

MANAGEMENT RESPONSIBILITY LETTER

The accompanying consolidated financial statements of Prairie Rose School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles established by the Public-Sector Accounting Board of the Chartered Professional Accountants of Canada. 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.

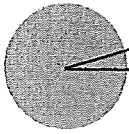
The Board of Trustees of the Division met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Craig & Ross Chartered Professional Accountants, as the Division's appointed external auditors, have audited the consolidated financial statements. The Independent Auditor's Report is addressed to the Chair and members of the Board of Trustees and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Division in accordance with Canadian generally accepted accounting principles.

Original Document Signed
Chair

Original Document Signed
Secretary-Treasurer

October 26, 2020



INDEPENDENT AUDITOR'S REPORT

**To the Chairperson and Trustees of
Prairie Rose School Division**

Opinion

We have audited the financial statements of Prairie Rose School Division (the "Division"), which comprise the consolidated statement of financial position as at June 30, 2020 and June 30, 2019, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the years then ended, and notes to the 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 Division as at June 30, 2020 and June 30, 2019, and the consolidated results of operations, changes in net debt and cash flows for the years then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 those 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Division's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

Independent Auditor's Report to the Chairperson and Trustees of Prairie Rose School Division
(continued)

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 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 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 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 the 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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
October 26, 2020

I certify that this report and the statements and reports referenced herein have been presented to the members of the Board of Prairie Rose School Division

30 OCT 2020
Date

Original Document Signed
Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2020	2019
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,051,223	1,102,723
	- Federal Government	41,582	48,396
	- Municipal Government	8,800,938	8,625,521
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	75,461	56,982
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>9,969,204</u>	<u>9,833,622</u>
	Liabilities		
*	Overdraft	4,500,294	5,841,685
	Accounts Payable	1,024,921	1,133,369
	Accrued Liabilities	1,046,913	206,258
*	Employee Future Benefits	233,833	236,024
	Accrued Interest Payable	135,080	137,608
	Due to - Provincial Government	21,469	167,387
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	151,600	69,893
*	Borrowings from the Provincial Government	11,371,225	11,472,646
*	Other Borrowings	679,772	530,320
	School Generated Funds Liability	35,741	41,292
		<u>19,200,848</u>	<u>19,836,482</u>
	Net Assets (Debt)	<u>(9,231,644)</u>	<u>(10,002,860)</u>
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	17,534,465	17,778,292
	Inventories	-	-
	Prepaid Expenses	81,129	39,333
		<u>17,615,594</u>	<u>17,817,625</u>
*	Accumulated Surplus	<u>8,383,950</u>	<u>7,814,765</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
Revenue		
Provincial Government	18,042,286	18,417,255
Federal Government	-	-
Municipal Government	14,478,314	14,186,351
- Property Tax		
- Other	-	-
Other School Divisions	118,450	96,200
First Nations	-	-
Private Organizations and Individuals	1,535	2,798
Other Sources	222,216	174,959
School Generated Funds	433,521	568,441
Other Special Purpose Funds	48,220	15,261
	<u>33,344,542</u>	<u>33,461,265</u>
Expenses		
Regular Instruction	18,648,698	17,651,414
Student Support Services	4,208,178	4,188,558
Adult Learning Centres	286,385	279,575
Community Education and Services	32,651	34,543
Divisional Administration	1,095,971	1,133,022
Instructional and Other Support Services	817,552	1,018,606
Transportation of Pupils	1,924,268	2,208,571
Operations and Maintenance	2,965,429	3,260,567
* Fiscal	543,806	574,027
- Interest		
- Other	509,912	489,323
Amortization	1,304,764	1,259,252
Other Capital Items	-	-
School Generated Funds	423,521	564,300
Other Special Purpose Funds	16,412	18,948
	<u>32,777,547</u>	<u>32,680,706</u>
Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>566,995</u>	<u>780,559</u>
Less: Non-vested Sick Leave Expense (Recovery)	<u>(2,192)</u>	<u>66,339</u>
Net Current Year Surplus (Deficit)	<u>569,187</u>	<u>714,220</u>
Opening Accumulated Surplus	7,814,768	7,100,548
Adjustments:		
Tangible Cap. Assets and Accum. Amort.	-	-
Other than Tangible Cap. Assets	-	-
Non-vested sick leave - prior years	-	-
Opening Accumulated Surplus, as adjusted	<u>7,814,768</u>	<u>7,100,548</u>
Closing Accumulated Surplus	<u>8,383,955</u>	<u>7,814,768</u>

