

## **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 Chartered Professional Accountants of Canada. 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 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  
Chairperson

Original Document Signed  
Secretary-Treasurer

**October 28, 2019**

## Independent Auditor's Report

To the Board of Trustees of Fort La Bosse School Division:

### *Opinion*

We have audited the accompanying consolidated financial statements of Fort La Bosse 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 Fort La Bosse School Division as at June 30, 2019 and the consolidated results of its operations and accumulated surplus, consolidated changes 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.

Brandon, Manitoba  
October 28, 2019

**MNP LLP**  
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 Fort La Bosse School Division.

Original Document Signed  
\_\_\_\_\_  
Chairperson of the Board

October 28, 2019  
\_\_\_\_\_  
Date

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at June 30

Notes		2019	2018
	<b>Financial Assets</b>		
	Cash and Bank	-	-
	Due from - Provincial Government	644,886	685,103
	- Federal Government	157,203	60,935
	- Municipal Government	4,543,414	4,432,657
	- Other School Divisions	-	-
	- First Nations	398,414	269,006
	Accounts Receivable	2,458	62,095
	Accrued Investment Income	-	-
4	Portfolio Investments	66,951	68,664
		<u>5,813,326</u>	<u>5,578,460</u>
	<b>Liabilities</b>		
3	Overdraft	2,378,414	2,165,773
	Accounts Payable	1,277,996	689,635
	Accrued Liabilities	156,411	152,103
2f	Employee Future Benefits	63,407	84,100
	Accrued Interest Payable	191,428	194,161
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	470,128	102,675
6	Borrowings from the Provincial Government	9,142,432	8,458,685
7	Other Borrowings	1,100,000	1,200,000
	School Generated Funds Liability	25,302	19,492
		<u>14,805,518</u>	<u>13,066,624</u>
	<b>Net Assets (Debt)</b>	<u>(8,992,192)</u>	<u>(7,488,164)</u>
	<b>Non-Financial Assets</b>		
8	Net Tangible Capital Assets (TCA Schedule)	16,126,561	14,422,552
	Inventories	-	-
	Prepaid Expenses	39,471	38,387
		<u>16,166,032</u>	<u>14,460,939</u>
9	<b>Accumulated Surplus</b>	<u>7,173,840</u>	<u>6,972,775</u>

See accompanying notes to the Financial Statements

**CONSOLIDATED STATEMENT  
OF REVENUE, EXPENSES  
AND ACCUMULATED SURPLUS**

For the Year Ended June 30

Notes		2019	2018
	<b>Revenue</b>		
	Provincial Government	11,095,161	11,263,500
	Federal Government	-	-
10	Municipal Government - Property Tax	7,972,514	7,750,603
	- Other	-	-
	Other School Divisions	25,000	28,650
	First Nations	958,278	878,542
	Private Organizations and Individuals	-	-
	Other Sources	144,842	79,061
	School Generated Funds	708,832	658,007
	Other Special Purpose Funds	35,326	19,387
		<u>20,939,953</u>	<u>20,677,750</u>
	<b>Expenses</b>		
	Regular Instruction	11,013,974	10,729,634
	Student Support Services	2,332,742	2,489,308
	Adult Learning Centres	-	-
	Community Education and Services	283,796	267,666
	Divisional Administration	706,669	753,620
	Instructional and Other Support Services	414,665	421,079
	Transportation of Pupils	1,509,608	1,474,548
	Operations and Maintenance	1,810,152	1,897,733
11	Fiscal - Interest	502,918	492,858
	- Other	307,511	305,363
	Amortization	1,141,285	1,086,789
	Other Capital Items	-	52,651
	School Generated Funds	702,681	649,873
	Other Special Purpose Funds	33,580	22,033
		<u>20,759,581</u>	<u>20,643,155</u>
	Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>180,372</u>	<u>34,595</u>
	Less: Non-vested Sick Leave Expense (Recovery)	<u>(20,693)</u>	<u>(30,820)</u>
	Net Current Year Surplus (Deficit)	<u>201,065</u>	<u>65,415</u>
	Opening Accumulated Surplus	6,972,775	6,907,360
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	-
	Other than Tangible Cap. Assets	-	-
	Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted	<u>6,972,775</u>	<u>6,907,360</u>
	<b>Closing Accumulated Surplus</b>	<u>7,173,840</u>	<u>6,972,775</u>

