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NOTICE TO READER

VOLUME 4 – SECTION 2

Volume 4 – Section 2 contains the audited financial statements for public school divisions. These financial statements have been condensed to reflect only audited financial statements, notes and the schedule of tangible capital assets. The complete audited financial statements for public school divisions include a number of additional schedules that are required for management purposes, which have not been reproduced in this volume. Consequently, they cannot be expected to provide as complete an understanding as provided by the full financial statements, which can be obtained from the respective school division.

MANAGEMENT RESPONSIBILITY REPORT

The accompanying consolidated financial statements of Beautiful Plains 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 is described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 20, 2015

Independent Auditors' Report

To the Board of Trustees of Beautiful Plains School Division:

We have audited the accompanying consolidated financial statements of Beautiful Plains School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Beautiful Plains School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net assets and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 20, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Beautiful Plains School Division.

Original Document Signed
Chairperson of the Board

October 20, 2015
Date

MNP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
4	Cash and Bank	279,545	-
	Due from - Provincial Government	881,632	1,775,561
	- Federal Government	35,520	51,028
9	- Municipal Government	3,164,651	2,989,318
	- Other School Divisions	-	-
	- First Nations	-	7,146
	Accounts Receivable	23,094	25,590
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		4,384,442	4,848,643
	Liabilities		
4	Overdraft	-	845,538
	Accounts Payable	122,217	538,969
	Accrued Liabilities	1,811,239	1,627,533
3	Employee Future Benefits	49,615	34,209
	Accrued Interest Payable	442,639	484,122
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	837,429	46,361
7	Debenture Debt	17,098,443	18,458,268
	Other Borrowings	-	-
	School Generated Funds Liability	54,069	105,070
		20,415,651	22,140,070
	Net Debt	(16,031,209)	(17,291,427)
	Non-Financial Assets		
2e	Net Tangible Capital Assets (TCA Schedule)	20,402,119	21,069,523
	Inventories	-	-
	Prepaid Expenses	449,877	482,885
		20,851,996	21,552,408
8	**Accumulated Surplus**	4,820,787	4,260,981

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		13,926,174	13,213,010
	Federal Government		-	-
9	Municipal Government	- Property Tax	6,101,414	5,787,928
		- Other	-	-
	Other School Divisions		31,200	60,000
	First Nations		-	23,820
	Private Organizations and Individuals		29,592	33,965
	Other Sources		127,252	103,044
	School Generated Funds		256,133	337,764
	Other Special Purpose Funds		-	-
			20,471,765	19,559,531
	Expenses			
	Regular Instruction		10,922,484	10,296,596
	Student Support Services		2,251,337	2,203,747
	Adult Learning Centres		-	-
	Community Education and Services		18,760	22,633
	Divisional Administration		642,821	601,227
	Instructional and Other Support Services		357,670	363,407
	Transportation of Pupils		1,200,348	1,212,890
	Operations and Maintenance		1,851,446	1,759,627
10	Fiscal	- Interest	961,941	1,015,088
		- Other	281,519	271,580
	Amortization		1,146,713	1,153,780
	Other Capital Items		-	5,502
6	School Generated Funds		261,514	330,849
	Other Special Purpose Funds		-	-
			19,896,553	19,236,926
	Current Year Surplus (Deficit) before Non-vested Sick Leave		575,212	322,605
3	Less: Non-vested Sick Leave Expense (Recovery)		15,406	(7,471)
	Net Current Year Surplus (Deficit)		559,806	330,076
	Opening Accumulated Surplus		4,260,981	3,930,905
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		4,260,981	3,930,905
	Closing Accumulated Surplus		4,820,787	4,260,981

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	559,806	330,076
Amortization of Tangible Capital Assets	1,146,713	1,153,780
Acquisition of Tangible Capital Assets	(479,309)	(876,529)
(Gain) / Loss on Disposal of Tangible Capital Assets	(28,583)	(818)
Proceeds on Disposal of Tangible Capital Assets	28,583	2,000
	667,404	278,433
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	33,008	49,642
	33,008	49,642
(Increase)/Decrease in Net Debt	1,260,218	658,151
Net Debt at Beginning of Year	(17,291,427)	(17,949,578)
Adjustments Other than Tangible Cap. Assets	-	-
	(17,291,427)	(17,949,578)
Net Debt at End of Year	(16,031,209)	(17,291,427)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	559,806	330,076
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,146,713	1,153,780
(Gain)/Loss on Disposal of Tangible Capital Assets	(28,583)	(818)
Employee Future Benefits Increase/(Decrease)	15,406	(7,471)
Due from Other Organizations (Increase)/Decrease	741,250	(867,740)
Accounts Receivable & Accrued Income (Increase)/Decrease	2,496	(935)
Inventories and Prepaid Expenses - (Increase)/Decrease	33,008	49,642
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(274,529)	433,402
Deferred Revenue Increase/(Decrease)	791,068	(744,714)
School Generated Funds Liability Increase/(Decrease)	(51,001)	37,298
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,935,634	382,520
Capital Transactions		
Acquisition of Tangible Capital Assets	(479,309)	(876,529)
Proceeds on Disposal of Tangible Capital Assets	28,583	2,000
Cash Provided by (Applied to) Capital Transactions	(450,726)	(874,529)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,359,825)	(145,767)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(1,359,825)	(145,767)
Cash and Bank / Overdraft (Increase)/Decrease	1,125,083	(637,776)
Cash and Bank (Overdraft) at Beginning of Year	(845,538)	(207,762)
Cash and Bank (Overdraft) at End of Year	279,545	(845,538)

Beautiful Plains School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	32,618,170	841,511	2,368,487	79,676	390,246	322,920	221,168	-	42,226	36,884,404	36,127,213
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	32,618,170	841,511	2,368,487	79,676	390,246	322,920	221,168	-	42,226	36,884,404	36,127,213
Add: Additions during the year	287,379	-	92,158	49,999	16,812	11,837	-	-	21,124	479,309	876,529
Less: Disposals and write downs	-	-	184,194	29,341	-	28,862	-	-	-	242,397	119,338
Closing Cost	32,905,549	841,511	2,276,451	100,334	407,058	305,895	221,168	-	63,350	37,121,316	36,884,404
Accumulated Amortization											
Opening, as previously reported	13,028,218	334,348	1,918,988	76,571	314,185	142,571		-		15,814,881	14,779,257
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,028,218	334,348	1,918,988	76,571	314,185	142,571		-		15,814,881	14,779,257
Add: Current period Amortization	959,543	25,369	99,496	8,106	21,598	32,601		-		1,146,713	1,153,780
Less: Accumulated Amortization on Disposals and Writedowns	-	-	184,194	29,341	-	28,862		-		242,397	118,156
Closing Accumulated Amortization	13,987,761	359,717	1,834,290	55,336	335,783	146,310		-		16,719,197	15,814,881
Net Tangible Capital Asset	18,917,788	481,794	442,161	44,998	71,275	159,585	221,168	-	63,350	20,402,119	21,069,523
Proceeds from Disposal of Capital Assets	-	-	500	28,083	-	-				28,583	2,000

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Beautiful Plains School 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 and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from tax and is a registered charity under the Income Tax Act.

The Division is economically dependent on the Province for the majority of its revenue and capital financing requirements. As well, a significant portion of local property taxation is required to maintain educational services. The Division would not be able to continue operations if either of these sources of funding were lost.

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated and registered charity funds. 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 and registered charity funds.

d) **School Generated Funds**

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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) **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.

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. 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.

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.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The Division participates in the MSBA (Manitoba School Boards Association) Pension Plan. The terms and conditions of this pension plan are administered by a provincial committee consisting of school trustees, employee and division management representatives. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 5.7% to 7.7% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

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.

g) 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. The Division has a reserve for school bus purchases in the amount of $586,275, other vehicles reserve in the amount of $23,085 and a Neepawa Collegiate Shop Dust Collector Replacement reserve in the amount of $155,598 (completed in summer of 2015).

h) 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.

i) 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 fair values, unless otherwise noted.

j) Liability for Contaminated Sites

The Division has adopted PS 3260 Liability for Contaminated Sites effective March 31, 2015. No sites have been identified and no liability has been established in Beautiful Plains School Division.

3. Employee Future 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 a maximum entitlement. The liability for employee future benefits for accumulated non vested sick leave recorded at June 30, 2015 was increased by $15,406. The total accrual at June 30, 2015 is $49,615.

4. Overdraft

The Division has an operating $3,700,000 line of credit with the Beautiful Plains Credit Union by way of overdraft. (By-Law #268) The Division does not receive any property taxation until November each year thus operates in overdraft for a portion of the year.

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 Division has a Scholarship Fund which is included in Other Special Purpose Funds below. The following is a breakdown of the account balance:

	Balance as at June 30, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Education Property Tax Credits (Fall)	$ -	$ 788,946	$ -	$ 788,946
Charitable Scholarship Fund	43,821	16,936	15,194	45,563
Prov. French Revitalization Grant	2,540	2,920	2,540	2,920
	$ 46,361	**$ 808,802**	**$ 17,734**	**$ 837,429**

6. School Generated Funds Liability & Revenue/Expense Presentation

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $54,069.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2015 covers a period of twelve months from April 1, 2014 to March 31, 2015.

