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 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 the 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 30, 2019

Independent Auditor's Report

To the Board of Trustees of Rolling River School Division:

Opinion

We have audited the accompanying consolidated financial statements of Rolling River 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 Rolling River 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 Financial Statement

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 30, 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 Rolling River School Division.

Original Document Signed

Chairperson of the Board

October 30, 2019
Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,623,322	841,682
	- Federal Government	105,209	73,980
	- Municipal Government	5,626,284	5,500,129
	- Other School Divisions	-	-
	- First Nations	373,755	390,069
	Accounts Receivable	104,003	232,872
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		7,832,573	7,038,732
	Liabilities		
3	Overdraft	3,305,747	2,778,837
	Accounts Payable	600,021	545,078
	Accrued Liabilities	375,472	271,925
4	Employee Future Benefits	96,008	49,791
	Accrued Interest Payable	64,748	79,163
	Due to - Provincial Government	1,525	1,580
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	379,537	-
6	Borrowings from the Provincial Government	5,209,121	4,962,297
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		10,032,179	8,688,671
	Net Assets (Debt)	(2,199,606)	(1,649,939)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	10,854,858	10,179,381
	Inventories	-	-
	Prepaid Expenses	344,040	409,945
		11,198,898	10,589,326
8	**Accumulated Surplus**	8,999,292	8,939,387

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		14,489,705	14,621,078
	Federal Government		47,392	46,675
	Municipal Government	- Property Tax	9,763,413	9,535,745
		- Other	-	-
	Other School Divisions		65,000	65,929
	First Nations		1,254,225	1,268,713
	Private Organizations and Individuals		65,253	71,786
	Other Sources		99,230	225,129
	School Generated Funds		630,182	626,304
	Other Special Purpose Funds		-	-
			26,414,400	26,461,359
	Expenses			
	Regular Instruction		14,641,048	14,188,564
	Student Support Services		3,020,729	3,033,938
	Adult Learning Centres		121,499	122,211
	Community Education and Services		29,420	22,290
	Divisional Administration		879,345	893,664
	Instructional and Other Support Services		526,742	684,274
	Transportation of Pupils		1,748,955	1,684,018
	Operations and Maintenance		2,953,384	2,922,678
10	Fiscal	- Interest	280,688	293,794
		- Other	384,413	383,280
	Amortization		1,109,440	1,132,271
	Other Capital Items		-	-
	School Generated Funds		612,615	598,438
	Other Special Purpose Funds		-	-
			26,308,278	25,959,420
	Current Year Surplus (Deficit) before Non-vested Sick Leave		106,122	501,939
	Less: Non-vested Sick Leave Expense (Recovery)		46,217	(97,779)
	Net Current Year Surplus (Deficit)		59,905	599,718
	Opening Accumulated Surplus		8,939,387	8,339,669
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		8,939,387	8,339,669
	Closing Accumulated Surplus		8,999,292	8,939,387

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)	59,905	599,718
Amortization of Tangible Capital Assets	1,109,440	1,132,271
Acquisition of Tangible Capital Assets	(1,784,917)	(689,813)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(675,477)	442,458
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	65,905	195,517
	65,905	195,517
(Increase)/Decrease in Net Debt	(549,667)	1,237,693
Net Debt at Beginning of Year	(1,649,939)	(2,887,632)
Adjustments Other than Tangible Cap. Assets	-	-
	(1,649,939)	(2,887,632)
Net Assets (Debt) at End of Year	(2,199,606)	(1,649,939)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	59,905	599,718
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,109,440	1,132,271
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	46,217	(97,779)
Due from Other Organizations (Increase)/Decrease	(922,710)	(526,869)
Accounts Receivable & Accrued Income (Increase)/Decrease	128,869	78,063
Inventories and Prepaid Expenses - (Increase)/Decrease	65,905	195,517
Due to Other Organizations Increase/(Decrease)	(55)	365
Accounts Payable & Accrued Liabilities Increase/(Decrease)	144,075	15,844
Deferred Revenue Increase/(Decrease)	379,537	(120,084)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,011,183	1,277,046
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,784,917)	(689,813)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(1,784,917)	(689,813)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	246,824	(393,514)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	246,824	(393,514)
Cash and Bank / Overdraft (Increase)/Decrease	(526,910)	193,719
Cash and Bank (Overdraft) at Beginning of Year	(2,778,837)	(2,972,556)
Cash and Bank (Overdraft) at End of Year	(3,305,747)	(2,778,837)

Rolling River 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	21,077,425	2,348,326	4,494,795	574,994	1,014,773	459,892	153,468	-	78,680	30,202,353	29,512,540
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	21,077,425	2,348,326	4,494,795	574,994	1,014,773	459,892	153,468	-	78,680	30,202,353	29,512,540
Add: Additions during the year	1,030,888	-	380,242	34,286	-	-	-	-	339,501	1,784,917	689,813
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	22,108,313	2,348,326	4,875,037	609,280	1,014,773	459,892	153,468	-	418,181	31,987,270	30,202,353
Accumulated Amortization											
Opening, as previously reported	15,006,742	333,292	3,217,115	489,980	576,819	399,024		-		20,022,972	18,890,701
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	15,006,742	333,292	3,217,115	489,980	576,819	399,024		-		20,022,972	18,890,701
Add: Current period Amortization	526,078	113,941	260,373	39,357	115,350	54,341		-		1,109,440	1,132,271
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	15,532,820	447,233	3,477,488	529,337	692,169	453,365		-		21,132,412	20,022,972
Net Tangible Capital Asset	6,575,493	1,901,093	1,397,549	79,943	322,604	6,527	153,468	-	418,181	10,854,858	10,179,381
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* 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. 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 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.

