

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

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

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

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

The consolidated financial statements have been audited by PKHC Chartered Professional Accountants, independent external auditors appointed by the Board. The accompanying Independent Auditors' 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

PKHC

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Swan Valley School Division

Opinion

We have audited the financial statements of Swan Valley School Division (the Organization), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of revenue and expenses and accumulated surplus, and the consolidated statement of change in net debt, consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(continues)

Independent Auditor's Report to the Board of Trustees of Swan Valley School Division *(continued)*

- 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 Organization'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 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Swan River, Manitoba
October 28, 2019



Chartered Professional Accountants

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

Oct 28, 2019
Date

Original Document Signed
Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	1,722,722	1,588,993
	Due from - Provincial Government	1,969,596	1,624,633
	- Federal Government	44,654	66,445
	- Municipal Government	3,423,275	3,396,102
	- Other School Divisions	3,600	7,446
	- First Nations	19,125	130,795
	Accounts Receivable	47,997	87,989
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>7,230,969</u>	<u>6,902,403</u>
	Liabilities		
	Overdraft	-	-
	Accounts Payable	846,189	516,249
	Accrued Liabilities	2,224,395	2,246,631
5	Employee Future Benefits	175,733	98,897
	Accrued Interest Payable	359,053	381,013
	Due to - Provincial Government	1,092	918
	- Federal Government	1,988	369
	- Municipal Government	58,161	70,586
	- Other School Divisions	-	-
	- First Nations	1,710	-
6	Deferred Revenue	259,402	567,943
8	Borrowings from the Provincial Government	16,177,706	16,897,617
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		<u>20,105,429</u>	<u>20,780,223</u>
	Net Assets (Debt)	<u>(12,874,460)</u>	<u>(13,877,820)</u>
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	19,889,229	20,881,971
	Inventories	18,984	18,127
	Prepaid Expenses	85,302	61,748
		<u>19,993,515</u>	<u>20,961,846</u>
10	Accumulated Surplus	<u>7,119,055</u>	<u>7,084,026</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
	Revenue		
	Provincial Government	16,177,191	16,334,479
	Federal Government	-	-
	Municipal Government - Property Tax	6,218,210	6,175,420
	- Other	-	-
	Other School Divisions	13,000	25,062
	First Nations	189,540	295,465
	Private Organizations and Individuals	299,255	285,373
	Other Sources	320,666	274,315
	School Generated Funds	564,710	474,624
	Other Special Purpose Funds	22,176	20,014
		<u>23,804,748</u>	<u>23,884,752</u>
	Expenses		
	Regular Instruction	12,114,750	12,154,647
	Student Support Services	3,106,834	2,841,316
	Adult Learning Centres	-	-
	Community Education and Services	38,268	64,745
	Divisional Administration	727,357	722,273
	Instructional and Other Support Services	384,726	409,997
	Transportation of Pupils	1,679,087	1,685,644
	Operations and Maintenance	2,530,968	2,723,771
12	Fiscal - Interest	669,359	680,503
	- Other	327,469	324,020
	Amortization	1,513,173	1,503,193
	Other Capital Items	134,347	27,096
	School Generated Funds	490,322	434,677
	Other Special Purpose Funds	22,176	20,014
		<u>23,738,836</u>	<u>23,591,896</u>
	Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>65,912</u>	<u>292,856</u>
	Less: Non-vested Sick Leave Expense (Recovery)	<u>30,883</u>	<u>(10,787)</u>
	Net Current Year Surplus (Deficit)	<u>35,029</u>	<u>303,643</u>
	Opening Accumulated Surplus	7,084,026	6,780,383
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	-
	Other than Tangible Cap. Assets	-	-
	Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted	<u>7,084,026</u>	<u>6,780,383</u>
	Closing Accumulated Surplus	<u>7,119,055</u>	<u>7,084,026</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)	<u>35,029</u>	<u>303,643</u>
Amortization of Tangible Capital Assets	1,513,173	1,503,193
Acquisition of Tangible Capital Assets	(520,431)	(2,795,032)
(Gain) / Loss on Disposal of Tangible Capital Assets	(15,500)	(20,133)
Proceeds on Disposal of Tangible Capital Assets	<u>15,500</u>	<u>20,133</u>
	<u>992,742</u>	<u>(1,291,839)</u>
Inventories (Increase)/Decrease	(857)	(2,831)
Prepaid Expenses (Increase)/Decrease	<u>(23,554)</u>	<u>(2,205)</u>
	<u>(24,411)</u>	<u>(5,036)</u>
(Increase)/Decrease in Net Debt	<u>1,003,360</u>	<u>(993,232)</u>
Net Debt at Beginning of Year	(13,877,820)	(12,884,588)
Adjustments Other than Tangible Cap. Assets	<u>-</u>	<u>-</u>
	<u>(13,877,820)</u>	<u>(12,884,588)</u>
Net Assets (Debt) at End of Year	<u><u>(12,874,460)</u></u>	<u><u>(13,877,820)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	35,029	303,643
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,513,173	1,503,193
(Gain)/Loss on Disposal of Tangible Capital Assets	(15,500)	(20,133)
Employee Future Benefits Increase/(Decrease)	76,836	(273,483)
Due from Other Organizations (Increase)/Decrease	(234,829)	(630,022)
Accounts Receivable & Accrued Income (Increase)/Decrease	39,992	(50,246)
Inventories and Prepaid Expenses - (Increase)/Decrease	(24,411)	(5,036)
Due to Other Organizations Increase/(Decrease)	(8,922)	(27,159)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	285,744	821,362
Deferred Revenue Increase/(Decrease)	(308,541)	(282,230)
School Generated Funds Liability Increase/(Decrease)	-	(988)
Adjustments Other than Tangible Cap. Assets	-	-
	<u>1,358,571</u>	<u>1,338,901</u>
Cash Provided by (Applied to) Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets	(520,431)	(2,795,032)
Proceeds on Disposal of Tangible Capital Assets	15,500	20,133
	<u>(504,931)</u>	<u>(2,774,899)</u>
Cash Provided by (Applied to) Capital Transactions		
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
	<u>-</u>	<u>-</u>
Cash Provided by (Applied to) Investing Transactions		
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	(719,911)	1,054,600
Other Borrowings Increase/(Decrease)	-	-
	<u>(719,911)</u>	<u>1,054,600</u>
Cash Provided by (Applied to) Financing Transactions		
Cash and Bank / Overdraft (Increase)/Decrease	133,729	(381,398)
Cash and Bank (Overdraft) at Beginning of Year	1,588,993	1,970,391
Cash and Bank (Overdraft) at End of Year	<u><u>1,722,722</u></u>	<u><u>1,588,993</u></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									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	32,316,200	589,777	3,731,221	291,762	1,882,614	1,288,497	280,490	525,105	9,662	40,915,328	38,446,201
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	32,316,200	589,777	3,731,221	291,762	1,882,614	1,288,497	280,490	525,105	9,662	40,915,328	38,446,201
Add:											
Additions during the year	-	-	224,908	-	90,831	71,857	-	-	132,835	520,431	2,795,032
Less:											
Disposals and write downs	-	-	226,197	-	-	26,607	-	-	-	252,804	325,905
Closing Cost	32,316,200	589,777	3,729,932	291,762	1,973,445	1,333,747	280,490	525,105	142,497	41,182,955	40,915,328
Accumulated Amortization											
Opening, as previously reported	13,923,567	496,564	2,397,778	196,674	1,562,309	1,186,148		270,317		20,033,357	18,856,069
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,923,567	496,564	2,397,778	196,674	1,562,309	1,186,148		270,317		20,033,357	18,856,069
Add:											
Current period Amortization	920,564	9,185	267,549	35,397	143,514	84,453		52,511		1,513,173	1,503,193
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	226,197	-	-	26,607		-		252,804	325,905
Closing Accumulated Amortization	14,844,131	505,749	2,439,130	232,071	1,705,823	1,243,994		322,828		21,293,726	20,033,357
Net Tangible Capital Asset	17,472,069	84,028	1,290,802	59,691	267,622	89,753	280,490	202,277	142,497	19,889,229	20,881,971
Proceeds from Disposal of Capital Assets	-	-	10,500	-	-	5,000				15,500	20,133

