

The Public Schools Finance Board

Annual Report

For the period July 1, 2020 to November 6, 2020





**MINISTER
OF EDUCATION**

Room 168
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

Her Honour the Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I present herewith the final annual report of the Public Schools Finance Board for the period July 1 through November 6, 2020.

Respectfully submitted,

Original Document Signed

Cliff Cullen





Education
Deputy Minister

Room 162, Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

Honourable Cliff Cullen
Minister of Education
168 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of submitting the final annual report of the Public Schools Finance Board for the period July 1 to November 6, 2020.

Respectfully submitted,

Original Document Signed
Dana Rudy



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

To the Minister of Education

Opinion

We have audited the financial statements of The Public Schools Finance Board (PSFB), which comprise the statement of financial position as at November 6, 2020, and the statement of operations and accumulated surplus, the statement of change in net financial assets and the statement of cash flow for the period 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 PSFB as at November 6, 2020, and the results of its operations, changes in its net financial assets, and its 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 PSFB 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.

Emphasis of Matter

We draw attention to Note 13 to the financial statements, which describes that *The Public Schools Finance Board Act* was repealed resulting in the Board being dissolved and the operations of the Board being moved into the Department of Education. Our opinion is not modified in respect of this matter.

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 PSFB'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 an intention exists to liquidate PSFB or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PSFB'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 PSFB'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 PSFB'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.
- 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.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
July 7, 2021

PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to July 7, 2021. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of assets.

The responsibility of the Auditor General and its staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The audit committee equivalent has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management

Original Document Signed

Tina Choy-Pohl

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position

As at Nov 6, 2020

	<u>Nov 6, 2020</u>	<u>Jun 30, 2020</u>
	(in thousands of dollars)	
Financial Assets		
Cash	\$ 1,038	\$ 1,325
Funds on deposit with the Province of Manitoba	354	42
Due from:		
Municipal corporations - Education Support Levy	33,427	108,212
Other	1,046	922
	<u>35,865</u>	<u>110,501</u>
Liabilities		
Interest payable on short term debt	27	459
Other payables	315	359
Support payable to school divisions	566	1,108
Notes payable - Province of Manitoba	22,360	96,349
	<u>23,268</u>	<u>98,275</u>
Accumulated Surplus and Net Financial Assets	<u>\$ 12,597</u>	<u>\$ 12,226</u>

The accompanying notes are an integral part of these financial statements.
On November 6, 2020 the Public Schools Finance Board was dissolved.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Operations and Accumulated Surplus

for the period July 1, 2020 to Nov 6, 2020

	Budget Nov 6, 2020	Actual Nov 6, 2020	Actual Jun 30, 2020
	(in thousands of dollars)		
Revenue			
Province of Manitoba - Funding of Schools Program	\$ 210,188	\$ 209,494	\$ 1,110,840
Municipal corporations - Education Support Levy	36,011	36,011	180,095
	<u>246,199</u>	<u>245,505</u>	<u>1,290,935</u>
Expenses			
Operational support program (Note 8)	217,752	217,066	1,089,981
Capital support program (Note 9)	28,078	27,649	205,032
Administrative and other expenses (Note 10)	369	330	2,346
	<u>246,199</u>	<u>245,045</u>	<u>1,297,359</u>
Current Year Surplus / (Deficit)	\$ 0	\$ 460	\$ (6,424)
Accumulated Surplus, Beginning of Year As previously reported		12,226	18,650
Prior period adjustments (Note 11)		(89)	-
Accumulated Surplus, Beginning of Year As Restated		12,137	18,650
Accumulated Surplus, End of Year		<u><u>\$ 12,597</u></u>	<u><u>\$ 12,226</u></u>

The accompanying notes are an integral part of these financial statements.
On November 6, 2020 the Public Schools Finance Board was dissolved.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Change in Net Financial Assets for the period July 1, 2020 to Nov 6, 2020

	Actual Nov 6, 2020	Actual Jun 30, 2020
	(in thousands of dollars)	
Current Year Surplus (Deficit)	\$ 460	\$ (6,424)
Net Financial Assets, beginning of year, as previously reported	\$ 12,226	\$ 18,650
Prior period adjustments (Note 11)	(89)	-
Net Financial Assets, Beginning of year, as restated	12,137	18,650
Net Financial Assets, End of year, as restated	\$ 12,597	\$ 12,226