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 2016 to 2034. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.625% to 8.75%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2015/16	$ 1,442,142	$ 907,899	$ 2,350,041
2016/17	1,472,544	820,383	2,292,927
2017/18	1,284,358	732,179	2,016,537
2018/19	1,252,642	660,286	1,912,928
2019/20	1,291,759	590,960	1,882,719
	$ 6,743,445	**$ 3,711,707**	**$ 10,455,152**

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

		2014/15
Operating Fund		
Designated Surplus	$	203,027
Undesignated Surplus		284,914
Non-vested Sick Leave Benefits		49,615
	$	**537,556**
Capital Fund		
Reserve Accounts	$	764,958
Equity in Tangible Capital Assets		3,269,728
	$	**4,034,686**
Special Purpose Fund		
School Generated Funds	$	248,545
Other Special Purpose Funds		-
		248,545
Total Accumulated Surplus	**$**	**4,820,787**

Unexpended school instructional budgets from the 2014/15 year totalling $35,527 have been carried forward to the 2015/16 school year. As well, $ 167,500 has been designated to purchase property adjacent to Neepawa Collegiate. (See Note 12)

Reserve Accounts under the Capital Fund represent internally restricted reserves for specific purposes approved by the Board of Trustees and Public Schools Finance Board. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

		2014/15
School Bus Reserve	$	586,275
Other Vehicle Reserve		23,085
Neepawa Collegiate Shop Dust Collector		155,598
Total Capital Reserves	**$**	**764,958**

9. 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 statement is raised over the two calendar (tax) years; 48% from 2014 tax year and 52% from the 2015 tax year. Below are the related revenue and receivable amounts:

	2014/15	2013/14
Revenue-Municipal Government-Property Tax	$ 6,101,414	$ 5,787,928
Receivable-Due from Municipal-Property Tax	$ 3,164,651	$ 2,989,318

10. Interest Received and Paid

The Division received interest during the year of $8,456 (previous year $9,226).
Interest expense is included in Fiscal and is comprised of the following:

	2014/15
Operating Fund	
Fiscal short term loan, interest and bank charges	$ 13,208
Capital Fund	
Debenture debt interest	948,733
Other interest	-
Total Interest Expense	**$ 961,941**

The accrual portion of debenture debt interest expense of $442,639 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. High Speed Connectivity Agreement

The Division has entered into a long term agreement with Westman Communications Group to provide high speed internet and wide area network connectivity for all community schools. The initial term of the agreement is ten years and two options to renew for a further five years each. Carberry and Neepawa Schools and the Division Office will utilize fiber optic cable technology and Brookdale and J. M. Young Schools will have wireless service using towers. A prepaid expense in the amount of $566,079 was established in the 2012/13 fiscal year. This expense will be recognized over the initial term of the agreement commencing in the 2012/13 fiscal year. The cost for construction of the infrastructure (wireless towers) owned by the Division is $188,693 and is being amortized in the capital fund.

12. Property Purchase

The Division is in the process of purchasing property (known as 189 Mountain Ave.) in the Town of Neepawa adjacent to the Neepawa Collegiate School yard. The property will be used for future development of the site. A deposit of $ 5,000 has been made and $ 167,500 remains to be paid.

13. 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 2014/15	Budget 2014/15	Actual 2013/14
Salaries	$ 13,321,611	$ 13,267,160	$ 12,700,398
Employees benefits & allowances	964,279	933,241	913,100
Services	1,644,383	1,651,845	1,544,410
Supplies, materials & minor equipment	1,258,256	1,221,108	1,217,291
Interest	961,941	961,733	1,015,088
Transfers (Other than Capital)	56,337	71,100	84,928
Payroll tax	281,519	284,000	271,580
Amortization	1,146,713	-	1,153,780
Other capital items	-	-	5,502
School generated funds	261,514	-	330,849
Total	**$ 19,896,553**	**$ 18,390,187**	**$ 19,236,926**

BORDER LAND
SCHOOL DIVISION

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Border Land School Division("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 established by the Public Sector Accounting Board of Chartered Professional Accountants 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 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 BDO Canada LLP, independent external auditor, appointed by the Board of Trustees. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed

Secretary-Treasurer

October 27, 2015

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Independent Auditor's Report

To the Chairperson and Board of Trustees of Border Land School Division

We have audited the accompanying consolidated financial statements of Border Land School Division ("Division"), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Border Land School Division as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 27, 2015

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

Original Document Signed

Chairperson

10/30/15

Date

Border Land School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	1,170,662	188,768
	Due from - Provincial Government	2,648,771	3,704,393
	- Federal Government	231,132	316,016
	- Municipal Government	5,377,232	5,402,061
	- Other School Divisions	611,808	491,885
	- First Nations	54,406	243,427
	Accounts Receivable	163,034	124,552
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		10,257,045	10,471,102
	Liabilities		
	Overdraft	-	-
	Accounts Payable	1,934,107	685,594
	Accrued Liabilities	86,213	801,236
	Employee Future Benefits	-	-
	Accrued Interest Payable	197,767	215,577
	Due to - Provincial Government	106,862	99,365
	- Federal Government	53,780	1,087,202
	- Municipal Government	68,212	68,895
	- Other School Divisions	271,961	250,355
	- First Nations	-	-
*	Deferred Revenue	1,307,492	416,410
*	Debenture Debt	8,522,230	9,122,862
*	Other Borrowings	5,600	11,200
	School Generated Funds Liability	-	-
		12,554,224	12,758,696
	Net Debt	(2,297,179)	(2,287,594)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	14,243,030	13,987,480
	Inventories	192,954	165,014
	Prepaid Expenses	2,657	47,616
		14,438,641	14,200,110
*	**Accumulated Surplus**	12,141,462	11,912,516

See accompanying notes to the Financial Statements

Border Land School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		22,909,467	22,715,116
	Federal Government		15,623	776,989
	Municipal Government	- Property Tax	8,969,967	8,922,421
		- Other	2,000	3,118
	Other School Divisions		631,173	521,317
	First Nations		1,252,605	494,219
	Private Organizations and Individuals		135,110	268,654
	Other Sources		453,693	301,914
	School Generated Funds		556,544	288,551
	Other Special Purpose Funds		-	-
			34,926,182	34,292,299
	Expenses			
	Regular Instruction		18,440,587	17,420,127
	Student Support Services		4,785,918	4,587,860
	Adult Learning Centres		573,186	492,630
	Community Education and Services		61,984	48,038
	Divisional Administration		1,111,167	898,006
	Instructional and Other Support Services		739,286	690,184
	Transportation of Pupils		2,413,198	2,220,430
	Operations and Maintenance		3,290,061	3,276,294
*	Fiscal	- Interest	491,914	522,390
		- Other	640,969	475,443
	Amortization		1,593,660	1,458,693
	Other Capital Items		-	18,475
	School Generated Funds		555,306	276,002
	Other Special Purpose Funds		-	-
			34,697,236	32,384,572
	Current Year Surplus (Deficit) before Non-vested Sick Leave		228,946	1,907,727
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		228,946	1,907,727
	Opening Accumulated Surplus		11,912,516	10,004,789
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		11,912,516	10,004,789
	Closing Accumulated Surplus		12,141,462	11,912,516

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Border Land School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	228,946	1,907,727
Amortization of Tangible Capital Assets	1,593,660	1,458,693
Acquisition of Tangible Capital Assets	(2,276,578)	(2,308,349)
(Gain) / Loss on Disposal of Tangible Capital Assets	85,013	(6,100)
Proceeds on Disposal of Tangible Capital Assets	342,355	21,900
	(255,550)	(833,856)
Inventories (Increase)/Decrease	(27,940)	(35,526)
Prepaid Expenses (Increase)/Decrease	44,959	336
	17,019	(35,190)
(Increase)/Decrease in Net Debt	(9,585)	1,038,681
Net Debt at Beginning of Year	(2,287,594)	(3,326,275)
Adjustments Other than Tangible Cap. Assets	-	-
	(2,287,594)	(3,326,275)
Net Debt at End of Year	(2,297,179)	(2,287,594)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	228,946	1,907,727
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,593,660	1,458,693
(Gain)/Loss on Disposal of Tangible Capital Assets	85,013	(6,100)
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	1,234,433	(1,880,978)
Accounts Receivable & Accrued Income (Increase)/Decrease	(38,482)	16,236
Inventories and Prepaid Expenses - (Increase)/Decrease	17,019	(35,190)
Due to Other Organizations Increase/(Decrease)	(1,005,002)	10,004
Accounts Payable & Accrued Liabilities Increase/(Decrease)	515,680	(266,158)
Deferred Revenue Increase/(Decrease)	891,082	(815,928)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,522,349	388,306
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,276,578)	(2,308,349)
Proceeds on Disposal of Tangible Capital Assets	342,355	21,900
Cash Provided by (Applied to) Capital Transactions	(1,934,223)	(2,286,449)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(600,632)	(361,212)
Other Borrowings Increase/(Decrease)	(5,600)	(5,600)
Cash Provided by (Applied to) Financing Transactions	(606,232)	(366,812)
Cash and Bank / Overdraft (Increase)/Decrease	981,894	(2,264,955)
Cash and Bank (Overdraft) at Beginning of Year	188,768	2,453,723
Cash and Bank (Overdraft) at End of Year	1,170,662	188,768

Border Land School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,366,677	651,882	4,266,947	127,308	2,527,832	1,658,881	207,919	326,405	266,776	33,400,627	31,640,772
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	23,366,677	651,882	4,266,947	127,308	2,527,832	1,658,881	207,919	326,405	266,776	33,400,627	31,640,772
Add:											
Additions during the year	413,249	-	279,902	-	677,439	231,602	-	36,000	638,386	2,276,578	2,308,349
Less:											
Disposals and write downs	134,864	-	346,820	-	272,580	13,364	-	-	255,735	1,023,363	548,494
Closing Cost	23,645,062	651,882	4,200,029	127,308	2,932,691	1,877,119	207,919	362,405	649,427	34,653,842	33,400,627
Accumulated Amortization											
Opening, as previously reported	14,344,626	371,972	2,348,194	78,595	1,786,809	408,228		74,723		19,413,147	18,487,148
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	14,344,626	371,972	2,348,194	78,595	1,786,809	408,228		74,723		19,413,147	18,487,148
Add:											
Current period Amortization	745,800	25,848	343,838	21,966	241,033	180,734		34,441		1,593,660	1,458,693
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	312,172		270,842	12,981		-		595,995	532,694
Closing Accumulated Amortization	15,090,426	397,820	2,379,860	100,561	1,757,000	575,981		109,164		20,410,812	19,413,147
Net Tangible Capital Asset	8,554,636	254,062	1,820,169	26,747	1,175,691	1,301,138	207,919	253,241	649,427	14,243,030	13,987,480
Proceeds from Disposal of Capital Assets	269,589	-	51,900	-	20,866	-				342,355	21,900

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Border Land 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada (CPA Canada).

