

## MANAGEMENT REPORT

### Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Flin Flon 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 Kendall & Pandya Chartered Accountants, 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.

Original Document Signed  
Chairperson

Original Document Signed  
Secretary-Treasurer

October 27, 2020

# KENDALL & PANDYA

Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

Partners: David Kendall, FCPA, FCA\*  
Manisha Pandya, CPA, CA\*  
\* Operating as professional corporations

To the Board of Trustees of:  
Flin Flon School Division No. 46

### **Opinion**

We have audited the consolidated financial statements of Flin Flon School Division No. 46, which comprise the consolidated statement of financial position as at June 30, 2020 and the consolidated statement of revenue, expenses and accumulated surplus and statement of cash flows for the year then ended, and notes to the consolidated financial statements including 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 consolidated financial position of the Flin Flon School Division No. 46 as at June 30, 2020, 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 consolidated financial statements* section of our report. We are independent of the Flin Flon School Division No. 46 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.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated 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 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 Flin Flon School Division No. 46'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 Flin Flon School Division No. 46 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Flin Flon School Division No. 46'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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

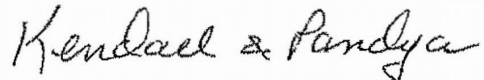
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The

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 Flin Flon School Division No. 46'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 Flin Flon School Division No. 46's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Flin Flon School Division No. 46 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.

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.

Flin Flon, Manitoba



October 27, 2020

Chartered Professional Accountants

I hereby certify that this report and the statements and reports references herein have been presented to the Board of Trustees of the above-mentioned School Division.

October 27, 2020

Original Document Signed  
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Chairperson

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at June 30

Notes		2020	2019
	<b>Financial Assets</b>		
	Cash and Bank	1,721,885	-
	Due from - Provincial Government	1,276,860	975,958
	- Federal Government	-	-
	- Municipal Government	1,853,710	1,835,689
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	65,671	220,302
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>4,918,126</u>	<u>3,031,949</u>
	<b>Liabilities</b>		
	Overdraft	-	127,679
	Accounts Payable	485,491	573,293
	Accrued Liabilities	1,867,053	1,514,804
2g	Employee Future Benefits	21,812	21,339
	Accrued Interest Payable	126,519	105,275
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	73,597	55,764
6	Borrowings from the Provincial Government	7,813,567	4,802,006
	Other Borrowings	-	-
	School Generated Funds Liability	8,543	8,815
		<u>10,396,582</u>	<u>7,208,975</u>
	<b>Net Assets (Debt)</b>	<u>(5,478,456)</u>	<u>(4,177,026)</u>
	<b>Non-Financial Assets</b>		
12	Net Tangible Capital Assets (TCA Schedule)	8,639,922	6,827,059
	Inventories	-	-
	Prepaid Expenses	24,611	36,999
		<u>8,664,533</u>	<u>6,864,058</u>
14	<b>Accumulated Surplus</b>	<u>3,186,077</u>	<u>2,687,032</u>

See accompanying notes to the Financial Statements

# **CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS**

For the Year Ended June 30

Notes		2020	2019
	<b>Revenue</b>		
	Provincial Government	11,309,729	11,004,365
	Federal Government	50,610	55,556
	Municipal Government - Property Tax	3,629,912	3,599,092
	- Other	-	-
	Other School Divisions	264,164	257,024
	First Nations	11,796	55,741
	Private Organizations and Individuals	159,149	190,472
	Other Sources	99,843	74,035
	School Generated Funds	204,082	296,971
	Other Special Purpose Funds	-	-
		<u>15,729,285</u>	<u>15,533,256</u>
	<b>Expenses</b>		
	Regular Instruction	7,929,085	8,202,778
	Student Support Services	2,584,224	2,722,986
	Adult Learning Centres	94,214	96,492
	Community Education and Services	13,940	8,840
	Divisional Administration	657,698	660,764
	Instructional and Other Support Services	243,288	347,608
	Transportation of Pupils	346,071	458,730
	Operations and Maintenance	2,236,812	2,274,473
9	Fiscal - Interest	268,580	132,657
	- Other	221,441	234,663
	Amortization	400,480	340,095
	Other Capital Items	-	-
	School Generated Funds	234,407	245,067
	Other Special Purpose Funds	-	-
		<u>15,230,240</u>	<u>15,725,153</u>
	Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>499,045</u>	<u>(191,897)</u>
	Less: Non-vested Sick Leave Expense (Recovery)	<u>0</u>	<u>0</u>
	Net Current Year Surplus (Deficit)	<u>499,045</u>	<u>(191,897)</u>
	Opening Accumulated Surplus	2,687,032	2,878,929
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	-
	Other than Tangible Cap. Assets	-	-
	Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted	<u>2,687,032</u>	<u>2,878,929</u>
	<b>Closing Accumulated Surplus</b>	<u>3,186,077</u>	<u>2,687,032</u>

