MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of The Winnipeg School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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. The Division's 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 KPMG LLP, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Chief Financial Officer & Secretary-Treasurer

October 19, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

Opinion

We have audited the consolidated financial statements of Winnipeg School Division (the "Entity"), which comprise the consolidated statement of financial position as at June 30, 2020, the consolidated statement of revenue, expenses, and accumulated surplus, the consolidated statement of changes in net debt, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

October 19, 2020

I hereby certify that the preceding report has been presented to the members of the Board of Winnipeg School Division.

Original Document Signed	October 20, 2020
Chairperson of the Board	Date

Winnipeg School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2020	2019
	Financial Assets		
	Cash and Bank	8,148,117	-
	Due from - Provincial Government	12,032,538	12,660,583
	- Federal Government	3,001,981	1,748,008
	- Municipal Government	101,939,463	98,092,580
	- Other School Divisions	109,078	41,449
	- First Nations	605,537	662,507
	Accounts Receivable	835,765	773,721
	Accrued Investment Income	170	170
*	Portfolio Investments	5,897,836	4,346,271
		132,570,485	118,325,289
	Liabilities		
	Overdraft	-	11,613,330
	Accounts Payable	17,555,031	11,925,499
	Accrued Liabilities	61,622,938	47,218,387
*	Employee Future Benefits	6,294,938	7,540,959
	Accrued Interest Payable	2,422,351	2,243,868
	Due to - Provincial Government	2,044,495	1,400,998
	- Federal Government	6,982,439	5,709,488
	- Municipal Government	63,340	-
	- Other School Divisions	1,682,311	1,353,978
	- First Nations	-	-
*	Deferred Revenue	14,874,242	14,674,741
*	Borrowings from the Provincial Government	160,056,195	130,325,014
	Other Borrowings	-	-
	School Generated Funds Liability	3,106,950	3,307,394
		276,705,230	237,313,656
	Net Assets (Debt)	(144,134,745)	(118,988,367)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	241,049,145	215,344,148
	Inventories	1,190,006	1,188,987
	Prepaid Expenses	694,028	590,626
		242,933,179	217,123,761
*	**Accumulated Surplus**	98,798,434	98,135,394

See accompanying notes to the Financial Statements

Winnipeg School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2020	2019
	Revenue			
	Provincial Government		258,821,727	259,113,895
	Federal Government		3,895,735	4,600,598
	Municipal Government	- Property Tax	162,171,466	156,208,907
		- Other	81,934	993,982
	Other School Divisions		2,280,326	2,375,875
	First Nations		1,741,360	2,022,050
	Private Organizations and Individuals		2,279,616	2,346,019
	Other Sources		1,386,550	1,263,751
	School Generated Funds		2,566,403	3,261,067
	Other Special Purpose Funds		200,317	222,455
			435,425,434	432,408,599
	Expenses			
	Regular Instruction		221,662,062	217,046,231
	Student Support Services		95,961,027	93,637,872
	Adult Learning Centres		856,421	807,930
	Community Education and Services		9,377,219	9,521,931
	Divisional Administration		12,069,744	11,080,601
	Instructional and Other Support Services		9,948,932	8,930,713
	Transportation of Pupils		6,693,371	7,199,436
	Operations and Maintenance		51,809,722	48,306,211
*	Fiscal	- Interest	5,801,606	5,668,765
		- Other	7,183,096	6,912,683
	Amortization		11,720,325	11,258,180
	Other Capital Items		-	8,099
	School Generated Funds		2,554,349	3,395,286
	Other Special Purpose Funds		236,612	193,694
			435,874,486	423,967,632
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(449,052)	8,440,967
	Less: Non-vested Sick Leave Expense (Recovery)		(1,112,092)	485,555
	Net Current Year Surplus (Deficit)		663,040	7,955,412
	Opening Accumulated Surplus		98,135,394	90,179,982
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		98,135,394	90,179,982
	Closing Accumulated Surplus		98,798,434	98,135,394

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Winnipeg School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	663,040	7,955,412
Amortization of Tangible Capital Assets	11,720,325	11,258,180
Acquisition of Tangible Capital Assets	(37,464,158)	(23,901,357)
(Gain) / Loss on Disposal of Tangible Capital Assets	8,567	(16,500)
Proceeds on Disposal of Tangible Capital Assets	30,269	16,500
	(25,704,997)	(12,643,177)
Inventories (Increase)/Decrease	(1,019)	(94,043)
Prepaid Expenses (Increase)/Decrease	(103,402)	3,504,000
	(104,421)	3,409,957
(Increase)/Decrease in Net Debt	(25,146,378)	(1,277,808)
Net Debt at Beginning of Year	(118,988,367)	(117,710,559)
Adjustments Other than Tangible Cap. Assets	-	-
	(118,988,367)	(117,710,559)
Net Assets (Debt) at End of Year	(144,134,745)	(118,988,367)