The accompanying notes are an integral part of these financial statements.
On November 6, 2020 the Public Schools Finance Board was dissolved.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow

for the period July 1, 2020 to Nov 6, 2020

	<u>Nov 6, 2020</u>	<u>Jun 30, 2020</u>
	(in thousands of dollars)	
Operating Activities		
Current year Surplus (Deficit)	\$ 460	\$ (6,424)
Changes in non cash Items:		
Non cash item	(89)	-
Due from:		
Municipal corporations - Education Support Levy	74,785	(31)
Other	(124)	1,747
Accrued interest	(432)	(128)
Other payables	(44)	(171)
Support payable to school divisions	(542)	701
	<u>74,014</u>	<u>(4,306)</u>
Financing Activities		
Notes payable - Province of Manitoba	(73,989)	3,704
Increase (decrease) in Cash and Funds on Deposit with the Province	25	(602)
Cash and Funds on Deposit with the Province, Beginning of year	1,367	1,969
Cash and Funds on Deposit with the Province, End of year	<u><u>\$ 1,392</u></u>	<u><u>\$ 1,367</u></u>
Consists of:		
Cash	\$ 1,038	\$ 1,325
Funds on deposit with Province of Manitoba	354	42
	<u><u>\$ 1,392</u></u>	<u><u>\$ 1,367</u></u>
Supplemental Cash Flow Information:		
Interest paid	\$ 762	\$ 1,009

The accompanying notes are an integral part of these financial statements.
On November 6, 2020 the Public Schools Finance Board was dissolved.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

1. Nature of the Board's operations

The Public Schools Finance Board (Board) was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid for the financing of operating and capital expenditures of public schools in Manitoba. It is responsible for the determination and distribution of all capital grants to Manitoba school divisions under the capital support program. It is also responsible for the distribution of all operating grants to Manitoba school divisions under the operating support program in amounts as determined by the Minister of Education. These monies are credited to and paid out from the Education Support Fund.

The Public Schools Act and its Regulations govern the Education Support Fund.

On November 6, 2020, the Public Schools Finance Board Act was repealed, dissolving the Public Schools Finance Board. The duties of the Board were assigned to the Minister of Education, under the Public Schools Act, and all assets and liabilities were transferred to the Department of Education on that date.

The following notes and policies will not apply beyond the dissolution date.

2. Significant accounting policies

(a) Basis of accounting:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Budget

The scope of these financial statements is limited to operations for the period July 1st to November 6th, 2020 and the budget reported in the Statement of Operations and Accumulated Surplus represents estimated cash flow requirements for that period.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

(c) Revenue:

The Province of Manitoba Funding of School Program revenue is recognized as funds drawn from the Province of Manitoba Appropriations, adjusted to a school year basis.

The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board recognizes 60% of the calendar year's revenue in period January to June and 40% in period July to December. In November 6, 2020 the Public Schools Finance Board recognized 20% of the Education Support Levy for calendar year 2020.

All revenues are recognized on a gross basis.

(d) Expenses:

Expenses are recognized at a gross amount on an accrual basis.

Operating support program represents amounts paid to school divisions and are recognized as expenses in the period the transfer is authorized, any eligibility criteria are met, and the amount can be reasonably estimated.

Capital support program represents the face value of long-term promissory notes paid to school divisions in support of capital projects, as well as amounts paid in cash for minor capital projects and school building support grant. These are recognized as expenses in the period the transfer is authorized, any eligibility criteria are met, and the amount can be reasonably estimated.

(e) Liabilities:

Liabilities are recognized at cost in the financial statements when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(f) Financial instruments:

The Board's financial instruments consist of cash, funds on deposit with the Province of Manitoba, accounts receivable, accrued interest, accounts payable, support payable to school divisions and notes payable. These are recorded at cost or amortized cost.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

3. Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Financial instruments risk management

The Board has exposure to the following risks from its use of financial instruments: credit and liquidity risk. The Board has no foreign currency denominated assets. There have been no significant changes from the previous year to risk or policies, procedures and methods used to measure risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes a financial loss to another party. Financial Instruments which potentially subject the Board to credit risk include cash, funds on deposit, and accounts receivable.

