# MANAGEMENT REPORT

## Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Western 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 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 Gislason Targownik Peters, Chartered Professional Accountants, 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*

Gislason Targownik Peters
Chartered Professional Accountants
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## INDEPENDENT AUDITOR'S REPORT

To the board of trustees of
Western School Division

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Western School Division as at June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### 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 entity in accordance with the 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.

### Other Matters

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, 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 consolidated financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the 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 entity'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 cause significant doubt on the entity'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 disclosure 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 entity 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 matter 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.

*Gislason Targownik Peters*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Winkler, Manitoba
October 28, 2019

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.

| | |
|---|---|
| Oct. 28, 2019 | Original Document Signed |
| Date | Chairperson |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

| Notes | | 2019 | 2018 |
|---|---|---|---|
| | **Financial Assets** | | |
| | Cash and Bank | - | - |
| | Due from - Provincial Government | 353,592 | 353,517 |
| | - Federal Government | 52,376 | 30,738 |
| | - Municipal Government | 4,296,950 | 4,210,844 |
| | - Other School Divisions | 254,731 | 234,401 |
| | - First Nations | - | - |
| | Accounts Receivable | 7,128 | 9,457 |
| | Accrued Investment Income | - | - |
| | Portfolio Investments | - | - |
| | | 4,964,777 | 4,838,957 |
| | **Liabilities** | | |
| 3 | Overdraft | 4,240,743 | 4,061,978 |
| | Accounts Payable | 461,779 | 374,812 |
| | Accrued Liabilities | 396,897 | 368,499 |
| 4 | Employee Future Benefits | 123,755 | 132,692 |
| | Accrued Interest Payable | 102,427 | 99,675 |
| | Due to - Provincial Government | 71,149 | 74,150 |
| | - Federal Government | 19,180 | 16,588 |
| | - Municipal Government | - | - |
| | - Other School Divisions | 269,983 | 233,453 |
| | - First Nations | - | - |
| 5 | Deferred Revenue | 896,210 | 888,327 |
| 6 | Borrowings from the Provincial Government | 7,004,024 | 6,936,535 |
| | Other Borrowings | - | - |
| | School Generated Funds Liability | 8,222 | 9,805 |
| | | 13,594,369 | 13,196,514 |
| | **Net Assets (Debt)** | (8,629,592) | (8,357,557) |
| | **Non-Financial Assets** | | |
| 8 | Net Tangible Capital Assets (TCA Schedule) | 14,193,513 | 13,869,260 |
| | Inventories | 46,399 | 5,514 |
| | Prepaid Expenses | 48,103 | 99,214 |
| | | 14,288,015 | 13,973,988 |
| 9 | **Accumulated Surplus** | 5,658,423 | 5,616,431 |

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 | | 14,335,356 | 13,958,548 |
| | Federal Government | | 19,444 | 7,736 |
| | Municipal Government | - Property Tax | 7,175,755 | 7,027,652 |
| | | - Other | 3,200 | 3,200 |
| | Other School Divisions | | 55,250 | 57,200 |
| | First Nations | | - | - |
| | Private Organizations and Individuals | | 288,247 | 278,035 |
| | Other Sources | | 51,666 | 73,271 |
| | School Generated Funds | | 435,960 | 330,239 |
| | Other Special Purpose Funds | | - | - |
| | | | 22,364,878 | 21,735,881 |
| | **Expenses** | | | |
| | Regular Instruction | | 12,943,993 | 12,451,713 |
| | Student Support Services | | 2,728,087 | 2,698,705 |
| | Adult Learning Centres | | 388,324 | 392,331 |
| | Community Education and Services | | 54,633 | 43,592 |
| | Divisional Administration | | 741,365 | 816,651 |
| | Instructional and Other Support Services | | 481,788 | 536,228 |
| | Transportation of Pupils | | 881,429 | 868,280 |
| | Operations and Maintenance | | 2,043,953 | 1,889,853 |
| 11 | Fiscal | - Interest | 398,821 | 376,911 |
| | | - Other | 341,728 | 338,778 |
| | Amortization | | 904,327 | 875,621 |
| | Other Capital Items | | - | - |
| | School Generated Funds | | 423,375 | 324,696 |
| | Other Special Purpose Funds | | - | - |
| | | | 22,331,823 | 21,613,359 |
| | Current Year Surplus (Deficit) before Non-vested Sick Leave | | 33,055 | 122,522 |
| | Less: Non-vested Sick Leave Expense (Recovery) | | (8,937) | 16,179 |
| | Net Current Year Surplus (Deficit) | | 41,992 | 106,343 |
| | Opening Accumulated Surplus | | 5,616,431 | 5,510,088 |
| | Adjustments: | Tangible Cap. Assets and Accum. Amort. | - | - |
| | | Other than Tangible Cap. Assets | - | - |
| | | Non-vested sick leave - prior years | - | - |
| | Opening Accumulated Surplus, as adjusted | | 5,616,431 | 5,510,088 |
| | **Closing Accumulated Surplus** | | 5,658,423 | 5,616,431 |

