KELSEY
SCHOOL DIVISION

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October 26, 2020

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Kelsey 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 account period cannot be finalized with certainty until future periods. Division 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 Baker Tilly HMA LLP, 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

Vaughn Wadelius
Chairperson

Original Document Signed

Jeannette Freese
Secretary Treasurer

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Kelsey School Division

Opinion

We have audited the accompanying consolidated financial statements of the Kelsey School Division, which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kelsey School Division and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis of 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 Kelsey School Division 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.

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 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 financial statements, management is responsible for assessing Kelsey School Divisions's ability to continue as a gong concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Kelsey School Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Kelsey School Division's financial reporting process.

(continued…..)

Auditors' Responsibility 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 Kelsey School 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 Kelsey School 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Kelsey School Division to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly HMA LLP

Chartered Professional Accountants

The Pas, Manitoba
October 26, 2020

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Kelsey School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2020	2019
	Financial Assets		
	Cash and Bank	67,643	-
	Due from - Provincial Government	969,003	984,963
	- Federal Government	27,616	38,301
	- Municipal Government	2,402,454	2,728,423
	- Other School Divisions	3,452	-
	- First Nations	10,800	56,380
	Accounts Receivable	25,940	83,089
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		3,506,908	3,891,156
	Liabilities		
	Overdraft	-	171,719
	Accounts Payable	1,524,464	1,479,888
	Accrued Liabilities	1,366,852	1,027,664
*	Employee Future Benefits	105,863	117,878
	Accrued Interest Payable	-	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	75,504	68,147
*	Borrowings from the Provincial Government	17,766,627	18,878,823
	Other Borrowings	-	-
	School Generated Funds Liability	71,355	65,506
		20,910,665	21,809,625
	Net Assets (Debt)	(17,403,757)	(17,918,469)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	36,228,992	37,235,984
	Inventories	-	-
	Prepaid Expenses	18,623	19,355
		36,247,615	37,255,339
*	**Accumulated Surplus**	18,843,858	19,336,870

See accompanying notes to the Financial Statements

Kelsey School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2020	2019
	Revenue			
	Provincial Government		18,858,266	18,823,671
	Federal Government		-	-
	Municipal Government	- Property Tax	3,086,724	3,391,026
		- Other	-	-
	Other School Divisions		3,452	3,580
	First Nations		52,800	78,400
	Private Organizations and Individuals		74,174	-
	Other Sources		13,662	157,843
	School Generated Funds		335,615	515,074
	Other Special Purpose Funds		-	-
			22,424,693	22,969,594
	Expenses			
	Regular Instruction		11,046,289	10,925,759
	Student Support Services		4,304,989	4,460,205
	Adult Learning Centres		680,170	621,930
	Community Education and Services		49,354	61,035
	Divisional Administration		715,929	795,424
	Instructional and Other Support Services		381,042	445,527
	Transportation of Pupils		503,055	532,269
	Operations and Maintenance		2,612,768	2,796,972
*	Fiscal	- Interest	753,611	793,111
		- Other	349,614	354,093
	Amortization		1,210,607	1,210,414
	Other Capital Items		-	-
	School Generated Funds		322,292	574,525
	Other Special Purpose Funds		-	-
			22,929,720	23,571,264
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(505,027)	(601,670)
	Less: Non-vested Sick Leave Expense (Recovery)		(12,015)	1,538
	Net Current Year Surplus (Deficit)		(493,012)	(603,208)
	Opening Accumulated Surplus		19,336,870	19,940,078
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		19,336,870	19,940,078
	Closing Accumulated Surplus		18,843,858	19,336,870