Reporting Entity and Consolidation

The 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.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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 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 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 financial statements.

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

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

With the exception of land, 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.

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, 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.

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.

However, the Division provides retirement benefits to its non-teaching employees in the form of a defined contribution pension plan, and parental leave benefits to teachers. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Pension Plan

The Division pays the employer portion of a defined contribution plan handled by the Manitoba School Boards Association (MSBA) for non-teaching employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Defined Benefit/Self-Insured Employee Future Benefit Plans

For those defined benefit/self-insured benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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

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 Statement of Financial Position.

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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. Bank Overdraft

The Division has an authorized line of credit with Access Credit Union of $7,000,000 by way of overdrafts and is repayable on demand at prime minus .50% (2.20% at June 30, 2015); interest is paid monthly. Overdrafts are secured by a line of credit agreement and a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to non-teaching employees based on their age at the beginning of the year and rates of pay. Each age group under the MAST pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2015 year was $383,751 ($370,010 in 2014).

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, 2014	Additions in the year	Revenue recognized in the year	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ -	$ 932,645	$ -	$ 932,645
Professional Development	142,403	16,095	23,780	134,718
First Nations Grant	60,358	85,000	90,826	54,532
Special Levy (DSFM)	43,446	55,690	43,447	55,689
Manitoba Textbook Bureau	35,084	61,986	44,812	52,258
Donations & Special Purpose Funds	106,738	53,597	100,761	59,574
Rhineland Child Care	28,381	217,085	227,390	18,076
	$ 416,410	$ 1,422,098	$ 531,016	$1,307,492

6. 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 years ending June 30, 2017 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.38% to 8.38%. Debenture interest expense payable as at June 30, 2015, 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 fiscal years ending June 30 are:

2016	$ 1,156,696
2017	1,156,696
2018	1,131,265
2019	1,116,776
2020	1,003,416

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for fixtures installed on school grounds.

	2015	2014
Access Credit Union, no interest, secured by demand promissory note, financing by-law and banking documents, repayable 50% by Border Land School Division and 50% by Access Credit Union at $5,600 per year, due December 2015.	$ 5,600	$ 11,200

The loan will be repaid in full in the next fiscal year.

8. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds. At June 30, 2015, an amount equal to the liability of $nil ($nil in 2014) is included in cash and bank on the Statement of Financial Position.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $nil ($nil in 2014).

10. Accumulated Surplus

The accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 1,127,715	$ 1,290,653
Undesignated Surplus	54,889	1,522,610
	1,182,604	2,813,263
Capital Fund		
Reserve Accounts	4,998,803	4,088,389
Equity in Tangible Capital Assets	5,666,805	4,718,852
	10,665,608	8,807,241
Special Purpose Fund		
School Generated Funds	293,250	292,012
Other	-	-
	293,250	292,012
Total Accumulated Surplus	$ 12,141,462	$ 11,912,516

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of the Designated Surplus as disclosed at page 5 of the financial statements are as follows:

	2015	2014
School budget carryovers by Board policy	$ 616,747	$ 603,709
Applied to Budget and Special Levy	177,084	128,869
Projects and allowances	333,884	558,075
Designated surplus	$ 1,127,715	$ 1,290,653

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 pages 24 to 24c of the financial statements.

	2015	2014
Building Additions or Renovations	$ 3,045,190	$ 2,055,970
Software Conversion Projects	155,117	155,117
Wide Area Network	1,015,285	1,015,285
Equipment and Vehicles	64,741	204,741
Bus Reserve	718,470	657,276
Capital Reserve	$ 4,998,803	$ 4,088,389

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 revenue and expense is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 8,969,967	$ 8,922,421
Receivable – Due from Municipal – Property Tax	$ 5,577,232	$ 5,402,061

12. Interest Received and Paid

The Division received interest during the year of $86,397 ($78,161 in 2014); interest paid during the year was $491,914 ($522,390 in 2014).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 226	$ 62
Capital Fund		
Debenture interest	491,688	522,328
	$ 491,914	$ 522,390

The accrual portion of debenture debt interest expense of $197,767 ($215,577 in 2014) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	2015	2014
Salaries	$ 22,936,141	$ 22,103,319
Employees benefits and allowances	1,826,585	1,773,889
Services	2,975,098	3,048,070
Supplies, materials & minor equipment	3,287,407	2,374,085
Interest	491,914	522,390
Bad debts	149,053	-
Payroll tax	491,916	475,443
Amortization	1,593,660	1,458,693
Transfers	390,156	334,206
Other capital items	-	18,475
School generated funds	555,306	276,002
Other special purpose funds	-	-
	$ 34,697,236	$ 32,384,572

14. 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, 2015, the amount of this special levy was $126,705 ($107,796 in 2014). These amounts are not included in the Division's financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $1,127,715 at June 30, 2015 ($1,290,653 at June 30, 2014). The details of the Designated Surplus are disclosed at Note 10 and page 5 of the financial statements.

The Division incurs annual rental costs in the amount of $12,000 for five colony school buildings.

16. Trust Funds

The Division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the **Brandon School Division** and all the information in this annual report are the responsibility of management and have been approved by the Board of Trustees.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the financial statements are presented fairly in all material respects.

The School Division maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the School Division's assets are appropriately accounted for and adequately safeguarded.

The Board of Trustees are responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the statements.

The Board of Trustees reviews and approves the School Division's financial statements. The Board of Trustees meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the financial statements and the external auditor's report. The Board of Trustees also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian public sector accounting standards. BDO Canada LLP have full and free access to the Board of Trustees.

Chairperson Original Document Signed

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BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Chairperson and Board of Trustees of
Brandon School Division

We have audited the accompanying financial statements of **Brandon School Division**, which comprise the consolidated statement of financial position as at June 30, 2015 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures included in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of **Brandon School Division** as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matters

The financial information presented in the schedules to the consolidated financial statements was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, they are fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
October 20, 2015

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

Oct 26/15 — Original Document Signed

Date — Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2015	2014
	Financial Assets			
	Cash and Bank		2,342,986	-
	Due from	- Provincial Government	2,779,675	2,209,205
		- Federal Government	115,778	120,117
		- Municipal Government	18,675,020	18,560,053
		- Other School Divisions	24,141	72,270
		- First Nations	53,104	57,113
	Accounts Receivable		20,702	97,031
	Accrued Investment Income		-	-
	Portfolio Investments		-	-
			24,011,406	21,115,789
	Liabilities			
	Overdraft		-	4,663,544
	Accounts Payable		11,363,065	12,076,877
	Accrued Liabilities		11,551	10,555
*	Employee Future Benefits		1,767,527	1,608,493
	Accrued Interest Payable		631,017	320,936
	Due to	- Provincial Government	-	1,627
		- Federal Government	-	-
		- Municipal Government	-	-
		- Other School Divisions	-	-
		- First Nations	-	-
*	Deferred Revenue		3,318,142	3,166,395
*	Debenture Debt		28,854,352	15,060,824
	Other Borrowings		-	-
	School Generated Funds Liability		274,615	268,182
			46,220,269	37,177,433
	Net Debt		(22,208,863)	(16,061,644)
	Non-Financial Assets			
*	Net Tangible Capital Assets (TCA Schedule)		39,301,313	31,112,366
	Inventories		54,920	56,097
	Prepaid Expenses		338,684	243,893
			39,694,917	31,412,356
*	**Accumulated Surplus**		17,486,054	15,350,712

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		57,592,869	55,671,171
	Federal Government		20,196	24,918
	Municipal Government	- Property Tax	32,902,072	32,108,074
		- Other	-	-
	Other School Divisions		300,824	315,072
	First Nations		130,900	173,220
	Private Organizations and Individuals		778,064	751,327
	Other Sources		163,223	68,048
	School Generated Funds		2,392,158	2,533,167
	Other Special Purpose Funds		282,436	317,960
			94,562,742	91,962,957
	Expenses			
	Regular Instruction		52,479,939	50,237,368
	Student Support Services		17,815,990	18,010,847
	Adult Learning Centres		-	-
	Community Education and Services		241,746	245,769
	Divisional Administration		2,619,630	2,431,661
	Instructional and Other Support Services		2,484,418	2,526,743
	Transportation of Pupils		2,213,387	2,041,728
	Operations and Maintenance		7,224,637	7,030,834
*	Fiscal	- Interest	1,086,844	820,473
		- Other	1,520,377	1,439,690
	Amortization		2,057,469	1,979,188
	Other Capital Items		-	8,260
	School Generated Funds		2,376,761	2,401,010
	Other Special Purpose Funds		248,371	168,640
			92,369,569	89,342,211
	Current Year Surplus (Deficit) before Non-vested Sick Leave		2,193,173	2,620,746
	Less: Non-vested Sick Leave Expense (Recovery)		57,831	(8,666)
	Net Current Year Surplus (Deficit)		2,135,342	2,629,412
	Opening Accumulated Surplus		15,350,712	12,721,300
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		15,350,712	12,721,300
	Closing Accumulated Surplus		17,486,054	15,350,712