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) | 41,992 | 106,343 |
| Amortization of Tangible Capital Assets | 904,327 | 875,621 |
| Acquisition of Tangible Capital Assets | (1,228,580) | (931,932) |
| (Gain) / Loss on Disposal of Tangible Capital Assets | (7,627) | (4,437) |
| Proceeds on Disposal of Tangible Capital Assets | 7,627 | 4,437 |
| | (324,253) | (56,311) |
| Inventories (Increase)/Decrease | (40,885) | 11,029 |
| Prepaid Expenses (Increase)/Decrease | 51,111 | (29,998) |
| | 10,226 | (18,969) |
| (Increase)/Decrease in Net Debt | (272,035) | 31,063 |
| Net Debt at Beginning of Year | (8,357,557) | (8,388,620) |
| Adjustments Other than Tangible Cap. Assets | - | - |
| | (8,357,557) | (8,388,620) |
| **Net Assets (Debt) at End of Year** | (8,629,592) | (8,357,557) |

# CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

| | 2019 | 2018 |
|---|---|---|
| **Operating Transactions** | | |
| Net Current Year Surplus (Deficit) | 41,992 | 106,343 |
| Non-Cash Items Included in Current Year Surplus/(Deficit): | | |
| Amortization of Tangible Capital Assets | 904,327 | 875,621 |
| (Gain)/Loss on Disposal of Tangible Capital Assets | (7,627) | (4,437) |
| Employee Future Benefits Increase/(Decrease) | (8,937) | 16,179 |
| Due from Other Organizations (Increase)/Decrease | (128,149) | 818,355 |
| Accounts Receivable & Accrued Income (Increase)/Decrease | 2,329 | 7,946 |
| Inventories and Prepaid Expenses - (Increase)/Decrease | 10,226 | (18,969) |
| Due to Other Organizations Increase/(Decrease) | 36,121 | (1,043,110) |
| Accounts Payable & Accrued Liabilities Increase/(Decrease) | 118,117 | (38,387) |
| Deferred Revenue Increase/(Decrease) | 7,883 | 662,781 |
| School Generated Funds Liability Increase/(Decrease) | (1,583) | 1,644 |
| Adjustments Other than Tangible Cap. Assets | - | - |
| Cash Provided by (Applied to) Operating Transactions | 974,699 | 1,383,966 |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets | (1,228,580) | (931,932) |
| Proceeds on Disposal of Tangible Capital Assets | 7,627 | 4,437 |
| Cash Provided by (Applied to) Capital Transactions | (1,220,953) | (927,495) |
| **Investing Transactions** | | |
| Portfolio Investments (Increase)/Decrease | - | - |
| Cash Provided by (Applied to) Investing Transactions | - | - |
| **Financing Transactions** | | |
| Borrowings from the Provincial Government Increase/(Decrease) | 67,489 | 300,691 |
| Other Borrowings Increase/(Decrease) | - | - |
| Cash Provided by (Applied to) Financing Transactions | 67,489 | 300,691 |
| Cash and Bank / Overdraft (Increase)/Decrease | (178,765) | 757,162 |
| Cash and Bank (Overdraft) at Beginning of Year | (4,061,978) | (4,819,140) |
| **Cash and Bank (Overdraft) at End of Year** | (4,240,743) | (4,061,978) |

