5 years with an option to renew for unlimited further five year terms. The Child Care Provider will pay monthly rent based on the agreement established by the Minister of Education in June 2005.

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 2018/19	Budget 2018/19	Actual 2017/18
Salaries	$ 15,776,968	$ 15,852,354	$ 15,488,696
Employees benefits & allowances	1,184,457	1,204,249	1,117,710
Services	1,625,038	1,651,959	1,539,196
Supplies, materials & minor equipment	1,149,932	1,287,010	1,301,656
Interest	687,790	14,000	957,170
Transfers (Other than Capital)	74,377	92,075	83,319
Payroll tax	337,345	342,500	330,872
Amortization	1,219,133	-	1,205,603
Other capital items	(244)	-	(159)
School generated funds	375,038	-	421,919
Total	**$ 22,429,834**	**$ 20,444,147**	**$ 22,445,982**