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	2,135,342	2,629,412
Amortization of Tangible Capital Assets	2,057,469	1,979,188
Acquisition of Tangible Capital Assets	(10,246,416)	(6,746,844)
(Gain) / Loss on Disposal of Tangible Capital Assets	(20,184)	-
Proceeds on Disposal of Tangible Capital Assets	20,184	-
	(8,188,947)	(4,767,656)
Inventories (Increase)/Decrease	1,177	18,277
Prepaid Expenses (Increase)/Decrease	(94,791)	(44,889)
	(93,614)	(26,612)
(Increase)/Decrease in Net Debt	(6,147,219)	(2,164,856)
Net Debt at Beginning of Year	(16,061,644)	(13,896,788)
Adjustments Other than Tangible Cap. Assets	-	-
	(16,061,644)	(13,896,788)
Net Debt at End of Year	(22,208,863)	(16,061,644)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	2,135,342	2,629,412
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,057,469	1,979,188
(Gain)/Loss on Disposal of Tangible Capital Assets	(20,184)	-
Employee Future Benefits Increase/(Decrease)	159,034	56,455
Due from Other Organizations (Increase)/Decrease	(628,960)	(2,112,830)
Accounts Receivable & Accrued Income (Increase)/Decrease	76,329	(68,396)
Inventories and Prepaid Expenses - (Increase)/Decrease	(93,614)	(26,612)
Due to Other Organizations Increase/(Decrease)	(1,627)	1,627
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(402,735)	2,575,621
Deferred Revenue Increase/(Decrease)	151,747	(255,184)
School Generated Funds Liability Increase/(Decrease)	6,433	(27,995)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,439,234	4,751,286
Capital Transactions		
Acquisition of Tangible Capital Assets	(10,246,416)	(6,746,844)
Proceeds on Disposal of Tangible Capital Assets	20,184	-
Cash Provided by (Applied to) Capital Transactions	(10,226,232)	(6,746,844)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	13,793,528	296,985
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	13,793,528	296,985
Cash and Bank / Overdraft (Increase)/Decrease	7,006,530	(1,698,573)
Cash and Bank (Overdraft) at Beginning of Year	(4,663,544)	(2,964,971)
Cash and Bank (Overdraft) at End of Year	2,342,986	(4,663,544)

Brandon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	60,481,455	1,937,773	4,090,009	305,807	2,472,838	1,332,269	1,079,084	298,062	5,467,685	77,464,982	70,718,138
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	60,481,455	1,937,773	4,090,009	305,807	2,472,838	1,332,269	1,079,084	298,062	5,467,685	77,464,982	70,718,138
Add: Additions during the year	6,752,199	-	460,469	69,397	258,411	-	-	-	2,705,940	10,246,416	6,746,844
Less: Disposals and write downs	-	-	149,391	40,912	-	-	-	-	-	190,303	-
Closing Cost	67,233,654	1,937,773	4,401,087	334,292	2,731,249	1,332,269	1,079,084	298,062	8,173,625	87,521,095	77,464,982
Accumulated Amortization											
Opening, as previously reported	39,358,703	1,400,507	2,750,311	230,622	2,302,237	257,358		52,878		46,352,616	44,373,428
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	39,358,703	1,400,507	2,750,311	230,622	2,302,237	257,358		52,878		46,352,616	44,373,428
Add: Current period Amortization	1,433,384	43,160	291,267	24,527	63,752	171,573		29,806		2,057,469	1,979,188
Less: Accumulated Amortization on Disposals and Writedowns	-	-	149,391	40,912	-	-		-		190,303	-
Closing Accumulated Amortization	40,792,087	1,443,667	2,892,187	214,237	2,365,989	428,931		82,684		48,219,782	46,352,616
Net Tangible Capital Asset	26,441,567	494,106	1,508,900	120,055	365,260	903,338	1,079,084	215,378	8,173,625	39,301,313	31,112,366
Proceeds from Disposal of Capital Assets	-	-	2,600	17,584	-	-				20,184	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Brandon School 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, and a special levy on the property assessment included in the Division's boundaries. The Division is not subject to 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 PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

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 and charitable foundations 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 extracurricular 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) 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, 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 workstations and for systems in which use of each component is dependent on each other to operate.

With the exception of land, 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. Where actual costs are not determinable, estimated costs have been determined.

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.

f) 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.

g) 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. Significant estimates were employed when calculating the future sick leave liability, the future severance liability and the useful life of capital assets used to determine amortization expense. Actual results could differ from management’s best estimates, as additional information becomes available in the future.

h) Measurement Uncertainty

Measurement uncertainty exists in the recording of sick leave and severance liabilities affecting employee future benefits payable and the regular instruction, student support services, community education and services, divisional administration, instructional and other support services, transportation of pupils, and operations and maintenance expense accounts.

Sick leave is calculated using an estimate of the future salary rates of employees and the number of sick days that employees will use in future years. These estimates are based on past experience; however, measurement uncertainty exists as the actual future salary rates and sick days to be claimed are unknown.

The severance liability is an estimate of future severance costs related to the number of employees who will earn vested severance pay. These estimates are based on the number of employees who have earned this benefit in the past; however, measurement uncertainty exists as the actual number of employees who will earn this benefit in the future is unknown.

i) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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. Liability for Contaminated Sites

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

4. Bank Overdraft

The Division has an authorized line of credit with CIBC of $10,500,000 for operating expenditures by way of overdrafts; the unused portion of the line of credit at June 30, 2015 is $10,500,000. The Division also has an authorized line of credit with CIBC of $6,500,000 for the George Fitton School New Gymnasium & New Child Care Facility project by way of overdrafts; the unused portion of the line of credit at June 30, 2015 is $6,333,884. Both lines of credit are repayable on demand at the bank’s prime rate less .600%; interest is paid monthly. Interest earned is the monthly average Banker’s Acceptance rate less the Banker’s Acceptance cap.

5. 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 maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for the year ended June 30, 2015 is an increase of $57,831 (2014 - decrease of $8,666). At June 30, 2015, the Division has recorded an estimated liability of $416,654 (2014 - $358,823) in respect of these benefits.

The significant assumptions adopted in measuring the non-vested accumulated sick leave benefit liability includes a discount rate of 4% (2014 – 5%) and a salary rate increase of 2% (2014 – 2%).

Long Service Recognition benefits are given to employees who resign from their position with the Division after fifteen (15) or more consecutive years of service in a support staff position, the employee is entitled to and has the option of a paid leave or a lump sum payment based on two (2) days for each year of said service. Long Service Recognition benefits are measured using three (3) year retirement averages on the expected future utilization of this benefit. The impact of the estimated Long Service Recognition Benefit cost for 2014-2015 is an increase of $4,073 (2013-2014 increase of $51,868).

At June 30, 2015, the Division has recorded an estimated liability for employee future benefits of $1,767,527 (2014 - $1,608,493).

6. 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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Education property tax credit	$ 3,091,472	$ 7,558,832	$ 7,429,291	$ 3,221,013
Other special funds	74,924	158,658	136,452	97,129
	$ 3,166,395	$ 7,717,489	$ 7,565,743	$ 3,318,142

7. Debenture Debt

The debenture debt of the Division is in the form of fifteen and twenty-year debentures payable, principal and interest, in fifteen and twenty equal yearly instalments and maturing at various dates from 2015 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.625% to 9.875%.

Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2015-16	$ 1,659,752	$ 1,238,861	$ 2,898,613
2016-17	1,525,238	1,151,141	2,676,380
2017-18	1,489,327	1,076,113	2,565,440
2018-19	1,536,276	1,005,980	2,542,256
2019-20	1,555,784	933,809	2,489,593
Thereafter	21,087,974	6,240,663	27,328,637
	$ 28,854,352	$ 11,646,567	$ 40,500,918

8. 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 $274,615.

	2015
Parent Council Funds	$ 257,787
Other Parent Group Funds	12,091
Student Council Funds	2,821
Staff Funds	1,915
	$ 274,615

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.

	Gross Amount	Accumulated Amortization	2015 Net Book Value
Owned-tangible capital assets	$ 86,965,859	$ 48,081,273	$ 38,884,586
Capital lease	555,236	138,509	416,727
	$ 87,521,095	$ 48,219,782	$ 39,301,313

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating fund:	
Designated surplus	$ 457,800
Undesignated surplus	2,979,953
Less: Non-vested sick leave to date	(416,654)
	3,021,099
Capital fund:	
Reserve accounts	3,854,039
Equity in tangible capital assest	8,857,035
	12,711,074
Special purpose fund:	
School generated funds	691,270
Other special purpose funds	1,062,611
	1,753,881
Total accumulated surplus	$ 17,486,054

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015
Insurance Aggregate Retention (Self-Insurance)	$ 45,000
School budget carryovers by board policy	412,800
	$ 457,800

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and the Public Schools Finance Board (PSFB). A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2015
Admin. Office Roof Replacement	$ 220,000
Administration Building Reserves	175,526
Bus Garage Addition	450,000
Bus Reserves	426,956
Disaster Recovery System	270,000
Emergency Equipment/System Replacement	100,000
ERP System	800,000
New School	1,000,000
School Building Reserves	411,557
	$3,854,039

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2015
Scholarship trust	$ 5,486
Property trust	890,388
Charitable donation fund	166,737
Other special purpose funds	$ 1,062,611

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 student resident in the Division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 43.5% from 2014 tax year and 56.5% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue - Municipal Government - Property Tax	$ 32,902,072	$ 32,108,074
Receivable - Due from Municipal - Property Tax	$ 18,675,020	$ 18,560,053

12. Interest Received and Paid

The Division received interest during the year of $106,773 (previous year $68,048); interest paid during the year was $1,086,844 (previous year $820,473).

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

	2015
Operating fund	
Fiscal-short term loan, interest and bank charges	$ 15,675
Capital fund	
Debenture debt interest	1,071,169
Other interest	
	$ 1,086,844

The accrual portion of debenture debt interest expense of $631,017 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba and our self-funded debt.

13. 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 la Division scolaire franco-manitobaine. As at June 30, 2015, the amount of this special levy was $448,740 (2014 - $371,511). These amounts are not included in the Division's consolidated financial statements.

DIVISION • SCOLAIRE
FRANCO-MANITOBAINE

Bernard Lesage
Président
CSFM

Alain Laberge
Directeur général
DSFM

RAPPORT DE LA DIRECTION

La responsabilité de la direction pour la préparation des états financiers

Les états financiers consolidés de la Division scolaire franco-manitobaine qui accompagnent ce rapport sont la responsabilité de la direction et ont été préparés conformément à la législation, et selon les normes comptables du secteur public du Canada tel qu'établis par le Conseil sur la comptabilité dans le secteur public des Comptables professionnels agréés Canada. Le sommaire des principales politiques comptables est compris à la note 2 des états financiers consolidés.

La préparation des états financiers consolidés exige nécessairement l'utilisation d'estimations fondées sur le jugement de la direction, particulièrement lorsque les transactions touchant l'exercice courant ne peuvent pas être finalisées avec certitude avant les prochains exercices. La direction de la Division scolaire maintient un système d'audit interne conçu pour offrir une assurance raisonnable que les actifs sont protégés, que les transactions sont dûment autorisées et comptabilisées conformément aux exigences législatives et réglementaires et que des données financières fiables sont disponibles en temps opportun pour la préparation des états financiers consolidés. Ces systèmes sont surveillés et évalués par la direction.