Western School Division

## 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 | 21,473,345 | 1,319,764 | 2,121,325 | 168,586 | 713,362 | 461,811 | 1,632,484 | 124,180 | 28,842 | 28,043,699 | 27,249,292 |
| Adjustments | - | - | - | - | - | - | - | - | - | - | - |
| Opening Cost adjusted | 21,473,345 | 1,319,764 | 2,121,325 | 168,586 | 713,362 | 461,811 | 1,632,484 | 124,180 | 28,842 | 28,043,699 | 27,249,292 |
| Add: Additions during the year | 286,178 | - | - | - | 88,634 | - | - | - | 853,768 | 1,228,580 | 931,932 |
| Less: Disposals and write downs | - | - | - | 23,444 | - | - | - | - | - | 23,444 | 137,525 |
| Closing Cost | 21,759,523 | 1,319,764 | 2,121,325 | 145,142 | 801,996 | 461,811 | 1,632,484 | 124,180 | 882,610 | 29,248,835 | 28,043,699 |
| **Accumulated Amortization** | | | | | | | | | | | |
| Opening, as previously reported | 11,135,699 | 563,809 | 1,467,766 | 113,412 | 422,534 | 360,583 | | 110,636 | | 14,174,439 | 13,436,343 |
| Adjustments | - | - | - | - | - | - | | - | | - | - |
| Opening adjusted | 11,135,699 | 563,809 | 1,467,766 | 113,412 | 422,534 | 360,583 | | 110,636 | | 14,174,439 | 13,436,343 |
| Add: Current period Amortization | 598,548 | 49,332 | 117,099 | 20,293 | 86,158 | 23,868 | | 9,029 | | 904,327 | 875,621 |
| Less: Accumulated Amortization on Disposals and Writedowns | - | - | - | 23,444 | - | - | | - | | 23,444 | 137,525 |
| Closing Accumulated Amortization | 11,734,247 | 613,141 | 1,584,865 | 110,261 | 508,692 | 384,451 | | 119,665 | | 15,055,322 | 14,174,439 |
| **Net Tangible Capital Asset** | 10,025,276 | 706,623 | 536,460 | 34,881 | 293,304 | 77,360 | 1,632,484 | 4,515 | 882,610 | 14,193,513 | 13,869,260 |
| **Proceeds from Disposal of Capital Assets** | - | - | - | 7,627 | - | - | | | | 7,627 | 4,437 |

* 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.

### 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) 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 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 ($) | Estimate Useful Life (years) |
|---|---|---|
| Land Improvements | 25,000 | 10 |
| Buildings – bricks, mortar and steel | 25,000 | 40 |
| Buildings – wood frame | 25,000 | 25 |
| School buses | 20,000 | 10 |
| Vehicles | 10,000 | 5 |
| Equipment | 10,000 | 5 |
| Network infrastructure | 25,000 | 10 |
| Computer hardware, servers & peripherals | 5,000 | 4 |
| Computer software | 10,000 | 4 |
| Furniture & fixtures | 5,000 | 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.

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.

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 non-teaching employees. These benefits include defined contribution pension, and sick leave. The Division adopted the following policy with respect to accounting for these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion of a defined contribution plan administered by Sun Life Financial for non-teaching employees. Under this plan, mandatory amounts based on employee earnings are calculated and forwarded to the pension administrator. The Division matches these contributions equally. No responsibility is assumed by the Division to make any further contribution.

<u>Non-vested Accumulated Sick Leave</u>

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

**g) Capital Reserve**

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

**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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**i) Financial instruments**

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

## 3. Bank Overdraft

The Division has an authorized line of credit with Access Credit Union Limited of $7,250,000 by way of overdrafts and is repayable on demand at prime less 0.5%.

## 4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by Sun Life Financial. Non-teaching employees enrolled in the plan contribute 5.75% of gross earnings. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements. The employee future benefit expense is part of the Employee Benefits and Allowances expense account.

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 cost for 2018-19 is $123,755 (2017-18 $132,692).