Cash and funds on deposit are not subject to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba. Accounts receivable are not exposed to significant credit risk. The majority of accounts cover education support levies collected from towns and municipalities within the Province of Manitoba. These are typically paid in full. No allowance for doubtful accounts is required. The remaining balance of accounts receivable is from school divisions.

(b) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages risk by maintaining adequate cash balances and by review from the Board to ensure that adequate funding will be received to meet its obligations.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

5. Funds on deposit with the Province of Manitoba

The funds on deposit with the Province of Manitoba are recorded at cost, which approximates fair market value.

6. Support payable to school divisions

This amount represents the present obligations of operational support funding owing to school divisions as a result of revisions in the calculations of certain Funding of Schools Program grants and other non-operational grants occurring prior to the end of the year.

7. Notes payable

Notes payable to the Province of Manitoba are due on demand. The interest payable on the notes is the Royal Bank prime rate less 75 basis points.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

8. Operational support program

	Actual Nov 6, 2020	Actual Jun 30, 2020
	(in thousands of dollars)	
Instructional Support	\$ 66,258	\$ 331,144
Sparsity Support	2,183	10,981
Curricular Materials	2,063	10,321
Information Technology	2,132	10,665
Library Services	3,163	15,825
Student Services Grant	12,876	64,648
Additional Instructional Support for Small Schools	109	799
Counselling and Guidance	2,854	14,277
Professional Development	1,404	7,019
Occupancy	16,902	85,267
Physical Education	727	3,695
Transportation	8,617	43,459
Board and Room	45	221
Special Needs	18,018	91,022
Senior Years Technology Education	1,667	8,579
English as an Additional Language	2,438	12,513
Aboriginal Academic Achievement	2,054	10,362
Aboriginal and International Languages	49	245
French Language Education	1,666	8,191
Small Schools	598	3,019
Enrolment Change Support	1,198	6,850
Northern Allowance	1,003	5,040
Early Childhood Development Initiative	514	2,594
Literacy and Numeracy	2,860	14,311
Education for Sustainable Development	97	488
Equalization Support	63,231	312,195
Formula Guarantee	1,844	12,229
Technology Education Equipment Replacement	496	2,500
Skills Strategy Equipment Enhancement Fund	-	1,481
Adjustment of previous years' support to school divisions from estimated to actual	-	41
	\$ 217,066	\$ 1,089,981

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

9. Capital support program

	Actual Nov 6, 2020	Actual Jun 30, 2020
	(in thousands of dollars)	
Capital grants	\$ 26,324	\$ 198,868
Minor capital projects	136	164
School buildings "D" support	1,189	6,000
	\$ 27,649	\$ 205,032

10. Administrative and other expenses

The Board's administration costs for this period are covered by the Department of Central Services.

	Actual Nov 6, 2020	Actual Jun 30, 2020
	(in thousands of dollars)	
Board administration:		
Staff salaries and benefits	\$ 0	\$ 1,018
Service agreement	0	164
Professional services	0	7
Meetings and travel	0	8
Desktop management	0	71
Rent	0	115
Printing, stationery, postage and supplies	0	11
Telephone and fax	0	11
Professional development	0	51
Computers, software and minor equipment	0	9
Total board administration expenses	0	1,465
Interest charges on notes payable to the Province of Manitoba	330	881
	\$ 330	\$ 2,346

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at Nov 6, 2020

11. Prior Period Adjustments

The opening Net Assets as at June 30, 2020 were adjusted by \$89 due to the correction of an error caused by a reversing year-end accrual that was not reversed in prior years. The year-end accrual converted long term debt principal and interest, payable by the Department of Families to the Public Schools Finance Board, from fiscal year to school year.

12. Related party transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

The Minister and Deputy Minister of Manitoba Education including their close family members and any controlled businesses are identified as related parties.

13. Transfer of Net Financial Asset to Department of Education

Bill 2 from the 3rd Session of the 42nd Manitoba Legislature, which received Royal Assent on November 6, 2020, dissolved the Public Schools Finance Board. All assets and liabilities of the Public Schools Finance Board were transferred to the Department of Education on that date.