

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Pine Creek 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 (CPA) of Canada. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements.

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

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

The consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

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Chairperson

Original Document Signed

Secretary-Treasurer

October 8, 2019

Independent Auditors' Report

To the Board of Trustees of Pine Creek School Division:

Opinion

We have audited the accompanying consolidated financial statements of Pine Creek 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 Pine Creek 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 Auditors' 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.

Auditors' 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 auditors' 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.

Independent Auditors' Report - Continued

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Division to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Division to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Brandon, Manitoba
October 8, 2019

MNP LLP
Chartered Professional Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Pine Creek School Division.

Original Document Signed

Chairperson of the Board

October 8, 2019

Date

MNP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	460,964	1,054,990
	Due from - Provincial Government	554,530	370,348
	- Federal Government	40,878	43,571
	- Municipal Government	3,182,677	3,119,603
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	19,054	43,129
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>4,258,103</u>	<u>4,631,641</u>
	Liabilities		
	Overdraft	-	-
	Accounts Payable	166,253	221,623
	Accrued Liabilities	1,460,721	1,514,212
2	Employee Future Benefits	96,137	80,280
	Accrued Interest Payable	67,300	71,557
	Due to - Provincial Government	-	2,821
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	46,603	68,335
	- First Nations	-	-
5	Deferred Revenue	451,567	641,795
6	Borrowings from the Provincial Government	3,594,736	3,779,325
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		<u>5,883,317</u>	<u>6,379,948</u>
	Net Assets (Debt)	<u>(1,625,214)</u>	<u>(1,748,307)</u>
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	5,005,320	5,187,088
	Inventories	-	-
	Prepaid Expenses	16,121	50,960
		<u>5,021,441</u>	<u>5,238,048</u>
8	Accumulated Surplus	<u>3,396,227</u>	<u>3,489,741</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	9,523,739	9,587,520
Federal Government	-	-
Municipal Government	6,451,976	6,302,854
- Property Tax		
- Other	-	-
Other School Divisions	39,000	29,900
First Nations	-	-
Private Organizations and Individuals	-	-
Other Sources	89,590	47,249
School Generated Funds	233,852	282,712
Other Special Purpose Funds	-	-
	<u>16,338,157</u>	<u>16,250,235</u>
Expenses		
Regular Instruction	9,210,891	9,012,755
Student Support Services	1,940,163	1,609,493
Adult Learning Centres	-	-
Community Education and Services	15,953	17,014
Divisional Administration	579,246	584,062
Instructional and Other Support Services	591,646	528,885
Transportation of Pupils	1,274,616	1,213,571
Operations and Maintenance	1,572,932	1,516,645
10 Fiscal	173,499	165,722
- Interest		
- Other	257,407	243,155
Amortization	560,173	530,142
Other Capital Items	-	-
School Generated Funds	239,288	269,691
Other Special Purpose Funds	-	-
	<u>16,415,814</u>	<u>15,691,135</u>
Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>(77,657)</u>	<u>559,100</u>
Less: Non-vested Sick Leave Expense (Recovery)	<u>15,857</u>	<u>11,505</u>