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Kelsey School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	(493,012)	(603,208)
Amortization of Tangible Capital Assets	1,210,607	1,210,414
Acquisition of Tangible Capital Assets	(203,615)	(167,711)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,901)	-
Proceeds on Disposal of Tangible Capital Assets	3,901	-
	1,006,992	1,042,703
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	732	(3,145)
	732	(3,145)
(Increase)/Decrease in Net Debt	514,712	436,350
Net Debt at Beginning of Year	(17,918,469)	(18,354,819)
Adjustments Other than Tangible Cap. Assets	-	-
	(17,918,469)	(18,354,819)
Net Assets (Debt) at End of Year	(17,403,757)	(17,918,469)

Kelsey School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2020

	2020	2019
Operating Transactions		
Net Current Year Surplus (Deficit)	(493,012)	(603,208)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,210,607	1,210,414
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,901)	-
Employee Future Benefits Increase/(Decrease)	(12,015)	1,538
Due from Other Organizations (Increase)/Decrease	394,742	177,975
Accounts Receivable & Accrued Income (Increase)/Decrease	57,149	(30,886)
Inventories and Prepaid Expenses - (Increase)/Decrease	732	(3,145)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	383,764	(132,363)
Deferred Revenue Increase/(Decrease)	7,357	60,594
School Generated Funds Liability Increase/(Decrease)	5,849	1,464
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,551,272	682,383
Capital Transactions		
Acquisition of Tangible Capital Assets	(203,615)	(167,711)
Proceeds on Disposal of Tangible Capital Assets	3,901	-
Cash Provided by (Applied to) Capital Transactions	(199,714)	(167,711)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	(1,112,196)	(1,074,966)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(1,112,196)	(1,074,966)
Cash and Bank / Overdraft (Increase)/Decrease	239,362	(560,294)
Cash and Bank (Overdraft) at Beginning of Year	(171,719)	388,575
Cash and Bank (Overdraft) at End of Year	67,643	(171,719)

Kelsey School Division

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									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	51,342,787	303,458	1,172,352	169,653	618,903	169,120	196,213	-	-	53,972,486	53,804,775
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	51,342,787	303,458	1,172,352	169,653	618,903	169,120	196,213	-	-	53,972,486	53,804,775
Add:											
Additions during the year	-	-	148,691	24,150	30,774		-	-	-	203,615	167,711
Less:											
Disposals and write downs	-	-	194,352	14,996	-	-	-	-	-	209,348	-
Closing Cost	51,342,787	303,458	1,126,691	178,807	649,677	169,120	196,213	-	-	53,966,753	53,972,486
Accumulated Amortization											
Opening, as previously reported	14,795,661	303,458	803,647	127,889	549,515	156,332		-		16,736,502	15,526,088
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	14,795,661	303,458	803,647	127,889	549,515	156,332		-		16,736,502	15,526,088
Add:											
Current period Amortization	1,093,529	-	62,314	15,467	32,583	6,714		-		1,210,607	1,210,414
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	194,352	14,996	-	-		-		209,348	-
Closing Accumulated Amortization	15,889,190	303,458	671,609	128,360	582,098	163,046		-		17,737,761	16,736,502
Net Tangible Capital Asset	35,453,597	-	455,082	50,447	67,579	6,074	196,213	-	-	36,228,992	37,235,984
Proceeds from Disposal of Capital Assets	-	-	3,826	75	-	-				3,901	-

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

Kelsey 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

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 the Public Sector Accounting Board 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) *Non-Financial Assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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	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.

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.

The Division adopted the following policy(ies) 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:

TRAF pension is determined by number of years of service and salary. Contributions are 6.8% of salary and 8.4% when you reach your yearly maximum pensionable earnings amount.

The employee future benefits liability is the difference between the contribution owing for the period and what has been paid; while the employee future benefits expense is the Division's fixed contribution for the period.

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.

h) *Revenue Recognition*

Revenues are recognized as they are earned and measurable.

Government Transfers

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations, an equivalent amount of revenue is recognized as the liability is settled.

Deferred revenue represents grants and other amounts which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the stipulations are fulfilled.

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.