Winnipeg School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2020

	2020	2019
Operating Transactions		
Net Current Year Surplus (Deficit)	663,040	7,955,412
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	11,720,325	11,258,180
(Gain)/Loss on Disposal of Tangible Capital Assets	8,567	(16,500)
Employee Future Benefits Increase/(Decrease)	(1,246,021)	654,802
Due from Other Organizations (Increase)/Decrease	(4,483,470)	(3,126,723)
Accounts Receivable & Accrued Income (Increase)/Decrease	(62,044)	665,742
Inventories and Prepaid Expenses - (Increase)/Decrease	(104,421)	3,409,957
Due to Other Organizations Increase/(Decrease)	2,308,121	(514,649)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	20,212,566	2,259,862
Deferred Revenue Increase/(Decrease)	199,501	(302,920)
School Generated Funds Liability Increase/(Decrease)	(200,444)	340,192
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	29,015,720	22,583,355
Capital Transactions		
Acquisition of Tangible Capital Assets	(37,464,158)	(23,901,357)
Proceeds on Disposal of Tangible Capital Assets	30,269	16,500
Cash Provided by (Applied to) Capital Transactions	(37,433,889)	(23,884,857)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(1,551,565)	2,206,511
Cash Provided by (Applied to) Investing Transactions	(1,551,565)	2,206,511
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	29,731,181	10,694,180
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	29,731,181	10,694,180
Cash and Bank / Overdraft (Increase)/Decrease	19,761,447	11,599,189
Cash and Bank (Overdraft) at Beginning of Year	(11,613,330)	(23,212,519)
Cash and Bank (Overdraft) at End of Year	8,148,117	(11,613,330)

Winnipeg 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	311,537,232	8,923,619	10,635,282	1,340,243	11,844,364	9,591,442	33,731,562	2,343,930	12,198,138	402,145,812	378,799,297
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	311,537,232	8,923,619	10,635,282	1,340,243	11,844,364	9,591,442	33,731,562	2,343,930	12,198,138	402,145,812	378,799,297
Add:											
Additions during the year	11,956,450	180,569	1,333,663	82,225	502,021	254,561	21,929	747,915	22,384,825	37,464,158	23,901,357
Less:											
Disposals and write downs	-	-	1,385,730	105,314	-	-	-	-	-	1,491,044	554,842
Closing Cost	323,493,682	9,104,188	10,583,215	1,317,154	12,346,385	9,846,003	33,753,491	3,091,845	34,582,963	438,118,926	402,145,812
Accumulated Amortization											
Opening, as previously reported	159,137,377	4,083,180	5,866,468	1,100,881	8,530,563	6,507,172		1,576,023		186,801,664	176,098,326
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	159,137,377	4,083,180	5,866,468	1,100,881	8,530,563	6,507,172		1,576,023		186,801,664	176,098,326
Add:											
Current period Amortization	8,709,082	237,250	866,303	82,530	833,133	828,115		163,912		11,720,325	11,258,180
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	1,346,894	105,314	-	-		-		1,452,208	554,842
Closing Accumulated Amortization	167,846,459	4,320,430	5,385,877	1,078,097	9,363,696	7,335,287		1,739,935		197,069,781	186,801,664
Net Tangible Capital Asset	155,647,223	4,783,758	5,197,338	239,057	2,982,689	2,510,716	33,753,491	1,351,910	34,582,963	241,049,145	215,344,148
Proceeds from Disposal of Capital Assets	-	-	27,500	2,769	-	-				30,269	16,500

* Includes network infrastructure.

1. Nature of organization and economic dependence:

The Winnipeg School Division (Division) is a public education system that provides educational services for students in nursery to grade 12 residing primarily within its designated boundaries.

The Division is economically dependent on the Province of Manitoba for the majority of its revenue and capital financing requirements. Without this funding, the Division would not be able to continue its operations.

The Division is exempt from income tax under the *Income Tax Act*.