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	<u>569,187</u>	<u>714,220</u>
Amortization of Tangible Capital Assets	1,304,764	1,259,252
Acquisition of Tangible Capital Assets	(1,060,937)	(1,638,934)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	<u>243,827</u>	<u>(379,682)</u>
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(41,796)	5,148
	<u>(41,796)</u>	<u>5,148</u>
(Increase)/Decrease in Net Debt	<u>771,218</u>	<u>339,686</u>
Net Debt at Beginning of Year	(10,002,860)	(10,342,546)
Adjustments Other than Tangible Cap. Assets	-	-
	<u>(10,002,860)</u>	<u>(10,342,546)</u>
Net Assets (Debt) at End of Year	<u><u>(9,231,642)</u></u>	<u><u>(10,002,860)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2020

	2020	2019
Operating Transactions		
Net Current Year Surplus (Deficit)	569,187	714,220
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,304,764	1,259,252
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	(2,191)	66,339
Due from Other Organizations (Increase)/Decrease	(117,103)	(120,020)
Accounts Receivable & Accrued Income (Increase)/Decrease	(18,479)	41,115
Inventories and Prepaid Expenses - (Increase)/Decrease	(41,796)	5,148
Due to Other Organizations Increase/(Decrease)	(145,918)	12,184
Accounts Payable & Accrued Liabilities Increase/(Decrease)	729,679	(99,420)
Deferred Revenue Increase/(Decrease)	81,707	35,444
School Generated Funds Liability Increase/(Decrease)	(5,551)	10,053
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	<u>2,354,299</u>	<u>1,924,315</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,060,937)	(1,638,934)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	<u>(1,060,937)</u>	<u>(1,638,934)</u>
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	(101,421)	(857,930)
Other Borrowings Increase/(Decrease)	149,452	211,026
Cash Provided by (Applied to) Financing Transactions	<u>48,031</u>	<u>(646,904)</u>
Cash and Bank / Overdraft (Increase)/Decrease	1,341,393	(361,523)
Cash and Bank (Overdraft) at Beginning of Year	<u>(5,841,685)</u>	<u>(5,480,162)</u>
Cash and Bank (Overdraft) at End of Year	<u><u>(4,500,292)</u></u>	<u><u>(5,841,685)</u></u>

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	31,061,976	801,964	5,126,653	124,743	710,324	1,537,137	123,754	151,993	1,041,072	40,679,616	39,040,682
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	31,061,976	801,964	5,126,653	124,743	710,324	1,537,137	123,754	151,993	1,041,072	40,679,616	39,040,682
Add:											
Additions during the year	772,221	13,594	561,652	72,761	-	639,003	-	-	(998,294)	1,060,937	1,638,934
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	31,834,197	815,558	5,688,305	197,504	710,324	2,176,140	123,754	151,993	42,778	41,740,553	40,679,616
Accumulated Amortization											
Opening, as previously reported	16,832,123	379,231	3,733,838	124,743	336,264	1,425,206		69,919		22,901,324	21,642,072
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	16,832,123	379,231	3,733,838	124,743	336,264	1,425,206		69,919		22,901,324	21,642,072
Add:											
Current period Amortization	826,300	19,679	280,176	7,276	73,903	91,350		6,080		1,304,764	1,259,252
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	17,658,423	398,910	4,014,014	132,019	410,167	1,516,556		75,999		24,206,088	22,901,324
Net Tangible Capital Asset	14,175,774	416,648	1,674,291	65,485	300,157	659,584	123,754	75,994	42,778	17,534,465	17,778,292
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

**PRAIRIE ROSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

1. Nature of Organization and Economic Dependence

Prairie Rose School Division (the "Division") is a public body that provides education services to residents within its geographic boundaries. It is governed by a Board of Trustees acting under the authority of The Public Schools Act. The Division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on property located in the Division's geographic 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 are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies.

a) Reporting Entity

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 and Prairie Rose School Division Charitable Organization, a charitable organization controlled by the Division.