La commission scolaire de la Division scolaire a rencontré la direction afin de revoir les états financiers consolidés et de discuter des points importants se rattachant à la communication des informations financières ou aux contrôles internes avant qu'elle approuve les états financiers consolidés.

Les états financiers consolidés ont été audités par BDO Canada s.r.l., des auditeurs externes indépendants, nommés par la commission scolaire. Le rapport de l'auditeur indépendant élabore leurs responsabilités, l'étendue de leur examen et leur opinion sur les états financiers consolidés de la Division scolaire.

Original Document Signed
President

Original Document Signed
Secretaire-tresorier

Le 26 octobre 2016

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Rapport de l'auditeur indépendant

Au président et aux membres de la Commission scolaire de la **Division scolaire franco-manitobaine**

Nous avons effectué l'audit des états financiers consolidés ci-joints de la Division scolaire franco-manitobaine, qui comprennent l'état consolidé de la situation financière au 30 juin 2016, et l'état consolidé des recettes, des dépenses et de l'excédent accumulé, l'état consolidé du changement de la dette nette et l'état consolidé de l'évolution des liquidités pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction à l'égard des états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux normes comptables du secteur public du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers consolidés exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers consolidés, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifiions et réalisions l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers consolidés. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers consolidés comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'organisation portant sur la préparation et la présentation fidèle des états financiers consolidés afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'organisation. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers consolidés.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, les états financiers consolidés donnent, dans tous les aspects significatifs, une image fidèle de la situation financière de la Division scolaire franco-manitobaine au 30 juin 2016, ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date, conformément aux normes comptables du secteur public du Canada.

BDO Canada s.r.l.

Comptables professionnels agréés

Winnipeg (Manitoba)
Le 26 octobre 2016

J'atteste par la présente que le rapport ci-dessus ainsi que les états financiers consolidés audités et les renseignements supplémentaires ont été présentés aux membres de la commission scolaire de la Division scolaire franco-manitobaine.

16 novembre 2016
Date

President de la commission scolaire

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	3,282,611	6,783,799
	- Federal Government	1,905,913	1,071,979
	- Municipal Government	11,952,737	11,172,868
	- Other School Divisions	94,883	62,820
	- First Nations	-	-
	Accounts Receivable	133,997	209,517
	Accrued Investment Income	-	-
*	Portfolio Investments	50,003	49,022
		17,420,144	19,350,005
	Liabilities		
*	Overdraft	6,863,811	8,874,489
	Accounts Payable	8,306,296	3,270,232
	Accrued Liabilities	2,239,538	1,068,192
*	Employee Future Benefits	839,469	853,678
	Accrued Interest Payable	846,373	787,045
	Due to - Provincial Government	284,903	238,663
	- Federal Government	137,250	2,551,198
	- Municipal Government	11,822	5,467
	- Other School Divisions	111,122	102,901
	- First Nations	-	-
*	Deferred Revenue	2,383,378	63,910
*	Debenture Debt	40,521,601	34,026,579
*	Other Borrowings	2,488,755	2,734,064
	School Generated Funds Liability	242,260	226,730
		65,276,578	54,803,148
	Net Debt	(47,856,434)	(35,453,143)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	80,048,260	63,124,503
	Inventories	-	-
	Prepaid Expenses	2,241,861	2,601,750
		82,290,121	65,726,253
*	**Accumulated Surplus**	34,433,687	30,273,110

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		62,670,265	59,791,762
	Federal Government		2,558,998	565,313
	Municipal Government	- Property Tax	19,076,247	17,491,204
		- Other	-	-
	Other School Divisions		1,412,761	1,278,108
	First Nations		-	-
	Private Organizations and Individuals		169,358	170,735
	Other Sources		283,374	376,400
	School Generated Funds		1,456,389	1,522,327
	Other Special Purpose Funds		109,827	72,112
			87,737,219	81,267,961
	Expenses			
	Regular Instruction		45,193,319	41,406,809
	Student Support Services		8,931,738	9,032,830
	Adult Learning Centres		241,158	241,512
	Community Education and Services		946,651	875,319
	Divisional Administration		2,905,200	3,097,560
	Instructional and Other Support Services		2,728,755	2,419,352
	Transportation of Pupils		8,013,703	7,749,772
	Operations and Maintenance		7,540,382	7,294,374
*	Fiscal	- Interest	2,049,420	1,876,396
		- Other	1,122,041	1,080,533
	Amortization		2,379,797	2,149,484
	Other Capital Items		19,627	9,504
	School Generated Funds		1,489,827	1,519,134
	Other Special Purpose Funds		33,078	43,761
			83,594,696	78,796,340
	Current Year Surplus (Deficit) before Non-vested Sick Leave		4,142,523	2,471,621
	Less: Non-vested Sick Leave Expense (Recovery)		(18,054)	114,275
	Net Current Year Surplus (Deficit)		4,160,577	2,357,346
	Opening Accumulated Surplus		30,273,110	27,915,764
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		30,273,110	27,915,764
	Closing Accumulated Surplus		34,433,687	30,273,110

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	4,160,577	2,357,346
Amortization of Tangible Capital Assets	2,379,797	2,149,484
Acquisition of Tangible Capital Assets	(19,303,554)	(6,701,074)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(8,768)
Proceeds on Disposal of Tangible Capital Assets	-	12,328
	(16,923,757)	(4,548,030)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	359,889	(2,447,241)
	359,889	(2,447,241)
(Increase)/Decrease in Net Debt	(12,403,291)	(4,637,925)
Net Debt at Beginning of Year	(35,453,143)	(30,815,218)
Adjustments Other than Tangible Cap. Assets	-	-
	(35,453,143)	(30,815,218)
Net Debt at End of Year	(47,856,434)	(35,453,143)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	4,160,577	2,357,346
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,379,797	2,149,484
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(8,768)
Employee Future Benefits Increase/(Decrease)	(14,209)	155,460
Due from Other Organizations (Increase)/Decrease	1,855,322	(4,989,533)
Accounts Receivable & Accrued Income (Increase)/Decrease	75,520	(52,411)
Inventories and Prepaid Expenses - (Increase)/Decrease	359,889	(2,447,241)
Due to Other Organizations Increase/(Decrease)	(2,353,132)	2,368,015
Accounts Payable & Accrued Liabilities Increase/(Decrease)	6,266,738	(1,084,124)
Deferred Revenue Increase/(Decrease)	2,319,468	(2,272,722)
School Generated Funds Liability Increase/(Decrease)	15,530	(15,575)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	15,065,500	(3,840,069)
Capital Transactions		
Acquisition of Tangible Capital Assets	(19,303,554)	(6,701,074)
Proceeds on Disposal of Tangible Capital Assets	-	12,328
Cash Provided by (Applied to) Capital Transactions	(19,303,554)	(6,688,746)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(981)	(1,015)
Cash Provided by (Applied to) Investing Transactions	(981)	(1,015)
Financing Transactions		
Debenture Debt Increase/(Decrease)	6,495,022	4,285,678
Other Borrowings Increase/(Decrease)	(245,309)	1,889,180
Cash Provided by (Applied to) Financing Transactions	6,249,713	6,174,858
Cash and Bank / Overdraft (Increase)/Decrease	2,010,678	(4,354,972)
Cash and Bank (Overdraft) at Beginning of Year	(8,874,489)	(4,519,517)
Cash and Bank (Overdraft) at End of Year	(6,863,811)	(8,874,489)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	68,849,315	401,335	-	145,239	1,951,973	500,727	12,957,737	1,202,844	9,353,037	95,362,207	88,892,835
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	68,849,315	401,335	-	145,239	1,951,973	500,727	12,957,737	1,202,844	9,353,037	95,362,207	88,892,835
Add: Additions during the year	7,651,178	-	-	92,498	241,398	346,841	-	78,749	10,892,890	19,303,554	6,701,074
Less: Disposals and write downs	-	-	-	-	98,640	-	-	-	-	98,640	231,702
Closing Cost	76,500,493	401,335	-	237,737	2,094,731	847,568	12,957,737	1,281,593	20,245,927	114,567,121	95,362,207
Accumulated Amortization											
Opening, as previously reported	30,056,444	298,471	-	87,311	1,010,913	346,314		438,251		32,237,704	30,316,362
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	30,056,444	298,471	-	87,311	1,010,913	346,314		438,251		32,237,704	30,316,362
Add: Current period Amortization	1,880,047	4,637	-	30,112	220,629	120,149		124,223		2,379,797	2,149,484
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	98,640	-		-		98,640	228,142
Closing Accumulated Amortization	31,936,491	303,108	-	117,423	1,132,902	466,463		562,474		34,518,861	32,237,704
Net Tangible Capital Asset	44,564,002	98,227	-	120,314	961,829	381,105	12,957,737	719,119	20,245,927	80,048,260	63,124,503
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	12,328

* Includes network infrastructure.

[Translation]

Division scolaire franco-manitobaine
Notes to Consolidated Financial Statements
For the year ended June 30, 2015

1. Nature of Organization and Economic Dependence

The *Division scolaire franco-manitobaine* (the "Division") is a public body that provides education services to the Francophone student population of Manitoba. The Division is funded mainly by grants from the Province of Manitoba (the "Province"), and special levies. The Division and each provider school division share the tax levies based on the proportion that their respective number of students represents in relation to the total of all students living within the provider school division's boundaries.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with the public sector accounting principles established by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada (CPA Canada).

Reporting Entity and Consolidation

The consolidated financial statements include 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 balances and transactions were eliminated upon consolidation.

Trust Funds

Trust funds and their related transactions are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB standards, are assets under the custody of a trustee (the Division) pursuant to a trust agreement or under the law. The trustee merely administers the terms and conditions of the trust agreement, and has no unilateral authority to change them.

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.