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)	201,065	65,415
Amortization of Tangible Capital Assets	1,141,285	1,086,789
Acquisition of Tangible Capital Assets	(2,845,294)	(651,227)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	<u>(1,704,009)</u>	<u>435,562</u>
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(1,084)	6,363
	<u>(1,084)</u>	<u>6,363</u>
(Increase)/Decrease in Net Debt	<u>(1,504,028)</u>	<u>507,340</u>
Net Debt at Beginning of Year	(7,488,164)	(7,995,504)
Adjustments Other than Tangible Cap. Assets	-	-
	<u>(7,488,164)</u>	<u>(7,995,504)</u>
<b>Net Assets (Debt) at End of Year</b>	<u><u>(8,992,192)</u></u>	<u><u>(7,488,164)</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOW**

For the Year Ended June 30, 2019

	2019	2018
<b>Operating Transactions</b>		
Net Current Year Surplus (Deficit)	201,065	65,415
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,141,285	1,086,789
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	(20,693)	(30,820)
Due from Other Organizations (Increase)/Decrease	(296,216)	(35,880)
Accounts Receivable & Accrued Income (Increase)/Decrease	59,637	85,178
Inventories and Prepaid Expenses - (Increase)/Decrease	(1,084)	6,363
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	589,936	(346,125)
Deferred Revenue Increase/(Decrease)	367,453	32,508
School Generated Funds Liability Increase/(Decrease)	5,810	2,672
Adjustments Other than Tangible Cap. Assets	-	-
	<u>2,047,193</u>	<u>866,100</u>
Cash Provided by (Applied to) Operating Transactions		
	<u>2,047,193</u>	<u>866,100</u>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(2,845,294)	(651,227)
Proceeds on Disposal of Tangible Capital Assets	-	-
	<u>(2,845,294)</u>	<u>(651,227)</u>
Cash Provided by (Applied to) Capital Transactions		
	<u>(2,845,294)</u>	<u>(651,227)</u>
<b>Investing Transactions</b>		
Portfolio Investments (Increase)/Decrease	1,713	1,782
	<u>1,713</u>	<u>1,782</u>
Cash Provided by (Applied to) Investing Transactions		
	<u>1,713</u>	<u>1,782</u>
<b>Financing Transactions</b>		
Borrowings from the Provincial Government Increase/(Decrease)	683,747	(467,825)
Other Borrowings Increase/(Decrease)	(100,000)	(100,000)
	<u>583,747</u>	<u>(567,825)</u>
Cash Provided by (Applied to) Financing Transactions		
	<u>583,747</u>	<u>(567,825)</u>
Cash and Bank / Overdraft (Increase)/Decrease	(212,641)	(351,170)
Cash and Bank (Overdraft) at Beginning of Year	(2,165,773)	(1,814,603)
<b>Cash and Bank (Overdraft) at End of Year</b>	<u>(2,378,414)</u>	<u>(2,165,773)</u>

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

at June 30, 2019

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2019 TOTALS	2018 TOTALS
	School	Non-School									
<b>Tangible Capital Asset Cost</b>											
Opening Cost, as previously reported	25,109,993	3,235,056	3,616,625	194,605	1,105,005	257,566	241,581	-	158,646	33,919,077	33,267,850
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	25,109,993	3,235,056	3,616,625	194,605	1,105,005	257,566	241,581	-	158,646	33,919,077	33,267,850
Add:											
Additions during the year	364,826	2,483,628	121,063	-	13,106	-	-	-	(137,329)	2,845,294	651,227
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	25,474,819	5,718,684	3,737,688	194,605	1,118,111	257,566	241,581	-	21,317	36,764,371	33,919,077
<b>Accumulated Amortization</b>											
Opening, as previously reported	14,913,537	635,445	2,667,166	172,299	888,386	219,692		-		19,496,525	18,409,736
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	14,913,537	635,445	2,667,166	172,299	888,386	219,692		-		19,496,525	18,409,736
Add:											
Current period Amortization	643,287	170,793	207,328	11,896	91,167	16,814		-		1,141,285	1,086,789
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	15,556,824	806,238	2,874,494	184,195	979,553	236,506		-		20,637,810	19,496,525
<b>Net Tangible Capital Asset</b>	9,917,995	4,912,446	863,194	10,410	138,558	21,060	241,581	-	21,317	16,126,561	14,422,552
<b>Proceeds from Disposal of Capital Assets</b>	-	-	-	-	-	-				-	-

\* Includes network infrastructure.



**FORT LA BOSSE SCHOOL DIVISION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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. 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 Chartered Professional Accountants of Canada (CPA).

**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	N/A	N/A
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 and 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.

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.

##### **(ii) Non-vested Accumulated Sick Leave 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 maximum entitlement. The impact of the estimated non-vested sick leave benefit recovery for 2018-2019 is (\$20,693).