Capitalization Guidelines		
Asset Description	**Capitalization Threshold ($)**	**Estimated Useful Life (years)**
Land	N/A	N/A
Land Improvements **(1)**	50,000	10
Buildings - bricks, mortar and steel	50,000	40
Buildings - wood frame	50,000	25
School buses	50,000	10
Vehicles **(2)**	10,000	5
Equipment **(3)**	10,000	5
Network Infrastructure **(4)**	25,000	10
Computer Hardware, Servers & Peripherals **(5)**	10,000	4
Computer Software **(6)**	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.

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 other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known. Effective with the 2009/2010 fiscal year, expected future payment of non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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 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 Minnedosa Credit Union of $6,500,000 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.

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. Expected future payment of non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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 benefits cost for 2018/19 is an increase of the liability in the amount of $46,217.

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 8% to 12.65% 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.

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.

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	Recognized in the period	Balance as at June 30, 2019
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
General Support Grant	-		-	-
Education Property Tax Credit	-	1,053,696	674,158	379,537
	$ -	$ 1,053,696	$ 674,158	$ 379,537

6. Borrowings from the Provincial Government

The long-term borrowing 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, except for the debenture and promissory note debt on self-funded capital projects. The debentures and promissory notes carry interest rates that range from 3.375 % to 7.25 %. Debenture and promissory note interest expense payable as at June 30, 2019, is $925,046 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 and promissory note principal and interest repayments in the next five years are:

	Principal	Interest
2019/20	540,735	236,855
2020/21	456,530	207,411
2021/22	475,342	184,018
2022/23	453,792	159,689
2023/24	391,779	137,073
	$ 2,318,178	$ 629,495

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 Assets under Construction was nil.

	Gross Amount	Accumulated Amortization	2019 Net Book Value
Owned-tangible capital assets	$ 31,987,270	$ 21,132,412	$ 10,854,858
Capital lease	-	-	-
	$ 31,987,270	$ 21,132,412	$ 10,854,858

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019
Operating Fund	
Designated Surplus	-
Undesignated Surplus	848,020
Non-vested sick leave	(96,008)
	752,012
Capital Fund	
Reserve Accounts	2,802,069
Equity in Tangible Capital Assets	5,162,109
	7,964,178
Special Purpose Fund	
School Generated Funds	283,102
Other Special Purpose Funds	
	283,102
Total Accumulated Surplus	$ 8,999,292

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	-
Designated surplus	$ -

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 pages 24 and 24A of the audited financial statements.

	2019
Bus reserves	984,572
Other reserves	1,817,497
Division Fleet Vechicles $20,000	
High School Water and Sewer Replacement 450,000	
Gym Floor Replacement $93,823	
School Security-Surveillance System $750,000	
Maintenance/Transportation Renovations $503,674	
Capital Reserve	$ 2,802,069

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

	2019
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

9. 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 statement of revenue and expense is raised over the two calendar (tax) years; 42.3% from 2018 tax year and 57.7% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue-Municipal Government-Property Tax	$ 9,763,413	$ 9,535,745
Receivable-Due from Municipal-Property Tax	$ 5,626,284	$ 5,500,129

10. Interest Received and Paid

The Division received interest during the year of $6,694 (previous year $6,598); interest paid during the year was $280,688 (previous year $293,794).

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

	2019
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 53,467
Capital Fund	
Interest on Borrowings from the Provincial Government	227,221
Other interest	-
	$ 280,688

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 and promissory note interest expense of $64,748 included under the Capital Fund-Interest on Borrowings from the Provincial Government is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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, 2019.

	2019
Allowance for doubtful accounts deducted from Receivable below:	
Due from First Nations	
Accounts Receivable	
	NIL
Bad debts expense (included in fiscal-Other)	NIL

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	$ 18,189,570	$ 18,319,665	$ 17,931,657
Employees benefits & allowances	1,408,248	1,484,555	1,380,840
Services	2,046,664	2,079,780	1,955,500
Supplies, materials & minor equipment	1,935,860	1,778,000	1,973,764
Interest	280,688	50,000	293,794
Transfers	340,780	775,000	309,876
Payroll tax	384,413	395,000	383,280
Amortization	1,109,440		1,132,271
Other capital items			
School generated funds	612,615		598,438
Other special purpose funds			
	$ 26,308,278	$ 24,882,000	$ 25,959,420

13. Non Financial Information

The 2019 figures for transportation statistics, full time equivalent personnel and senior staff allocations are unaudited and have been presented for information purposes only.

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, 2019, the amount of this special levy was $47,424 (previous year $15,567). These amounts are not included in the Division's consolidated financial statements.

15. High Speed Connectivity Agreement

The Division has entered into a long-term service agreement with Westman Communications Group to provide high speed internet and wide area network service for the majority of schools and the Division Offices in the division. The initial term of the agreement is for 10 years and there are two options to renew for a further five years each.

The Division Offices and all schools except Hutterite Colony Schools and Oak River Elementary School are covered by the agreement and will utilize fiber optic cable technology. The Division has paid $1,250,000 net of taxes for this service to cover the initial 10 year service period.

16. 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 school division.