Fund Accounting

The fund method of accounting is used by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The operating fund is maintained to record all the day-to-day operating revenues and expenses. The capital fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The special purpose fund is used to account for school-generated funds and the assets of charitable foundations controlled by the Division.

School-Generated Funds

School-generated funds are monies which are collected by a school or under its auspices through extra-curricular activities conducted for its sole benefit, and which the principal of the school may, subject to the rules of the school board, raise, hold, administer and expend for the purposes of the school.

[Translation]

Division scolaire franco-manitobaine
Notes to Consolidated Financial Statements
For the year ended June 30, 2015

School-Generated Funds (cont'd)

Only revenue and expenses of school-generated funds controlled by the Division are included in the consolidated statement of revenue, expenses and accumulated surplus. For funds to be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and for what purpose they are to be spent.

The balances of cash monies and short-term investments 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 item. Examples of uncontrolled school-generated funds are parent committee funds, student association funds and travel club funds. Revenues and expenses of uncontrolled school-generated funds are not included in the consolidated financial statements.

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, land improvements, school buses, other vehicles, furniture, fixtures and equipment, computer hardware and software, leasehold improvements, capital leases, 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 ($)	Useful Life
Land improvements	25,000	10 years
Building – bricks, mortar and steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	10,000	5 years
Network infrastructure	25,000	10 years
Computer hardware	10,000	4 years
Computer software	10,000	4 years
Furniture & fixtures	10,000	10 years
Leasehold improvements	25,000	Over term of lease

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

Land is 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, 2006 has been valued by the Crown Lands and Property Agency.

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, based on Southam and CanaData construction cost indices.

With the exception of 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.

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 as when an asset is amortized.

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.

[Translation]

Net Tangible Capital Assets (cont'd)

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.

Employee Future Benefits

The Province 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 consolidated financial statements.

However, the Division provides retirement and other future benefits to its support staff. These benefits include a defined contribution pension plan, parental leave and early retirement benefit. The Division adopted the following accounting policies with respect to these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion to the defined contribution pension plan administered by the Manitoba School Boards Association (MSBA) for its support staff. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees and are equal to the contributions made by the employees. No responsibility is assumed by the Division to make any subsequent contribution.

<u>Defined Benefit/Self-Managed Employee Future Benefit Plans</u>

For defined benefit/self-managed benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs. For complementary payment obligations related to possible early retirement that are also event driven, the cost of benefits is recognized for the period in relation to which the commitment to pay benefits is approved by the school board.

With respect to sick leave that accrues without being vested, the liability is recorded, when deemed significant, based on the likelihood that the accrued sick leave will be used by the employees. The calculated amount is adjusted using present value methods.

Reserve Fund

Certain amounts approved by the Board and the Public Schools Finance Board have been set aside in reserve funds for future capital projects. These are internally restricted and part of the accumulated surplus reported in the consolidated statement of financial position.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the most accurate projections of management as additional information becomes available.

[Translation]

Division scolaire franco-manitobaine
Notes to Consolidated Financial Statements
For the year ended June 30, 2015

3. Overdraft

The Division has an authorized line of credit with the Caisse Financial Group of $13,450,000 to fund operations and of $16,500,000 to fund capital projects by way of overdrafts, repayable on demand at prime less 0.75% (2.10% as at June 30, 2015) with interest payable monthly. Included in the overdraft are costs for capital projects totaling approximately $8,334,026 which will be submitted to the Public Schools Finance Board (PSFB) for debenture funding. These loans are secured by way of a security agreement and borrowing by-law.

4. Employee Future Benefits

The Division participates in a defined contribution pension plan administered by the MSBA. The defined contribution plan is provided to support staff based on their age at the beginning of the year and on rates of pay. Under the MSBA pension plan, employee contributions are determined according to a specific percentage based on their age group. The Division's contributions equal the employee's contributions to the plan. Pension liability is included in the consolidated financial statements under Accounts Payable.

The employee future benefit expense is a part of the Employee Benefits and Allowances item. Total contributions to the defined contribution pension plan for the period ended June 30, 2015, amount to $631,291 ($613,945 in 2014).

Fringe benefits, such as sick leave, which accumulate without vesting, are evaluated in accordance with the present value method taking into account the extent to which accumulated sick leave credits are expected to exceed the number of vested days . The evaluation of the cost of sick leave benefits for the 2014/15 period has resulted in a recovery of $18,054.

5. Deferred Revenue

The deferral method of accounting is used for revenues received that, pursuant to statutes, regulations or agreements, 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, 2014	Amounts received in the period	Recognized in the period	Balance as at June 30, 2015
	$	$	$	$
Administration – Healthy Schools	5,554	15,714	12,589	8,679
Other (EPTC)	-	8,460,156	6,197,346	2,262,810
Healthy Baby	11,074	66,200	66,456	10,818
C.T.I. Central and C.T.I. Urban	-	81,181	81,181	-
Coalition petite enfance	7,238	499,153	476,000	30,391
Growing with Mom	-	2,729	1,461	1,268
Parlons petite enfance	33,270	-	-	33,270
Other deferred revenue	6,774	36,142	6,774	36,316
	63,910	9,161,275	6,841,807	2,383,378

6. School-Generated Funds Liability

Liability pertaining to school-generated funds uncontrolled by the school division includes a cash amount of $241,522 as at June 30, 2015 ($226,730 as at June 30, 2014), which is recorded in the consolidated statement of financial position as part of the liability item pertaining to school-generated funds.

7. Debenture Debt

The Division's debenture debt is made up of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province. The debentures carry interest rates that range from 3.500% to 8.125%. Debenture interest expense payable as at June 30, 2015 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:

	Principal ($)	Interest ($)	Total ($)
2016	2,685,903	2,038,076	4,723,979
2017	2,828,338	1,885,670	4,714,008
2018	2,907,049	1,725,042	4,632,092
2019	2,697,605	1,560,990	4,458,595
2020	3,025,059	1,398,658	4,423,717

8. Other Loans

Other loans include debts other than overdrafts or debentures. They include loans for child care facility improvement and capital leases on photocopiers.

	2015	2014
	$	$
Child care improvement	244,744	275,908
Connectivity project	2,244,011	2,457,914
Capital leases	-	242
	2,488,755	2,734,064

Loans for the connectivity project and improvements to child care facilities are at 4.46% and 3.69% respectively, due on demand, and the monthly payments are $26,600 and $3,452 respectively, including the principal and interest as at June 30, 2015. These loans are secured by way of a security agreement and borrowing by-law.

Principal and interest repayment of total other loans in the next five years are:

	Principal	Interest	Total
	$	$	$
2016	256,309	104,310	360,619
2017	267,998	92,621	360,619
2018	279,912	80,707	360,619
2019	292,372	68,247	360,619
2020	305,245	55,374	360,619

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets on page 23 of the audited financial statements provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period ended June 30, 2015 was $78,929 ($8,409 in 2014).

[Translation]

10. Accumulated Surplus

The consolidated accumulated surplus as at June 30, 2015 is comprised of the following:

	2015	2014
	$	$
Operating fund	1,797,369	1,724,726
Designated surplus	2,113,837	2,376,437
Undesignated surplus	(355,082)	(373,136)
Sick leave	3,556,124	3,728,027
Capital fund	1,065,000	565,000
Reserve accounts	29,053,150	25,263,981
Equity in tangible capital assets	30,118,150	25,828,981
Special purpose fund	594,662	628,100
School-generated funds	164,751	88,002
Other special purpose funds	759,413	716,102
Consolidated accumulated surplus	34,433,687	30,273,110

11. Municipal Governments – Property Tax and related Due from Municipal Governments

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 statement of revenue, expenses and accumulated surplus is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the revenue and related receivable amounts:

	2015	2014
	$	$
Revenue – Municipal Government – Property Tax	19,076,247	17,491,204
Receivable – Due from Municipal – Property Tax	11,952,737	11,172,867

12. Interest Received and Paid

The Division received interest in the amount of $34,974 during the year ending June 30, 2015 ($29,970 in 2014); interest paid during the year was $2,049,420 ($1,876,396 in 2014).

Interest expense is included in Charges and Taxes for the period ended June 30, 2015 and is comprised of the following:

	2015	2014
	$	$
Operating fund		
Charges and Taxes – Short term loan, interest and bank charges	120,781	75,826
Capital fund	1,918,383	1,766,265
Debenture debt interest	10,256	34,305
Other interest	1,928,639	1,800,570
	2,049,420	1,876,396

The accrual portion of the debenture debt interest expense of $846,373 as at June 30, 2015 ($787,045 as at June 30, 2014) included under Capital Fund – Debenture debt interest is offset by an accrual of the debt servicing grant from the Province.

13. Allowance for Doubtful Accounts

All receivables presented on the consolidated statement of financial position are net of an allowance for specific doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2015:

	2015	2014
	$	$
Allowance for doubtful accounts (recovery) deducted from Receivables	507	-
Bad debts (recovery) (included in Charges and Taxes)	507	-

14. 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 2015	Budget 2015	Actual 2014
	$	$	$
Salaries	52,346,764	53,979,236	50,250,864
Employee benefits and allowances	3,901,737	4,502,852	3,750,157
Services	14,864,467	16,929,166	14,749,292
Supplies, materials & minor equipment	5,117,446	3,328,502	3,101,871
Interest and bank charges	2,049,420	25,000	1,876,396
Doubtful accounts (recovery)	507	-	-
Payroll tax	1,121,534	1,141,080	1,080,533
Transfers	270,492	315,889	265,344
Amortization	2,379,797	-	2,149,484
Other capital items	19,627	-	9,504
School-generated funds	1,489,827	-	1,519,134
Other special purpose funds	33,078	-	43,761
	83,594,696	80,221,725	78,796,340

15. Contractual Obligations

Agreements respecting student transportation were entered into until June 2019. The annual costs for these services are approximately $7,300,000.

Lease agreements for school buildings were entered into with various school divisions and organizations. An estimated amount was recorded as a payable amount and as an expense for the current fiscal year given that the rental rates have not yet been finalized. All retroactive adjustments will be recorded in the year when their specific amount is determined.