Net Current Year Surplus (Deficit)	<u>(93,514)</u>	<u>547,595</u>
Opening Accumulated Surplus	3,489,741	2,942,146
Adjustments:		
Tangible Cap. Assets and Accum. Amort.	-	-
Other than Tangible Cap. Assets	-	-
Non-vested sick leave - prior years	-	-
Opening Accumulated Surplus, as adjusted	<u>3,489,741</u>	<u>2,942,146</u>
Closing Accumulated Surplus	<u>3,396,227</u>	<u>3,489,741</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>(93,514)</u>	<u>547,595</u>
Amortization of Tangible Capital Assets	560,173	530,142
Acquisition of Tangible Capital Assets	(378,405)	(1,599,687)
(Gain) / Loss on Disposal of Tangible Capital Assets	(6,088)	-
Proceeds on Disposal of Tangible Capital Assets	6,088	-
	<u>181,768</u>	<u>(1,069,545)</u>
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	34,839	20,472
	<u>34,839</u>	<u>20,472</u>
(Increase)/Decrease in Net Debt	<u>123,093</u>	<u>(501,478)</u>
Net Debt at Beginning of Year	(1,748,307)	(1,246,829)
Adjustments Other than Tangible Cap. Assets	-	-
	<u>(1,748,307)</u>	<u>(1,246,829)</u>
Net Assets (Debt) at End of Year	<u><u>(1,625,214)</u></u>	<u><u>(1,748,307)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	(93,514)	547,595
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	560,173	530,142
(Gain)/Loss on Disposal of Tangible Capital Assets	(6,088)	-
Employee Future Benefits Increase/(Decrease)	15,857	11,505
Due from Other Organizations (Increase)/Decrease	(244,563)	247,903
Accounts Receivable & Accrued Income (Increase)/Decrease	24,075	(8,610)
Inventories and Prepaid Expenses - (Increase)/Decrease	34,839	20,472
Due to Other Organizations Increase/(Decrease)	(24,553)	(19,309)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(113,118)	203,678
Deferred Revenue Increase/(Decrease)	(190,228)	556,944
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
	<u>(37,120)</u>	<u>2,090,320</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(378,405)	(1,599,687)
Proceeds on Disposal of Tangible Capital Assets	6,088	-
	<u>(372,317)</u>	<u>(1,599,687)</u>
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)	(184,589)	823,596
Other Borrowings Increase/(Decrease)	-	-
	<u>(184,589)</u>	<u>823,596</u>
Cash and Bank / Overdraft (Increase)/Decrease	(594,026)	1,314,229
Cash and Bank (Overdraft) at Beginning of Year	1,054,990	(259,239)
Cash and Bank (Overdraft) at End of Year	<u><u>460,964</u></u>	<u><u>1,054,990</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	12,151,239	477,552	3,041,485	176,738	445,613	307,646	75,334	-	1,125,812	17,801,419	16,201,732
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	12,151,239	477,552	3,041,485	176,738	445,613	307,646	75,334	-	1,125,812	17,801,419	16,201,732
Add:											
Additions during the year	1,257,121	-	-	40,270	66,304	6,061	-	-	(991,351)	378,405	1,599,687
Less:											
Disposals and write downs	-	-	71,439	-	-	67,500	-	-	-	138,939	-
Closing Cost	13,408,360	477,552	2,970,046	217,008	511,917	246,207	75,334	-	134,461	18,040,885	17,801,419
Accumulated Amortization											
Opening, as previously reported	9,518,833	349,533	2,282,885	157,080	192,986	113,014		-		12,614,331	12,084,189
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	9,518,833	349,533	2,282,885	157,080	192,986	113,014		-		12,614,331	12,084,189
Add:											
Current period Amortization	289,512	11,994	146,974	11,891	47,777	52,025		-		560,173	530,142
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	71,439	-	-	67,500		-		138,939	-
Closing Accumulated Amortization	9,808,345	361,527	2,358,420	168,971	240,763	97,539		-		13,035,565	12,614,331
Net Tangible Capital Asset	3,600,015	116,025	611,626	48,037	271,154	148,668	75,334	-	134,461	5,005,320	5,187,088
Proceeds from Disposal of Capital Assets	-	-	6,088	-	-	-				6,088	-