3. OVERDRAFT

The Division has an authorized borrowing agreement with the Toronto Dominion Bank of $3,050,000 by way of overdrafts and is repayable on demand at prime less .75%, interest is paid monthly. Overdrafts are secured by the assignment of all taxes levied or to be levied by the School Division for the current year.

4. EMPLOYEE FUTURE BENEFITS

Non-vested accumulated sick leave benefits are measured using net present value techniques on the expected future utilization of excess sick benefits used over earned per year, to a maximum entitlement. The liability for employee future benefits for accumulated non-vested sick leave recorded at June 30, 2020 is $105,863 (2019 - $117,878).

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, 2019	Additions in the period	Transferred to Revenue	Balance as at June 30, 2020
Literacy For Life Grant		$ 4,000	$ 950	$ 3,050
Telus Friendly Future Foundation	15,000		14,424	576
Manitoba Community Schools		136,000	88,972	47,028
Canadian Heritage and	253		253	
Best Buy Canada	9,660		9,660	
Moffat Grants	38,181		37,567	614
Thomas Sill Foundation		8,000	2,483	5,517
Collaborative Learning Team		2,500	1,795	705
Northern Learning & Support Centre		60,000	52,592	7,408
Learn to 18		20,000	14,447	5,553
Regional Science Fair Funds	5,053			5,053
	$ 68,147	$ 230,500	$ 223,143	$ 75,504

6. 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 $292,345 (2019 - $273,173).

7. 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 2021 to 2037. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.250% to 6.875%. Debenture interest expense payable as at June 30, 2020 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 provincial government.

The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2021	$ 1,155,945	$ 699,453	$ 1,855,398
2022	1,188,329	650,869	1,839,198
2023	1,209,373	602,881	1,812,254
2024	1,252,351	551,356	1,803,707
2025	1,232,025	500,985	1,733,010
	$ 6,038,023	$ 3,005,544	$ 9,043,567

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	2020 Net Book Value	2019 Net Book Value
Owned-tangible capital assets	$ 53,966,753	$ 17,737,761	$ 36,228,992	$ 37,235,984

9. ACCUMULATED SURPLUS (DEFICIT)

The consolidated accumulated surplus is comprised of the following:

	2020	2019
Operating Fund		
Designated Surplus	-	$ 553,000
Undesignated Surplus	160,503	219,042
	160,503	772,042
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets	18,462,365	18,357,161
	18,462,365	18,357,161
Special Purpose Fund		
School Generated Funds	220,990	207,667
Other Special Purpose Funds	-	-
	220,990	207,667
Total Accumulated Surplus (Deficit)	$ 18,843,858	$ 19,336,870

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% for 2019 and 60% for 2020. Below are the related revenue and receivable amounts:

	2020	2019
Revenue-Municipal Government-Property Tax	$ 3,086,725	$ 3,391,026
Receivable-Due from Municipal-Property Tax	$ 2,402,457	$ 2,728,423

11. INTEREST RECEIVED AND PAID

The Division received interest during the year of $8,761 (previous year $29,315; interest paid during the year was $753,611 (previous year $793,111).

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

	2020	2019
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 7,418	$ 1,677
Capital Fund		
Debenture debt interest	746,193	791,434
	$ 753,611	$ 793,111

The accrual portion of debenture debt interest expense of $385,131 (2019 - $407,800) 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 2020	Budget 2020	Actual 2019
Salaries	$16,504,457	$ 15,827,065	$ 16,381,639
Employees benefits & allowances	1,549,261	1,586,282	1,516,741
Services	1,373,918	1,761,563	1,738,300
Supplies, materials & minor equipment	858,589	1,014,252	980,143
Interest	753,611	10,000	793,111
Bad debts			
Payroll tax	349,614	350,000	354,093
Amortization	1,210,607		1,210,414
School generated funds	322,292		574,525
Transfers	7,371	20,500	22,298
	$22,929,720	$20,569,662	$ 23,571,264