16. Financial Instruments

The Division's financial instruments include cash on hand, current investments, accounts receivable and payable (provincial, federal and municipal governments, other school divisions and First Nations), accounts receivable, receivable investment income, overdrafts, accounts payable, accrued liabilities, employee future benefits, accrued interest payable, debenture debt and other loans.

Unless otherwise noted, it is management's opinion that these financial instruments do not expose the Division to significant interest, exchange or credit risk.

[Translation]

17. Trust Funds

During the year, the Division made $1,222,131 in hold back payments for construction projects. These monies are currently being held in a bank account in the Division's name but they are to be transferred to the contractor once the projects have been completed. The funds held in this bank account and the accrued liability with respect to the hold back have not been included in the consolidated financial statements.

18. Controlled Corporation

The Division controls a charitable organization. The assets, liabilities and accumulated surplus of the charitable organization are recorded in the statement of financial position under the special purpose fund. The revenue, expenses and restated opening accumulated surplus of the charitable organization are recorded in the statement of revenues, expenses and accumulated surplus under the special purpose fund.

19. Contaminated Sites

Starting on July 1, 2014, the Division adopted the new principle for the public sector in Canada, Liability for Contaminated Sites, Section PS 3260. The standard was applied prospectively and did not result in any adjustments to the division's financial liabilities, tangible capital assets or accumulated surplus.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Evergreen School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Craig & Ross, Chartered Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary-Treasurer

November 4, 2015

CRAIG & ROSS
CHARTERED ACCOUNTANTS

October 30, 2015

INDEPENDENT AUDITORS' REPORT

To the Chairperson and Trustees of
Evergreen School Division

We have audited the accompanying consolidated financial statements of Evergreen School Division which comprise the consolidated statement of financial position as at June 30, 2015 and June 30, 2014, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Evergreen School Division as at June 30, 2015 and the consolidated results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Craig & Ross

Chartered Accountants

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

Nov 4, 2015
Date

Original Document Signed
Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	42,320	-
	Due from - Provincial Government	1,526,688	2,971,474
	- Federal Government	69,367	67,416
	- Municipal Government	4,053,420	3,907,838
	- Other School Divisions	230	-
	- First Nations	163,020	114,660
	Accounts Receivable	55,684	76,218
	Accrued Investment Income	1,829	1,963
5	Portfolio Investments	130,822	130,761
		6,043,380	7,270,330
	Liabilities		
	Overdraft	-	2,304,509
	Accounts Payable	718,625	480,969
	Accrued Liabilities	1,902,190	1,703,220
4	Employee Future Benefits	66,335	52,530
	Accrued Interest Payable	366,630	395,395
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	840,133	31,286
8	Debenture Debt	14,844,618	14,630,734
9	Other Borrowings	959,232	1,244,785
	School Generated Funds Liability	32,408	15,430
		19,730,171	20,858,858
	Net Debt	(13,686,791)	(13,588,528)
	Non-Financial Assets		
10	Net Tangible Capital Assets (TCA Schedule)	21,181,373	20,755,946
	Inventories	-	-
	Prepaid Expenses	133,943	127,650
		21,315,316	20,883,596
11	**Accumulated Surplus**	7,628,525	7,295,068

See accompanying notes to the Financial Statements

Evergreen School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		14,811,760	14,652,364
	Federal Government		-	-
	Municipal Government	- Property Tax	7,116,923	6,915,659
		- Other	-	-
	Other School Divisions		51,374	42,906
	First Nations		142,000	59,780
	Private Organizations and Individuals		99,673	69,742
	Other Sources		81,356	761,385
	School Generated Funds		435,658	367,336
	Other Special Purpose Funds		73,861	25,615
			22,812,605	22,894,787
	Expenses			
	Regular Instruction		10,337,474	10,007,024
	Student Support Services		3,259,555	3,434,855
	Adult Learning Centres		-	-
	Community Education and Services		57,901	60,586
	Divisional Administration		917,653	771,921
	Instructional and Other Support Services		650,454	613,595
	Transportation of Pupils		1,707,197	1,386,236
	Operations and Maintenance		2,470,564	2,441,103
13	Fiscal	- Interest	847,227	874,672
		- Other	296,585	295,239
	Amortization		1,427,451	1,389,759
	Other Capital Items		-	-
	School Generated Funds		419,746	367,962
	Other Special Purpose Funds		73,536	25,093
			22,465,343	21,668,045
	Current Year Surplus (Deficit) before Non-vested Sick Leave		347,262	1,226,742
	Less: Non-vested Sick Leave Expense (Recovery)		13,805	(7,008)
	Net Current Year Surplus (Deficit)		333,457	1,233,750
	Opening Accumulated Surplus		7,295,068	6,061,318
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		7,295,068	6,061,318
	Closing Accumulated Surplus		7,628,525	7,295,068

See accompanying notes to the Financial Statements

Evergreen School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	333,457	1,233,750
Amortization of Tangible Capital Assets	1,427,451	1,389,759
Acquisition of Tangible Capital Assets	(1,852,878)	(1,571,472)
(Gain) / Loss on Disposal of Tangible Capital Assets	(5,099)	-
Proceeds on Disposal of Tangible Capital Assets	5,099	-
	(425,427)	(181,713)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(6,293)	(40,385)
	(6,293)	(40,385)
(Increase)/Decrease in Net Debt	(98,263)	1,011,652
Net Debt at Beginning of Year	(13,588,528)	(14,600,180)
Adjustments Other than Tangible Cap. Assets	-	-
	(13,588,528)	(14,600,180)
Net Debt at End of Year	(13,686,791)	(13,588,528)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	333,457	1,233,750
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,427,451	1,389,759
(Gain)/Loss on Disposal of Tangible Capital Assets	(5,099)	-
Employee Future Benefits Increase/(Decrease)	13,805	(7,009)
Due from Other Organizations (Increase)/Decrease	1,248,663	(817,310)
Accounts Receivable & Accrued Income (Increase)/Decrease	20,668	(870)
Inventories and Prepaid Expenses - (Increase)/Decrease	(6,293)	(40,385)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	407,861	131,247
Deferred Revenue Increase/(Decrease)	808,847	31,286
School Generated Funds Liability Increase/(Decrease)	16,978	1,647
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	4,266,338	1,922,115
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,852,878)	(1,571,472)
Proceeds on Disposal of Tangible Capital Assets	5,099	-
Cash Provided by (Applied to) Capital Transactions	(1,847,779)	(1,571,472)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(61)	(60)
Cash Provided by (Applied to) Investing Transactions	(61)	(60)
Financing Transactions		
Debenture Debt Increase/(Decrease)	213,884	145,436
Other Borrowings Increase/(Decrease)	(285,553)	(77,198)
Cash Provided by (Applied to) Financing Transactions	(71,669)	68,238
Cash and Bank / Overdraft (Increase)/Decrease	2,346,829	418,821
Cash and Bank (Overdraft) at Beginning of Year	(2,304,509)	(2,723,330)
Cash and Bank (Overdraft) at End of Year	42,320	(2,304,509)

Evergreen School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	30,426,399	1,626,928	3,333,428	254,772	865,803	1,676,345	256,678	129,749	208,247	38,778,349	37,206,877
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	30,426,399	1,626,928	3,333,428	254,772	865,803	1,676,345	256,678	129,749	208,247	38,778,349	37,206,877
Add:											
Additions during the year	128,232	-	316,963	-	163,772	-	-	51,688	1,192,223	1,852,878	1,571,472
Less:											
Disposals and write downs	-	-	217,868	-	-	-	-	-	-	217,868	-
Closing Cost	30,554,631	1,626,928	3,432,523	254,772	1,029,575	1,676,345	256,678	181,437	1,400,470	40,413,359	38,778,349
Accumulated Amortization											
Opening, as previously reported	14,393,090	483,228	2,218,493	190,681	420,799	264,811		51,301		18,022,403	16,632,644
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	14,393,090	483,228	2,218,493	190,681	420,799	264,811		51,301		18,022,403	16,632,644
Add:											
Current period Amortization	923,846	55,601	200,912	17,814	97,721	115,998		15,559		1,427,451	1,389,759
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	217,868	-	-	-		-		217,868	-
Closing Accumulated Amortization	15,316,936	538,829	2,201,537	208,495	518,520	380,809		66,860		19,231,986	18,022,403
Net Tangible Capital Asset	15,237,695	1,088,099	1,230,986	46,277	511,055	1,295,536	256,678	114,577	1,400,470	21,181,373	20,755,946
Proceeds from Disposal of Capital Assets	-	-	5,099	-	-	-				5,099	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 are prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants 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 The Evergreen Foundation of Manitoba Inc. controlled by the Division.

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

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records 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 the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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 that the principal of each school, may raise, hold, administer and expend for the purposes of the school, subject to the rules of the school board.

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.

2. Significant Accounting Policies - Continued

d) School Generated Funds - continued

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 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

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.

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.

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 (1)	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles (2)	10,000	5
Equipment (3)	10,000	5
Network Infrastructure (4)	25,000	10
Computer Hardware, Servers & Periphe	5,000	4
Computer Software (6)	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 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.

2. Significant Accounting Policies – Continued

g) Tangible Capital Assets - continued

All land acquired prior to June 30, 1995 has been valued by the Crown Lands and Property Agency.

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, 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.

k) Liability for Contaminated Sites

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

3. Overdraft

The Division has an authorized line of credit with The Noventis Credit Union Limited of $4,000,000.00 by way of overdrafts and is repayable on demand at prime less .875%; interest is paid monthly). Overdrafts are secured by a temporary borrowing by-law.

4. Employee Future 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 a maximum entitlement. The impact of the estimated non-vested sick leave benefit (decrease) increase for 2014 / 2015 is $13,805, (2013 / 2014 ($7,008).

5. Portfolio Investments

Portfolio investments consist of deposit certificates that mature within one year. Investment income earned during the year was $4,145.

6. Deferred Revenue

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.

7. 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 $32,408.