* Includes network infrastructure.

**SWAN VALLEY SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. Nature of Organization and Economic Dependence

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

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity and Consolidation

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

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

b) Basis of Accounting

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

c) Fund Accounting

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

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

d) School Generated Funds

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

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated

Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

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

e) Tangible Capital Assets

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

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

Asset Description	Capitalization Threshold (\$)	Estimated Useful Life (years)
Land Improvements	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.

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

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

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

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

amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

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

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

f) Employee Future Benefits

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

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The terms and conditions of the Pension Plan for the Employees of Swan Valley School Division are administered by the school division trustees and a division management representative. Participating employees in the plan generally contribute from 7.0% to 9.0% (dependant on age and years of plan membership as outlined in the plan's text) of eligible earnings to the plan. The Division matches this contribution and remits both contributions monthly. No responsibility is assumed by the Division to make any further contribution.

g) Capital Reserve

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

h) Use of Estimates

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

i) Financial instruments

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

j) Adoption of New Accounting Policy PS 3260

Effective July 01, 2014, the Division has adopted the new Public Sector Accounting Board accounting standard – Liability for Contaminated Sites, Section PS 3260. The standard was applied on a retroactive basis to July 01, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

3. Other Investments

	<u>2019</u>	<u>2018</u>
Swan Valley Credit Union Patronage Shares	<u>\$ 0</u>	<u>\$ 0</u>

4. Overdraft

The Division has an authorized line of credit with TD Canada Trust of \$6,000,000 by way of overdrafts and is repayable on demand at prime less 0.75%; paid monthly. Overdrafts are secured by borrowing by-law.