## 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 |
|---|---|---|---|---|
| Manitoba Textbook Bureau | $ 15,115 | $ 51,042 | $ 54,099 | $ 12,058 |
| Education & Property Tax Credit | 825,072 | 2,098,860 | 2,088,141 | 835,791 |
| Other | 48,140 | 65,350 | 65,129 | 48,361 |
| | $ 888,327 | $ 2,215,252 | $ 2,207,369 | $ 896,210 |

## 6. 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 2020 to 2038. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3% to 7.25%. 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 | 444,115 | 307,337 | 751,452 |
| 2021 | 440,300 | 385.361 | 725,661 |
| 2022 | 423,609 | 264.106 | 687,715 |
| 2023 | 433,102 | 244.431 | 677,533 |
| 2024 | 450,814 | 224.495 | 675,309 |
| | $2,191,940 | $1,325,730 | $3,517,669 |

## 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 $114,814.

## 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 | $ 29,248,835 | $ 15,055,322 | $ 14,193,513 |

## 9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

| | 2019 | 2018 |
|---|---|---|
| Operating Fund | | |
| Designated Surplus | $ - | $ - |
| Non-vested Sick Leave | (123,754) | (132,692) |
| Undesignated Surplus | 784,320 | 830,568 |
| | 660,566 | 697,876 |
| Capital Fund | | |
| Reserve Accounts | 694,820 | 574,820 |
| Equity in Tangible Capital Assets | 4,196,445 | 4,249,728 |
| | 4,891,265 | 4,824,548 |
| Special Purpose Fund | | |
| School Generated Funds | 106,592 | 94,007 |
| Other Special Purpose Funds | - | - |
| | 106,592 | 94,007 |
| | $5,658,423 | $5,616,431 |

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 |
|---|---|---|
| New school reserves | $ 200,000 | $ 200,000 |
| Bus reserves | 494,820 | 374,820 |
| | $ 694,820 | $ 574,820 |

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

## 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 is raised over the two calendar (tax) years; 40% from 2018 tax year and 60% from 2019 tax year. Below are the related revenue and receivable amounts:

| | 2019 | 2018 |
|---|---|---|
| Revenue-Municipal Government-Property Tax | $ 7,175,755 | $ 7,027,653 |
| Receivable-Due from Municipal-Property Tax | $ 4,296,950 | $ 4,210,844 |

## 11. Interest Received and Paid

The Division received interest during the year of $6,635 (2018 - $2,297); interest paid during the year was $398,821 (2018 - $376,913).

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

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Operating Fund | | | | |
| Fiscal-short term loan, interest and bank charges | $ | 32,181 | $ | 31,972 |
| Capital Fund | | | | |
| Debenture debt interest | | 310,733 | | 299,158 |
| Other interest | | 55,907 | | 45,783 |
| | $ | 398.821 | $ | 376,913 |

The accrual portion of debenture debt interest expense of $102,427 included under the Capital Fund-Debenture debt interest 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 | $ 15,900,844 | $ 16,249,264 | $ 15,732,270 |
| Employees benefits & allowances | 1,096,105 | 1,108,725 | 1,081,644 |
| Services | 1,792,926 | 1,838,745 | 1,704,530 |
| Supplies, materials & minor equipment | 1,350,704 | 1,148,961 | 1,064,779 |
| Interest | 32,181 | 25,000 | 31,972 |
| Payroll Tax | 341,728 | 349,359 | 338,778 |
| Amortization | 904,327 | - | 875,921 |
| Other capital items | - | - | - |
| School generated funds | 423,375 | - | 324,696 |
| Transfers | 122,993 | 262,750 | 114,130 |
| | $ 21,965,183 | $ 20,982,804 | $ 21,268,720 |

## 13. Contractual Obligations

The Division has entered into a lease agreement for its Vocational Piping Program premises with monthly payments expiring December 2021 and Adult Learning Centre premises with monthly payments expiring November 2023.

The minimum annual lease payment for the next five years is as follows:

| | |
|---|---|
| 2020 | $90,721 |
| 2021 | $94,008 |
| 2022 | $69,968 |
| 2023 | $29,366 |
| 2024 | $ - |