See accompanying notes to the Financial Statements

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	499,045	(191,897)
Amortization of Tangible Capital Assets	400,480	340,095
Acquisition of Tangible Capital Assets	(2,213,343)	(2,598,657)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(1,812,863)	(2,258,562)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	12,388	7,639
	12,388	7,639
(Increase)/Decrease in Net Debt	(1,301,430)	(2,442,820)
Net Debt at Beginning of Year	(4,177,026)	(1,734,206)
Adjustments Other than Tangible Cap. Assets	-	-
	(4,177,026)	(1,734,206)
<b>Net Assets (Debt) at End of Year</b>	<b>(5,478,456)</b>	<b>(4,177,026)</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

For the Year Ended June 30, 2020

	2020	2019
<b>Operating Transactions</b>		
Net Current Year Surplus (Deficit)	499,045	(191,897)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	400,480	340,095
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	473	630
Due from Other Organizations (Increase)/Decrease	(318,923)	856,425
Accounts Receivable & Accrued Income (Increase)/Decrease	154,631	215,928
Inventories and Prepaid Expenses - (Increase)/Decrease	12,388	7,639
Due to Other Organizations Increase/(Decrease)	-	(735)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	285,691	(1,185,047)
Deferred Revenue Increase/(Decrease)	17,833	9,482
School Generated Funds Liability Increase/(Decrease)	(272)	1,118
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,051,346	53,638
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(2,213,343)	(2,598,657)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(2,213,343)	(2,598,657)
<b>Investing Transactions</b>		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
<b>Financing Transactions</b>		
Borrowings from the Provincial Government Increase/(Decrease)	3,011,561	2,309,759
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	3,011,561	2,309,759
Cash and Bank / Overdraft (Increase)/Decrease	1,849,564	(235,260)
Cash and Bank (Overdraft) at Beginning of Year	(127,679)	107,581
<b>Cash and Bank (Overdraft) at End of Year</b>	<b>1,721,885</b>	<b>(127,679)</b>

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

at June 30, 2020

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2020 TOTALS	2019 TOTALS
	School	Non-School									
<b>Tangible Capital Asset Cost</b>											
Opening Cost, as previously reported	13,909,163	401,831	-	382,421	683,107	189,026	477,579	596,258	316,740	16,956,125	14,357,468
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	13,909,163	401,831	-	382,421	683,107	189,026	477,579	596,258	316,740	16,956,125	14,357,468
Add:											
Additions during the year	531,717	-	-	111,716	-	29,519	-	-	1,540,391	2,213,343	2,598,657
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	14,440,880	401,831	-	494,137	683,107	218,545	477,579	596,258	1,857,131	19,169,468	16,956,125
<b>Accumulated Amortization</b>											
Opening, as previously reported	8,876,174	351,320	-	234,820	539,972	90,910		35,870		10,129,066	9,788,971
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	8,876,174	351,320	-	234,820	539,972	90,910		35,870		10,129,066	9,788,971
Add:											
Current period Amortization	249,315	-	-	51,712	69,576	25,657		4,220		400,480	340,095
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	9,125,489	351,320	-	286,532	609,548	116,567		40,090		10,529,546	10,129,066
<b>Net Tangible Capital Asset</b>	5,315,391	50,511	-	207,605	73,559	101,978	477,579	556,168	1,857,131	8,639,922	6,827,059
<b>Proceeds from Disposal of Capital Assets</b>	-	-	-	-	-	-				-	-

\* Includes network infrastructure.



**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

**1) NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE**

The Flin Flon School Division is a public body that provides education services to the 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) SUMMARY OF 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 Canadian Institute of Chartered Accountants (CICA).

**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.

**b) Trust Funds**

The Division administers a number of bursary and scholarship funds. These bursary and scholarship funds and their related expenses 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. (See Note # 8)

**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. Funds raised for this purpose within the Flin Flon School Division are used for such activities as travel for school teams, school clubs and graduation.

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.

**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

**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

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, 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 and 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 of 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) Employees 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 future benefits to its employees. These benefits include life insurance and supplemental unemployment benefits, dental, prescription drugs, vision plan and long term disability.

**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

The Division has adopted the following policies with respect to accounting for these employee future benefits.

**(i) Defined Contribution/Insured Benefit Plans**

Under these plans, specific fixed amounts are contributed by the Division each period for services rendered by the employees. No responsibility is assumed by the Division to make any further contribution.