**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.

**j) Non-vested Sick Leave**

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.

**k) Adoption of New Accounting Policy**

Effective July 1, 2014, the division has adopted the new Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS3260. The standard was applied on a retroactive basis to July 1, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the division.

### 3. Overdraft

The Division has an authorized line of credit with CIBC of \$4,000,000 (seasonal limit of \$5,000,000 from September 15, 2018 to December 15, 2018) by way of overdrafts and is repayable on demand at prime less .5%; interest is paid monthly.

### 4. Other Investments

Other investments consist of guaranteed investment certificates that mature between 2019 and 2020. Other investments are recorded at the lower of cost or market. As at June 30, 2019, the cost of short term investments was \$66,951.

### 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, 2018	Additions in the period	Revenue recognized In the period	Balance as at June 30, 2019
Education Property Tax Credit	28,831	431,404	28,831	431,404
Donated Capital Assets	73,844		35,120	38,724
	<hr/> 102,675	431,404	63,951	470,128

### 6. Borrowings from the Provincial Government

The borrowings from the Provincial Government of the Division is in the form of twenty-year debentures and promissory notes payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2020 to 2039. 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 3.375% to 7.25%. Debentures and promissory notes 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 debentures and promissory notes principal and interest repayments in the next five years are:

	Principal	Interest	Total
2020	885,807	413,211	1,299,018
2021	879,709	364,328	1,244,037
2022	703,496	316,336	1,019,832
2023	621,947	280,916	902,863
2024	643,404	251,462	894,866
	<hr/>	<hr/>	<hr/>
	3,734,363	1,626,253	5,360,616

## 7. Other Borrowings

The other borrowings of the Division is in the form of a long-term loan in the amount of \$1,500,000 for the purchase of capital infrastructure. The loan is a non-revolving demand instalment loan carrying an interest rate of prime rate minus 0.500% per annum. The loan repayment is fifteen regular annual payments of \$100,000.00 each, plus accrued interest payable monthly. The first instalment payment was due on January 15, 2016 and the last regular instalment payment plus any outstanding principal and interest is due on January 15, 2030.

## 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	2019 Net Book Value
Owned-tangible capital assets	36,764,371	20,637,810	16,126,561
Capital Lease	0	0	0
	<hr/>	<hr/>	<hr/>
	36,764,371	20,637,810	16,126,561

## 9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019
Operating Fund	
Designated Surplus	25,687
Undesignated Surplus	719,309
Less: Non-vested sick leave	(63,407)
	<hr/>
	681,589
Capital Fund	
Reserve Accounts	1,830,656
Equity in Tangible Capital Assets	4,303,735
	<hr/>
	6,134,391
Special Purpose Fund	
School Generated Funds	266,123
Other Special Purpose Funds	91,737
	<hr/>
	357,860
Total Accumulated Surplus	<hr/> <hr/>
	7,173,840

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.

	2019
Board approved appropriation by motion	
School budget carryovers by board policy	25,687
	<hr/>
Designated surplus	25,687

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.



	2019
Bus reserves	710,118
Other reserves	1,120,538
	1,830,656

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

	2019
Foundation Scholarship	91,737
Other	0
	91,737
Other Special Purpose Funds	91,737

#### **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; 43% from 2018 tax year and 57% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue-Municipal Government-Property Tax	7,972,514	7,750,603
Receivable-Due from Municipal-Property Tax	4,543,414	4,432,657

#### **11. Interest Received and Paid**

The Division received interest during the year of \$0 (2018 - \$0); interest paid during the year was \$502,918 (2018 - \$492,858).

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

	2019
Operating Fund	
Fiscal-short term loan, interest and bank charges	101,453
Capital Fund	
Debenture debt and promissory notes interest	401,465
Other interest	
	502,918

The accrual portion of debenture debt and promissory notes interest expense of \$191,428 included under the Capital Fund-Interest on Borrowings from Provincial Government, 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 2019	Budget 2019	Actual 2018
Salaries	14,331,746	14,492,640	14,286,278
Employee benefits & allowances	991,618	1,085,600	988,363
Services	1,422,183	1,591,294	1,469,503
Supplies, materials & minor equipment	1,239,143	1,154,248	1,217,275
Interest	502,918	65,000	492,858
Bad debts	0	0	0
Payroll tax	307,511	312,000	305,363
Tuition and transfers	86,916	71,050	72,169
Amortization	1,141,285	0	1,086,789
Other Capital Items	0	0	52,651
School generated funds	702,681	0	649,873
Other special purpose funds	33,580	0	22,033
	<u>20,759,581</u>	<u>18,771,832</u>	<u>20,643,155</u>