2. Significant accounting policies:

The significant accounting policies of the Division include:

(a) Reporting entity and consolidation:

The Division's reporting entities are comprised of the Division, school generated funds and The Children's Heritage Fund.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Operating Fund, Capital Fund, and Special Purpose Fund of the Division.

(b) Trust funds:

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division.

(i) Margaret Crawford Fund:

The Division administers the Margaret H. Crawford Trust Fund, a bequest fund that was established in 1954 which awards bursaries to students in vocational programming. Total funds under administration as at December 31, 2019 were $637,011 (2018 - $589,052).

2. Significant accounting principles (continued):

(ii) School scholarship funds:

Certain schools in the Division administer trust funds for the specific purpose of awarding scholarships to students. As at June 30, 2020, funds on hand in these schools for this purpose totaled $7,008 (2019 - $11,985).

(iii) Funds under administration:

Funds held on behalf of the Winnipeg Teachers Association's dental plan totaling $1,882,237 (2019 - $1,465,524) and funds held on behalf of the Winnipeg Teachers Association extended health care plan totaling $2,010,494 (2019 - $1,953,549) are included in portfolio investments and accounts payable on the Operating Fund schedule of financial position.

(c) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Canadian Public Sector Accounting Board (PSAB). Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods and services acquired in the period.

(d) Fund accounting:

The Division records financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME).

The Operating Fund is maintained to record all the day to day operating revenues and expenditures. 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 Children's Heritage Fund controlled by the Division.

(e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the delivery of certain programs and services or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

2. Significant accounting principles (continued):

(f) Tangible capital assets:

Tangible capital assets are non-financial assets that are used by the Division in operations 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 a tangible capital asset, each asset, other than land, must 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 - bricks, mortar and steel	50,000	40
Building - wood frame	50,000	25
Network infrastructure	25,000	10
Leasehold improvements	25,000	Over term of the lease
School buses	50,000	10
Vehicles	10,000	5
Computer software	10,000	4
Equipment	10,000	5
Computer hardware, services and peripherals	10,000	4
Furniture and fixtures	10,000	10

With the exception of buildings, all tangible capital assets are recorded at historical cost.

Buildings are recorded at historical cost. 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.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not 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.

2. Significant accounting principles (continued):

(g) Employee future benefits:

The Division provides a contributory defined benefit pension plan and Disability Income Plan (benefit plans) and other negotiated future benefits to employees. The costs of the Division's benefit plans are recognized over the period in which the related employees render their service. The Division adopted the following PSAB reporting standards with respect to accounting for these employee future benefits:

(i) Benefit plans:

A discount rate is used to measure benefit obligations. The expected return on pension plan assets is calculated on the fair value of the assets as of the year end date.

These costs are actuarially determined using the accrued benefit actuarial cost method with salary projection and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

Current service costs and interest costs on the benefit obligation are charged to income as they accrue. Actuarial gains and losses are amortized to the liability or asset and the related expenditure over the expected average remaining service life of active plan members.

The cost of the benefit plan amendments related to prior period employee services is accounted for in the period of the plan amendment.

(ii) Non-vesting accumulating sick days:

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.

(iii) Other future benefits:

Other future benefits are currently under-written on an experience-rated non-refundable basis. Should the rates established be inadequate or excessive, any deficit or surplus which develops in the account is absorbed by the insurer.

2. Significant accounting principles (continued):

(h) Capital reserve:

Certain amounts approved by the Board of Trustees and the Public Schools Finance Board 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) Government transfers:

Government transfers, including legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(j) Investment income:

Investment income is reported as revenue in the period earned.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements during the reporting period. Significant items subject to estimates include the carrying amount of past employee compensation, capital assets and employee future benefits. Actual subsequent results could differ from these estimates.

(l) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The Division is directly responsible or accepts responsibility;

(iv) It is expected that the future economic benefits will be given up; and

(v) A reasonable estimate of the amount can be made.

2. Significant accounting principles (continued):

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

3. Overdraft:

The Division has a temporary authorized overdraft limit with a chartered bank of $100,000,000, which will revert back to $64,000,000 on November 30, 2020, for operating expenses. The Division has an additional overdraft limit of $10,000,000 for approved building and infrastructure projects. As at June 30, 2020, the authorized overdraft has not been utilized. As at June 30, 2019 the operating overdraft utilized was $25,000,000, in the form of fixed rate promissory notes. Overdrafts are secured by borrowing By-Law No. 1290.

4. Employee future benefits:

The Division sponsors a contributory defined benefit pension plan and other future benefits for certain employees.