* Includes network infrastructure.

**PINE CREEK SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. Nature of Organization and Economic Dependence

The Pine Creek 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 (CPA) 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 Pine Creek School Division. The Division reporting entity includes school generated funds.

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.

Asset Description	Capitalization Threshold	Estimated Useful Life (years)
Land Improvements	50,000	10
Buildings – brick, 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.

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 in the 2011/2012 fiscal year, expected future payment on 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, 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.

k) Liability for Contaminated Sites

The Division has adopted PS3260 Liability for Contaminated Sites effective March 31, 2015. No sites have been identified and no liability has been established in Pine Creek School Division.

3. Overdraft

The Division has an authorized line of credit with Stride Credit Union of \$4,000,000 by way of overdrafts and is repayable on demand at prime less 0.25%; 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 and include vacation accrual, supplemental employment and sick leave benefits. As well, expected future payment on 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.

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, 2018
Manitoba Textbook Bureau	\$ 2,214	\$ 0	\$ 2,214	\$ 0
Education Property Tax Credit	\$ 510,103	\$ 329,730	\$ 510,103	\$ 329,730
International Tuition	\$ 0	\$ 0	\$ 0	\$ 0
Donated Capital Assets	\$ 129,478	\$ 121,837	\$ 129,478	\$ 121,837
Other special purpose funds	\$ 0	\$ 0	\$ 0	\$ 0
	<u>\$ 641,795</u>	<u>\$ 451,567</u>	<u>\$ 641,795</u>	<u>\$ 451,567</u>

6. Borrowings from the Provincial Government

The borrowings from the Provincial Government of the Division are 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 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 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 future debenture and promissory note principal and interest repayments are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$314,835	\$159,616	\$474,452
2021	\$298,935	\$142,521	\$441,456
2022	\$282,866	\$126,776	\$409,641
2023	\$255,280	\$112,325	\$367,605
2024	<u>\$234,134</u>	<u>\$ 99,867</u>	<u>\$334,001</u>
Thereafter	<u>\$2,208,687</u>	<u>\$553,245</u>	<u>\$2,761,931</u>
	<u>\$3,594,736</u>	<u>\$1,194,350</u>	<u>\$4,789,086</u>

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 \$0 (previous year \$0).

	Gross Amount	Accumulated Amortization	2019 Net Book Value
Owned-tangible capital assets	<u>\$18,040,885</u>	<u>\$13,035,565</u>	<u>\$5,005,320</u>

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	<u>2019</u>
Operating Fund	
Designated Surplus	\$ 30,684
Undesignated Surplus	\$ 580,827
Non Vested Sick Leave to date	(<u>\$ 96,137</u>)
	<u>\$ 515,374</u>
Capital Fund	
Reserve Accounts	\$1,554,992
Equity in Tangible Capital Assets	<u>\$1,278,569</u>
	<u>\$2,833,561</u>
Special Purpose Fund	
School Generated Funds	\$ 47,292
Other Special Purpose Funds	<u>\$ 0</u>
	<u>\$ 47,292</u>
Total Accumulated Surplus	<u>\$ 3,396,227</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.

	<u>2019</u>
School budget carryovers by division procedure	\$ 30,684
Other carryovers by board motion	<u>\$ 0</u>
Designated surplus	<u>\$ 30,684</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 (and 24A) of the audited financial statements.

	<u>2019</u>
Bus reserves	\$ 427,895
Other reserves	<u>\$1,127,097</u>
Capital Reserve	<u>\$1,554,992</u>

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

Education property tax or Special Levy is raised as the Division’s contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense statement is raised over the two calendar (tax) years; 50% from 2018 tax year and 50% from 2019 tax year. Below are the related revenue and receivable amounts:

	<u>2019</u>	<u>2018</u>
Revenue–Municipal Government-Property Tax	<u>\$6,451,976</u>	<u>\$6,302,854</u>
Receivable-Due from Municipal-Property Tax	<u>\$3,182,677</u>	<u>\$3,119,603</u>

10. Interest Received and Paid

The Division received interest during the year of \$26,091 (previous year \$15,750); interest paid during the year was \$173,499 (previous year \$165,722).

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

	<u>2019</u>
Operating Fund	
Fiscal-short term loan, interest and bank charges	\$ 6,172
Capital fund	
Debenture debt and promissory note interest	\$167,327
Other interest	<u>\$ 0</u>
	<u>\$173,499</u>

The accrual portion of debenture debt interest expense of \$67,300 included under the Capital Fund-Debenture debt/promissory note interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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	\$11,498,921	\$11,341,490	\$11,015,969
Employees benefits & allowances	\$ 968,565	\$ 888,546	\$ 822,674
Services	\$ 1,501,072	\$ 1,617,899	\$ 1,411,295
Supplies, materials & minor equipment	\$ 1,181,805	\$ 1,178,595	\$ 1,199,829
Interest	\$ 173,499	\$ 8,000	\$ 165,722
Bad debts	\$ 0	\$ 0	\$ 0
Payroll tax – and transfers	\$ 292,491	\$ 276,224	\$ 275,816
Amortization	\$ 560,173	\$ 0	\$ 530,142
Other capital items	\$ 0	\$ 160,000	\$ 0
School generated funds	\$ 239,288	\$ 0	\$ 269,961
Other special purpose funds	\$ 0	\$ 0	\$ 0
	<u>\$16,415,814</u>	<u>\$15,470,754</u>	<u>\$15,691,135</u>