5. Employee Future Benefits

The Division sponsors and administers a defined pension contribution plan. The defined contribution plan is provided to all eligible non teaching employees. Eligible employees contributed, in accordance with the plan text 7.0% to 9.0% of their eligible earnings to the plan. The Division contributions equal the employee required contributions to the plan. Some employees have exercised their right to make voluntary contributions to the plan, which are not matched by the Division. No pension liability is included in the financial statements.

A liability of \$15,160 for event driven sick leave benefits, \$53,544 maternity/parental and \$107,029 estimated non-vested sick leave benefits (\$12,929 maternity/parental, \$9,822 sick leave benefits and \$76,146 estimated non-vested sick leave benefits for 2018) is reflected in the financial statements.

6. Deferred Revenue

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

	Balance as at	Additions	Revenue	Balance as at
	June 30, 2018	in the period	recognized	June 30, 2019
			in the period	
Healthy Child Manitoba Grant	\$ 17,885	\$ 41,000	\$ 36,765	\$ 22,120
Education Property Tax Credit	340,406	65,805	376,599	29,612
Other Province of Manitoba Grants	1,377	65,000	36,210	30,167
Grants from outside sources	41,669	100,147	97,185	44,631
Capital Fund	119,667	-	34,984	84,683
Charitable Scholarship and Other Fund	46,939	23,425	22,176	48,188
School Generated Funds	-	-	-	-
	<u>\$ 567,943</u>	<u>\$ 295,377</u>	<u>\$ 603,919</u>	<u>\$ 259,401</u>

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of \$0 for 2019, \$0 in 2018.

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 July 1, 2018 to June 30, 2019.

8. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2018 to 2039. Payment of principal and interest is funded entirely by grants from

the Province of Manitoba. The debentures carry interest rates that range from 3.250% to 7.000%. Debenture 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 is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2020	920,970	653,927	\$ 1,574,897
2021	955,728	613,374	1,569,102
2022	997,756	571,345	1,569,101
2023	1,023,848	527,380	1,551,228
2024	1,055,332	482,592	1,537,924
	<u>\$ 4,953,634</u>	<u>\$ 2,848,618</u>	<u>\$ 7,802,252</u>

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction is \$0 (previous year \$395).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019	2018
Operating Fund		
Designated Surplus	-	-
Undesignated Surplus	676,630	641,031
Non-vested Sick Leave	(107,029)	(76,145)
	<u>569,601</u>	<u>564,886</u>
Capital Fund		
Reserve Accounts	2,797,171	2,589,704
Equity in Tangible Capital Assets	3,458,118	3,709,659
	<u>6,255,289</u>	<u>6,299,363</u>
Special Purpose Fund		
School Generated Funds	294,165	219,777
Other Special Purpose Funds	-	-
	<u>294,165</u>	<u>219,777</u>
Total Accumulated Surplus	<u>\$ 7,119,055</u>	<u>\$ 7,084,026</u>

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	2018
Board approved appropriation by motion	-	-
School budget carryovers by Board policy	-	-
Designated surplus	<u>\$ -</u>	<u>\$ -</u>

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	2018
Bus reserves	1,358,597	1,128,097
Other reserves	1,438,574	1,461,607
Capital Reserve	<u>\$ 2,797,171</u>	<u>\$ 2,589,704</u>

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

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 45% from 2018 tax year and 55% from 2019 tax year. Below are the related revenue and receivable amounts:

	<u>2019</u>	<u>2018</u>
Revenue-Municipal Government-Property Tax	\$ 6,218,210	\$ 6,175,420
Receivable-Due from Municipal-Property Tax	<u>\$ 3,423,275</u>	<u>\$ 3,396,102</u>

12. Interest Received and Paid

The Division received interest during the year of \$69,976 (previous year \$57,408); interest paid during the year was \$0 (previous year \$395).

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

	<u>2019</u>
Operating Fund	
Fiscal-short term loan interest	\$ 0
Capital Fund	
Debenture debt interest	665,713
Other interest	<u>0</u>
	<u>\$ 665,713</u>

The accrual portion of debenture debt interest expense of \$359,053 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by object

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

	Actual <u>2019</u>	Budget <u>2019</u>	Actual <u>2018</u>
Salaries	\$ 15,436,481	\$ 15,790,698	\$ 15,239,813
Employees benefits & allowances	1,294,509	1,452,302	1,283,005
Services	2,043,272	2,148,905	2,170,548
Supplies, materials & minor equipment	1,747,728	1,557,047	1,849,027
Interest and Bank Charges	669,359	5,000	680,503
Bad debts	-	-	-
Payroll tax	327,469	339,000	324,020
Transfers	60,000	62,600	60,000
Amortization	1,513,173	-	1,503,193
Other capital items	134,347	-	27,096
School generated funds	490,322	-	434,677
Other special purpose funds	22,176	-	20,014
	<u>\$ 23,738,836</u>	<u>\$ 21,355,552</u>	<u>\$ 23,591,896</u>

14. Commitment

As a result of a resolution approved at the 25th of February 2019 school trustees meeting the Division is committed to purchase two new school buses in the amount of approximately \$208,438 during 2019/2020 fiscal year end.