(i) Defined benefit pension plan:

Employees eligible for The Winnipeg School Division Pension Fund for Employees Other Than Teachers (the "pension plan") are required to contribute a percentage of earnings in accordance with the following schedule:

Year	Pensionable salary	Excess pensionable salary
2009 to 2011	7.00%	8.20%
2012	7.40%	8.70%
2013	7.80%	9.10%
2014 to 2020	8.10%	9.50%

The Division is required to contribute an amount each year equal to 127.4 percent of employees' required pension contributions.

4. Employee future benefits (continued):

The pension plan is actuarially valued annually. The most recent actuarial report was prepared on December 31, 2019 and extrapolated to June 30, 2020. Information about the Division's pension plan is as follows:

	2020	2019
Pension plan assets:		
Smoothed market value, beginning of year	$ 385,674,538	$ 365,784,919
Expected return	21,998,212	20,946,431
Actuarial investment gain (loss)	(5,901,617)	1,941,498
Employer contributions	7,637,035	7,916,108
Employee contributions	6,794,515	7,042,795
Pension paid	(20,625,433)	(17,957,213)
Smoothed market value, end of year	$ 395,577,250	$ 385,674,538
Accrued pension plan obligations:		
Balance, beginning of year	$ 385,062,626	$ 370,498,279
Current service costs	12,413,579	12,729,852
Interest costs	22,270,188	21,526,563
Pension paid	(20,625,433)	(17,957,213)
Actuarial loss (gain)	930,300	(1,734,855)
Balance, end of year	$ 400,051,260	$ 385,062,626

	2020	2019
Surplus (deficit) of plan assets versus plan obligations	$ (4,474,010)	$ 611,912
Net pension plan asset (liability)	(4,474,010)	611,912
Less: net unamortized actuarial loss (gain)	4,474,010	(611,912)
Net accrued pension asset (liability)	$ –	$ –

As at June 30, 2020, the surplus (deficit) of the plan assets versus plan obligation includes an asset smoothing adjustment of $4,271,544 (2019 - $6,084,511) increasing the value of the pension plan assets from the market value. The deficit of the plan assets versus plan obligation on a market value basis as at June 30, 2020 is $8,745,554 (2019 - $5,472,599).

As the Division's contribution to the plan each year is equal to its pension expense, no accrued pension asset or liability is reflected in the consolidated statement of financial position. The pension plan provides that within certain prescribed constraints, in the event of a funding deficiency, amendments to the pension plan will be utilized to resolve the deficiency.

4. Employee future benefits (continued):

The total net cost for the Division's pension plan is as follows:

	2020	2019
Net defined pension plan cost:		
Current service cost less employee contributions	$ 5,619,064	$ 5,687,057
Interest on plan obligations	22,270,188	21,526,563
Expected return on plan assets	(21,998,212)	(20,946,431)
Actuarial loss (gain)	6,831,917	(3,676,353)
Valuation allowance (decrease) increase	(5,085,922)	5,325,272
Net defined benefit plans cost	$ 7,637,035	$ 7,916,108

The significant actuarial assumptions adopted in measuring the Division's pension cost and accrued benefit obligations are as follows:

	2020	2019
Discount rate	5.75%	5.75%
Rate of compensation increase	2.5% plus merit	2.5% plus merit
Rate of inflation	2.5%	2.5%

The expected rate of return on plan assets was 5.75 percent. The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2019 was 4.07 percent.

The pension plan assets are held in trust and the investment portfolio allocation by asset type is indicated below in market values:

	2020	2019
Equities	49%	59%
Bonds	51%	40%
Cash and cash equivalents	0%	1%

4. Employee future benefits (continued):

(ii) Non-vested accumulated sick leave benefits:

Non-vested accumulated sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick benefits used over earned per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit for the year ended June 30, 2020 was a recovery of $1,112,092, whereas for the year ended June 30, 2019 a cost was incurred of $485,555. At June 30, 2020, the Division has recorded an estimated liability of $2,222,934 (2019 - $3,335,026) in respect of these benefits.

The significant assumptions adopted in measuring the non-vested accumulated sick leave benefit liability include a discount rate of 3.8 percent (June 30, 2019 - 4 percent).

(iii) Disability income plan:

The Division provides a disability income plan for permanent full-time employees who have been employed in the service of the Division for at least two consecutive years and are members of the pension plan.