All inter-fund accounts and transactions are eliminated upon consolidation.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an 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 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 the charitable organization controlled by the Division.

Trust funds and their related operations administered by the Division are not consolidated in these financial statements. The trust funds administered by the Division are presented in the Trust Funds Schedule.

d) School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of the school. The principal of each school may raise, hold, administer and expend the funds for the purposes of the school, subject to the rules of the school board.

**PRAIRIE ROSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

2. Significant Accounting Policies - Continued

d) School Generated Funds – continued

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.

Year-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 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 (deficiency) of revenues over expenses, provides the change in net financial assets for the year.

f) Employee Future Benefits

The Province of Manitoba pays the employer portion of the Teachers' Retirement Allowances Fund (TRAF), the pension plan for all certified teachers of the Division. The Division does not contribute to TRAF, and no costs relating to this plan are included in the Division's financial statements.

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

g) 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 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 – brick, mortar and steel	25,000	40
Buildings – wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer hardware, servers and peripherals	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10
Leasehold improvements	25,000	Over term of lease

**PRAIRIE ROSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

2. Significant Accounting Policies – Continued

g) Tangible Capital Assets - continued

Grouping of assets is not permitted except for computer work stations.

Except for land and buildings acquired before June 30, 1995, 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.

All land acquired prior to June 30, 1995 has been valued by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

Donated assets are recoded at their estimated fair value upon acquisition.

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.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal if not fully amortized.

Assets under construction are not amortized until the date of substantial completion. Interest on funds used to finance school buildings under construction is capitalized for the periods preceding the date of substantial completion.

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, portfolio 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, most 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

On July 1, 2014, the Division adopted the Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS3260. The standard was applied on a retroactive basis to July 1, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

**PRAIRIE ROSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

3. Overdraft

The Division has an authorized line of credit with The Access Credit Union, Carman Branch of \$8,000,000.00 by way of overdrafts and is repayable on demand. The overdraft bears interest at the credit union prime lending rate less .625% and is paid monthly. The Division's available authorized line of credit is \$3,315,024 on June 30, 2020 (2019 - \$2,138,811). Overdrafts are secured by a first charge on any funds receivable from the Province of Manitoba.

4. Employee Future Benefits

Employee future benefits consist of non-vested accumulated sick leave benefits measured using net present value techniques on the expected future utilization of excess of sick benefits used over earned per year, to a maximum entitlement. The impact of the estimated non-vested sick leave benefit increase (decrease) for the year ended June 30, 20 is \$151,600 (2019 - \$69,893).

5. Deferred Revenue

Deferred revenue consists of:

	<u>2020</u>	<u>2019</u>
EPTC grants	\$ 138,170	\$ 69,705
Other	13,430	188
	<u>\$ 151,600</u>	<u>\$ 69,893</u>

The deferral method of accounting is used to properly match revenues with expenditures. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable in twenty equal yearly installments of principal and interest and maturing at various dates from 2020 to 2040. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 2.875% to 7.000%. Debenture interest expense payable on 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 the Provincial Government. The debenture principal and interest repayments in the next five years are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 707,765	\$ 441,280	\$ 1,149,044
2022	690,720	409,915	1,100,635
2023	681,706	380,389	1,062,095
2024	702,263	352,181	1,054,444
2025	715,869	323,235	1,039,104
Thereafter	7,872,902	1,798,262	9,671,165
	<u>\$11,371,225</u>	<u>\$3,705,262</u>	<u>\$15,076,488</u>

7. Other Borrowings – Access Credit Union

	<u>2020</u>	<u>2019</u>
Commercial loan, bearing interest at the Credit Union prime rate and repayable in blended monthly instalments of principal and interest of \$4,300, with final payment due June 1, 2025	\$ 234,204	\$ 277,614
Commercial loan, bearing interest at the Credit Union prime rate and repayable in blended monthly instalments of principal and interest of \$7,400, with final payment due May 31, 2022	445,568	252,706
	<u>\$ 679,772</u>	<u>\$ 530,520</u>