Support staff that belong to the Manitoba Association of School Trustees (MAST) pension plan, make defined contributions into the plan based upon age and CPP insurable earnings from July 1, 2018 to December 31, 2018. Effective January 1, 2019, contributions are 8% of earnings. The Division matches 100% of the employee contribution. In addition, the Division cost shares the basic life insurance premium. The Division fully funds a prescription drug plan and vision care plan through Manitoba Blue Cross for support staff employees, spouses/partners and dependent children.

Other benefit plans available to teaching staff such as long term disability, and extended health care benefits are fully paid for by the employees. Mandatory extended health care benefits and a dental plan are also available to non-teaching staff and are fully paid by the employees. The Division collects the premiums and remits the funds to the appropriate organization.

**h) Capital Reserves**

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), can be 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 Statement of Financial Position.

The Flin Flon School Division has \$163,284 set aside in Capital Reserves at this time.

**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 risks are minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

**k) Non-Vested Sick Leave Benefits**

For non-vesting accumulating sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using net present value techniques. The calculated dollar value on Non-vested sick time as at June 30, 2020 is \$61,486 (June 30, 2019; \$49,101, June 30, 2018; \$33,100, June 30, 2017; \$38,280, June 30, 2016; \$50,930, June 30, 2015; \$19,516). These amounts are disclosed for compliance with PS 2120 only and are not considered material for inclusion in the financial statements.

**3. CONVERSION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB)**

Commencing with the 2006/2007 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. The following changes have been implemented to comply with the PSAB standard:

- i. Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortizations of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.

**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

- ii. The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.
- iii. The Employees Future Benefit Liability was not required at June 30, 2013.
- iv. Accrued Interest Payable was established to account for the accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

**4. OVERDRAFT**

The Division has an authorized revolving line of credit with the Royal Bank of Canada valued at \$3,050,000. The line of credit is used as required when inflow of revenues do not match the outflow of expenses. It is generally used in the latter half of the year as the payment from the City of Flin Flon for the Municipal Special Levy is not paid to the Division until January 31<sup>st</sup> of each year. The Division receives funding from the province on the 10<sup>th</sup> and 25<sup>th</sup> of each month from September through June. It does not receive any funding in July and August, although the Division incurs similar expenses in these months as during the rest of the year.

**5. SHORT TERM INVESTMENTS**

The Division does not invest in short term investments because its cash flow is such that there is never any substantial amount of funds to invest for any length of time. Instead the Division receives interest on its positive balance in the operating bank account at a rate of prime less 2%.

**6. DEBENTURE & PROMISSORY NOTE DEBT**

Issue	Interest Rate	Maturity Date	Balance June 30, 2020	Balance June 30, 2019
\$ 170,000	6.625%	31/01/2022	\$ 28,319.87	\$ 41,174.20
\$ 563,500	5.375%	30/06/2025	\$ 199,959.85	\$ 234,045.40
\$ 119,200	5.000%	28/02/2026	\$ 48,548.59	\$ 55,346.20
\$ 257,100	4.875%	15/02/2027	\$ 118,650.00	\$ 132,598.12
\$ 372,300	5.125%	15/05/2027	\$ 173,912.14	\$ 194,153.54
\$ 271,400	5.875%	15/02/2029	\$ 160,181.85	\$ 173,416.00
\$ 306,300	4.125%	15/12/2031	\$ 212,326.68	\$ 225,800.67
\$ 230,700	4.000%	28/02/2032	\$ 159,314.54	\$ 169,509.47
\$ 44,600	3.750%	15/11/2032	\$ 32,551.99	\$ 34,468.92
\$ 500,000	4.125%	31/03/2034	\$ 389,717.39	\$ 410,003.97
\$ 104,600	4.250%	31/05/2034	\$ 81,755.50	\$ 85,969.77
\$ 424,400	4.000%	15/07/2034	\$ 347,206.00	\$ 363,878.94
\$ 115,900	3.750%	15/12/2034	\$ 94,374.21	\$ 99,002.04
\$ 14,600	3.750%	9/30/2037	\$ 13,574.88	\$ 14,096.90
\$ 87,600	3.625%	5/31/2038	\$ 81,373.05	\$ 84,541.95
\$ 397,200	3.625%	7/15/2038	\$ 383,334.02	\$ 397,200.00
\$1,223,100	3.750%	9/15/2038	\$1,180,949.39	\$1,223,100.00
\$ 863,700	3.875%	12/31/2038	\$ 834,317.27	\$ 863,700.00
\$1,238,600	2.750%	11/30/2039	\$1,238,600.00	\$ 0.00
\$ 524,300	3.000%	02/15/2040	\$ 524,300.00	\$ 0.00
\$1,510,300	2.750%	06/30/2040	\$1,510,300.00	\$ 0.00
			<u>\$7,813,567.00</u>	<u>\$4,802,006.00</u>