An actuarial valuation is required every two years. The most recent actuarial report was prepared on December 31, 2019, at which date the disability income plan had net assets in excess of the benefit obligation recorded of $1,436,500 (2018 - $1,221,842). Pursuant to the Division's by-laws it does not have any access to the disability income plan's surplus and as such, no benefit plan asset relating to this plan is recorded in the Division's consolidated statement of financial position.

(iv) Other future benefits:

The Division provides other negotiated future benefits to employees, the costs of which are recognized over the period in which these employees render their service. At June 30, 2020, the Division has recorded an estimated liability of $4,072,005 (2019 - $4,205,933) in respect of these benefits. The significant actuarial assumption used in measuring the Division's estimated liability is a discount rate of 5.75 percent (2019 - 5.75 percent).

5. Deferred revenue:

	Balance as at June 30, 2019	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2020
Educational property tax credit	$ 12,148,262	$ 30,124,421	$ 30,363,089	$ 11,909,594
Special purpose funds and other	2,526,479	2,648,069	2,209,900	2,964,648
	$ 14,674,741	$ 32,772,490	$ 32,572,989	$ 14,874,242

6. School generated funds:

School generated funds are monies raised by the school, or under the auspices of the school, which each school's principal may raise, hold, administer or expend subject to the rules of the Division. At June 30, 2020, school funds held totaled $2,984,784 (2019 - $3,108,771).

The school generated funds liability of $3,106,950 (2019 - $3,307,394) comprises the portion of school generated funds that are not controlled and included in the Division's cash and bank balances.

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 instalments and maturing at various dates from fiscal 2021 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 2.625 percent to 7.25 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2020/21	$ 10,426,493	$ 6,149,767	$ 16,576,260
2021/22	10,391,687	5,676,409	16,068,096
2022/23	10,405,041	5,214,379	15,619,420
2023/24	10,101,966	4,760,332	14,862,298
2024/25	9,674,597	4,332,231	14,006,828
Thereafter	109,056,411	25,192,706	134,249,117
Total	$ 160,056,195	$ 51,325,824	$ 211,382,019

As at June 30, 2020, the Division held advances on claims for capital projects received from the Public Schools Finance Board totaling $1,395,882 (2019 - nil). As at June 30, 2019, the Division submitted claims for capital projects from the Public Schools Finance Board totaling $6,225,180, received during fiscal 2020.

8. Net tangible capital assets:

The schedule of tangible capital assets (TCA) on page 23 of the consolidated financial statements provides a breakdown of cost, accumulated amortization and net book value by class.

	Gross amount	Accumulated amortization	Net book value
Tangible capital assets	$ 438,118,926	$ 197,069,781	$ 241,049,145

9. Expenditures by type:

Expenditures by type not otherwise disclosed in these consolidated financial statements are listed on page 11.

10. Contractual obligations and contingencies:

The Division is committed to payments under operating leases for equipment and building rentals through 2030 in the amount of $3,760,923. Annual payments for these commitments are as follows:

2020	$ 998,975
2021	895,446
2022	813,796
2023	139,290
2024	130,488
2025 and thereafter	782,928
	$ 3,760,923

The Division is involved in various legal matters arising in the ordinary course of business. Management believes the resolution of these matters is not likely to have a material adverse effect on the Division's financial position, results of operations or cash flows.

11. Special levy raised for la Division Scolaire Franco-Manitobaine:

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 at June 30, 2020, the amount of this special levy was $2,310,605 (2019 - $2,133,166). These amounts are not included in the Division's consolidated financial statements.

12. Interest paid:

Interest paid during the fiscal year is comprised of the following:

	2020	2019
Operating Fund:		
Interest and bank charges	$ 100,792	$ 301,577
Capital Fund:		
Debenture bank interest	5,700,814	5,367,188
	$ 5,801,606	$ 5,668,765

13. COVID-19 pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. As a result of the COVID-19 pandemic and based on public health recommendations, for the last three months of the fiscal year the Division experienced closure of its schools and division office, implemented virtually instructed student learning, issued lay-offs of certain employee groups and enforced mandatory working from home requirements for those able to do so.

At the time of approval of these financial statements, the Division has resumed in-class learning at its schools following the safety protocols as directed by the Province of Manitoba. A combination of in-class learning and virtual learning is currently in place at the Division’s high schools, with full-time in-class learning at schools with Kindergarten to grade 8 students.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors’ report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and made adjustments that were required in these financial statements. At this time, there are also other factors which present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations of the Division. An estimate of the financial effect of these items is not practicable at this time.