**PRAIRIE ROSE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

7. Other Borrowings – Access Credit Union – continued

Repayments of principal due in the next five years are as follows:

2021	\$128,287
2022	130,811
2023	133,385
2024	136,009
2025	151,280
	<u>\$679,772</u>

8. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of \$35,471 (2019 - \$41,292)

9. 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

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>	<u>2019 Net Book Value</u>
Owned tangible capital assets	<u>\$41,740,553</u>	<u>\$24,206,088</u>	<u>\$17,534,465</u>	<u>\$17,778,292</u>

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	<u>2020</u>	<u>2019</u>
Operating Fund		
Undesignated Surplus	\$ 1,493,655	\$ 2,349,358
Designated Surplus	977,611	
	<u>2,471,266</u>	<u>2,349,358</u>
Capital Fund		
Reserve Accounts	277,216	291,490
Equity in Tangible Capital Assets	5,434,610	5,014,866
	<u>5,711,826</u>	<u>5,306,356</u>
Special Purpose Fund		
School Generated Funds	141,761	131,761
Other Special Purpose Funds	59,098	27,290
	<u>200,859</u>	<u>159,051</u>
Total Accumulated Surplus	<u>\$ 8,383,951</u>	<u>\$ 7,814,765</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 of the audited financial statements.

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use, Scholarship Awards and donations for school projects.

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11. 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; 43% from 2019 tax year and 57% from 2020 tax year. Below are the related revenue and receivable amounts:

	<u>2020</u>	<u>2019</u>
Revenue – Municipal Government – Property Tax	<u>\$14,478,314</u>	<u>\$14,186,351</u>
Receivable – Due from Municipal Government - Property Tax	<u>\$8,800,938</u>	<u>\$8,625,521</u>

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division Scolaire Franco-Manitobaine. As of June 30, 2020, the amount of this special levy was \$459,340 (2019- \$480,766). These amounts are not included in the Division's financial statements.

12. Interest Received and Paid

The Division received interest during the year of \$23,260 (2019 - \$18,843). Interest paid during the year was \$543,806 (2018 - \$574,027).

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

	<u>2020</u>	<u>2019</u>
Operating Fund		
Fiscal-short term loan interest and bank charges	\$ 64,683	\$ 69,671
Capital Fund		
Debenture debt interest	458,623	488,928
Other borrowings – Access Credit Union	20,500	15,428
	<u>\$ 543,806</u>	<u>\$ 574,027</u>

The accrual portion of debenture debt interest expense of \$135,080 (2019 - \$137,608) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Retirement Benefits

The Division sponsors a defined contribution plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to all non-teaching employees. The MSBA pension plan has a specific percentage for employees to contribute which is based on earnings. The Division contributes equally to the employee's regular contributions to the plan. No pension liability is included in the financial statements. The total pension expense for the year ended June 30, 2020 year was \$388,541 (2019 - \$237,630).

14. Budget Figures and Non-Financial Information

The 2020 budget figures, student enrolments (FRAME) and transportation statistics, full time equivalent personnel and senior staff allocations are unaudited and have been presented for information purposes only.

**PRAIRIE ROSE SCHOOL DIVISION
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15. 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	\$23,549,184	\$23,501,358	\$22,583,036
Employees' benefits and allowances	2,016,740	2,112,528	1,979,003
Services	2,325,718	2,862,576	2,800,772
Supplies, materials, and minor equipment	1,869,328	2,169,833	2,157,785
Interest	543,806	74,400	574,027
Bad debts	17,662	-	-
Payroll tax	492,250	533,610	489,323
Transfers	218,162	289,100	254,260
Amortization	1,304,764	-	1,259,252
Other capital items	-	-	-
School generated funds	423,521	-	564,300
Other special purpose funds	16,412	-	18,948
	\$32,777,547	\$31,543,405	\$32,680,706