Under the terms of the debenture and promissory note agreements, the approximate annual principal payments over the next five years are as follows:

2021	\$ 413,559
2022	\$ 414,430
2023	\$ 430,552
2024	\$ 447,340
2025	\$ 418,155

The payments are being made by the Public Schools Finance Board, Province of Manitoba

**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

**7. DEFERRED REVENUE**

Deferred Revenue valued at \$ 73,597 at June 30, 2020 consists of the following:

- a) An amount of \$ 44,000 relating to fees collected for staff parking is also included in Deferred Revenue. Prior to the 2008/2009 year, proceeds from parking fees were used to make bank loan payments for parking lot improvements. The Division will use these funds for improvements such as paving, lighting and cameras. The unused portion of the Reading Apprenticeship Grant of \$29,597 received in the 2019/2020 school year was carried over.
- b) The above items sit on the Operating Fund.

**8. TRUST FUNDS**

The School Division administers a number of Trust Funds established primarily for student bursaries. These trust funds are not reflected in these Financial Statements. The total balance in the Trust Funds is as follows:

	<u>2020</u>	<u>2019</u>
Bank Balance at Beginning	\$167,465	\$160,478
Add: Contributions	\$ 0	\$ 0
Interest/Change In Investments	<u>\$ 624</u>	<u>\$ 10,687</u>
	\$168,089	\$171,165
 Deduct: Scholarships Paid/Transferred	 <u>(\$ 3,400)</u>	 <u>(\$ 3,700)</u>
Ending Bank Balance	\$164,689	\$167,465
Deduct: Scholarships Payable	(\$ 7,350)	(\$ 6,100)
Due (to) from Operating	(\$ 0)	(\$ 0)
Ending Fund Balance	<u>\$157,339</u>	<u>\$161,365</u>

**9. FISCAL INTEREST**

Fiscal interest is recorded at June 30, 2020 in the amount of \$ 268,580. This is comprised of the following:

Interest on Short Term borrowing	\$ 46,581
Interest on Debenture Debt	\$ 221,999

**10. DISCLOSURE UNDER PUBLIC SECTOR COMPENSATION DISCLOSURE ACT**

- a. There were no members of the Board of Trustees who individually received compensation \$75,000 or more.
- b. Total compensation paid to the Board of Trustees in aggregate was \$54,501.
- c. A schedule of employees and officers of the Flin Flon School Division who received compensation of \$75,000 or more is available on the Division website.

**11. BUDGET FIGURES**

Budget figures have been included for information purposes only and have not been audited.

**12. NET TANGIBLE CAPITAL ASSETS**

The Schedule of Tangible Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class.

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	June 2020 Net <u>Book Value</u>
Owned-tangible Capital Assets	\$ 19,169,468	\$ 10,529,546	\$ 8,639,922

The Division does not have any capital leases at this time.

**FLIN FLON SCHOOL DIVISION**  
**NOTES TO THE FINANCIAL STATEMENT**  
For the Year Ended June 30, 2020

**13. OTHER BORROWINGS**

The Division has no other borrowings as at June 30, 2020.

**14. ACCUMULATED SURPLUS – JUNE 30, 2020**

The operating surplus at June 30, 2020 was \$ 925,586 or 6.4% of operating expenditures for the 2019/2020 school year. Savings due to Covid-19 amount to \$580,626. These savings are to be used to cover additional expenditures as a result of Covid-19. Carryovers of professional development, bulk budgets and other special requests approved through Board Motion are valued at \$ 97,771, and if fully expended in the current year would reduce the surplus by a similar amount.

The accumulated surplus is comprised of the following:

Operating Fund	
Designated Surplus	\$ 678,397
Undesignated Surplus	<u>\$ 247,189</u>
Total Operating Fund	<u>\$ 925,586</u>
Capital Fund	
Reserve Accounts	\$ 163,284
Equity in Tangible Capital Assets	<u>\$2,019,515</u>
Total Capital Fund	<u>\$2,182,799</u>
Special Purpose Fund	
School Generated Funds	\$ 77,692
Other Special Purpose Funds	<u>\$ 0</u>
Total Special Purpose Fund	<u>\$ 77,692</u>
Total Accumulated Surplus	<u>\$ 3,186,077</u>

**15. ADOPTION OF NEW ACCOUNTING POLICY**

Effective July 1, 2014, the division has adopted the new Public Sector Accounting Board accounting standard – liability for Contaminated Sites, Section PS3260. The standard was applied on a retroactive (or it could be applied prospectively) basis to July 1, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the division.

**16. SIGNIFICANT EVENT**

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on school divisions through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Division as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from, the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may have a significant impact on the Division's operation for the foreseeable future.