8. 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 1990 to 2030. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.375% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	1,114,199	809,938	$ 1,924,137
2017	1,163,027	744,268	1,907,295
2018	1,223,703	676,110	1,899,813
2019	1,286,768	604,419	1,891,187
2020	1,329,231	530,639	1,859,870
	$ 6,116,928	$ 3,365,374	$ 9,482,302

9. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This is a loan to complete our Broadband project bearing interest at Noventis Credit Union prime rate, repayable with blended monthly installments for principal and interest of $9,650.40 and a maturity date of June 1, 2027.

Principal and interest repayments in each of the next five years are $115,805 annually.

10. 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	2015 Net Book Value	2014 Net Book Value
Owned-tangible capital assets	$ 40,413,359	$ 19,231,986	$ 21,181,373	$ 20,755,946
Capital lease	-	-	-	-
	$ 40,413,359	$ 19,231,986	$ 21,181,373	$ 20,755,946

11. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

Operating Fund		
Undesignated Surplus	**$ 741,078**	$ 1,137,614
Capital Fund		
Reserve Accounts	**1,813,622**	1,640,468
Equity in Tangible Capital Assets	**4,736,216**	4,195,614
	6,549,838	5,836,082
Special Purpose Fund		
School Generated Funds	**158,274**	142,362
Other Special Purpose Funds	**179,335**	179,010
	337,609	321,372
Total Accumulated Surplus	**$ 7,628,525**	$ 7,295,068

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

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.

12. 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 2014 tax year and 57% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 7,116,923	$ 6,915,659
Receivable-Due from Municipal-Property Tax	$ 4,053,420	$ 3,907,838

13. Interest Received and Paid

The Division received interest during the year of $14,477 (previous year $12,035); interest paid during the year was $847,227 (previous year $874,672).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 15,613	$ 10,145
Capital Fund		
Debenture debt interest	802,185	826,111
Other interest	29,429	38,416
	$ 847,227	$ 874,672

The accrual portion of debenture debt interest expense of $364,383 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. 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 2015	Budget 2015	Actual 2014
Salaries	$ 14,163,708	$ 14,460,650	$ 13,920,932
Employees benefits & allowances	1,374,793	1,321,975	1,309,803
Services	2,158,165	1,986,346	1,927,838
Supplies, materials & minor equipment	1,648,432	1,746,631	1,510,997
Interest	847,227	12,000	874,672
Bad debts	-	-	-
Payroll tax	296,585	300,000	295,239
Transfers	55,700	49,000	45,750
Amortization	1,427,451	-	1,389,759
Other capital items	-	-	-
School generated funds	419,746	-	367,962
Other special purpose funds	73,536	-	25,093
	$ 22,465,343	$ 19,876,602	$ 21,668,045

15. Budget Figures and Non Financial Information

The 2015 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.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Flin Flon School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Kendall & Pandya Chartered Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary-Treasurer

September 29, 2015

KENDALL & PANDYA

Chartered Accountants

380 - 31 Main St., PO Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211, Fax (204) 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204)778-7312, Fax (204) 778-7919

Partners David Kendall, FCA *
Manisha Pandya, CA *
* Operating as professional corporations

INDEPENDENT AUDITOR'S REPORT

To the Directors of Flin Flon School Division

Report on the Financial Statements

We have audited the accompanying financial statements of Flin Flon School Division, which comprise the balance sheets as at June 30, 2015 and 2014, and the statements of operations, changes in net assets and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Flin Flon School Division as at June 30, 2015 and 2014 and its operations and cash flows for the years then ended in accordance with Canadian public sector accounting standards

Our examination also included supplemental schedules of revenue and expenditure details for the year ended June 30, 2015. In our opinion, supplemental schedules when considered in relation to the basic financial statements, presents fairly in all material respects, the information shown therein.

Our examination did not include the budget figures, student enrolments and full time equivalent personnel

Flin Flon, Manitoba
September 29, 2015

CHARTERED ACCOUNTANTS

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

September 29, 2015

Original Document Signed

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	426,424	-
	Due from - Provincial Government	1,074,848	1,005,907
	- Federal Government	-	-
	- Municipal Government	1,554,879	1,451,638
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	95,939	177,195
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		3,152,090	2,634,740
	Liabilities		
	Overdraft	-	290,778
	Accounts Payable	556,063	566,745
	Accrued Liabilities	1,611,827	1,498,498
2	Employee Future Benefits	79,486	62,056
	Accrued Interest Payable	48,030	31,438
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	38,804	36,069
6	Debenture Debt	2,864,676	2,456,036
	Other Borrowings	-	-
	School Generated Funds Liability	140,318	140,318
		5,339,204	5,081,938
	Net Debt	(2,187,114)	(2,447,198)
	Non-Financial Assets		
12	Net Tangible Capital Assets (TCA Schedule)	4,369,457	4,450,926
	Inventories	-	-
	Prepaid Expenses	27,294	29,636
		4,396,751	4,480,562
14	**Accumulated Surplus**	2,209,637	2,033,364

See accompanying notes to the Financial Statements

Flin Flon School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		10,583,437	10,057,934
	Federal Government		-	22,320
	Municipal Government	- Property Tax	3,117,074	2,931,078
		- Other	-	-
	Other School Divisions		285,509	231,648
	First Nations		-	-
	Private Organizations and Individuals		206,513	181,319
	Other Sources		30,995	47,694
	School Generated Funds		258,518	246,831
	Other Special Purpose Funds		-	-
			14,482,046	13,718,824
	Expenses			
	Regular Instruction		7,359,113	7,009,629
	Student Support Services		2,293,938	2,305,777
	Adult Learning Centres		92,300	92,300
	Community Education and Services		11,767	16,938
	Divisional Administration		670,780	629,838
	Instructional and Other Support Services		298,631	334,187
	Transportation of Pupils		439,407	436,236
	Operations and Maintenance		2,231,478	2,000,329
9	Fiscal	- Interest	149,368	119,902
		- Other	204,707	200,956
	Amortization		306,610	280,735
	Other Capital Items		(2,602)	(15,942)
	School Generated Funds		250,276	231,792
	Other Special Purpose Funds		-	-
			14,305,773	13,642,677
	Current Year Surplus (Deficit) before Non-vested Sick Leave		176,273	76,147
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		176,273	76,147
	Opening Accumulated Surplus		2,033,364	1,957,217
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		2,033,364	1,957,217
	Closing Accumulated Surplus		2,209,637	2,033,364

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	176,273	76,147
Amortization of Tangible Capital Assets	306,610	280,735
Acquisition of Tangible Capital Assets	(225,141)	(1,308,518)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	81,469	(1,027,783)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	2,342	20,014
	2,342	20,014
(Increase)/Decrease in Net Debt	260,084	(931,622)
Net Debt at Beginning of Year	(2,447,198)	(1,515,576)
Adjustments Other than Tangible Cap. Assets	-	-
	(2,447,198)	(1,515,576)
Net Debt at End of Year	(2,187,114)	(2,447,198)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	176,273	76,147
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	306,610	280,735
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	17,430	4,509
Due from Other Organizations (Increase)/Decrease	(172,182)	(60,507)
Accounts Receivable & Accrued Income (Increase)/Decrease	81,256	(54,291)
Inventories and Prepaid Expenses - (Increase)/Decrease	2,342	20,014
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	119,239	285,892
Deferred Revenue Increase/(Decrease)	2,735	(3,424)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	533,703	549,075
Capital Transactions		
Acquisition of Tangible Capital Assets	(225,141)	(1,308,518)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(225,141)	(1,308,518)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	408,640	492,717
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	408,640	492,717
Cash and Bank / Overdraft (Increase)/Decrease	717,202	(266,726)
Cash and Bank (Overdraft) at Beginning of Year	(290,778)	(24,052)
Cash and Bank (Overdraft) at End of Year	426,424	(290,778)

Flin Flon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	11,116,122	373,249	-	229,759	348,736	35,610	476,043	518,856	-	13,098,375	11,789,857
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	11,116,122	373,249	-	229,759	348,736	35,610	476,043	518,856	-	13,098,375	11,789,857
Add: Additions during the year	25,208	-	-	-	122,531	-	-	77,402	-	225,141	1,308,518
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	11,141,330	373,249	-	229,759	471,267	35,610	476,043	596,258	-	13,323,516	13,098,375
Accumulated Amortization											
Opening, as previously reported	7,888,131	345,749	-	105,157	268,715	24,927		14,770		8,647,449	8,366,714
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	7,888,131	345,749	-	105,157	268,715	24,927		14,770		8,647,449	8,366,714
Add: Current period Amortization	235,262	5,000	-	20,174	34,832	7,122		4,220		306,610	280,735
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	8,123,393	350,749	-	125,331	303,547	32,049		18,990		8,954,059	8,647,449
Net Tangible Capital Asset	3,017,937	22,500	-	104,428	167,720	3,561	476,043	577,268	-	4,369,457	4,450,926
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1) NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The Flin Flon School Division is a public body that provides education services to the residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

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

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

b) Trust Funds

The Division administers a number of bursary and scholarship funds. These bursary and scholarship funds and their related expenses are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements. (See Note # 8)

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extra-curricular activities for the sole use of the school that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school. Funds raised for this purpose within the Flin Flon School Division are used for such activities as travel for school teams, school clubs and graduation.

Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

f) **Tangible Capital Assets**

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include 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 – brick, mortar, 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 and Fixtures	$ 5,000	10
Leasehold Improvements	$ 25,000	Over term of lease

Grouping of assets in not permitted except for computer work stations. With the exception of land, donated capital assets and capital leases, all tangible capital assets are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit of the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

All tangible capital assets except for land, capital leases, and assets under construction, are amortized on a straight line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

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

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

g) Employees Future Benefits

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

However, the Division provides retirement and future benefits to its employees. These benefits include life insurance and supplemental unemployment benefits, dental, prescription drugs, vision plan and long term disability.

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

(i) Defined Contribution/Insured Benefit Plans

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

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

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

h) Capital Reserves

Certain amounts, as approved by the Board of Trustees and the Public Schools Finance Board (PSFB), can be set aside in reserve accounts for future capital purposes. These Capital Reserve accounts are internally restricted funds that form part of the Accumulated Surplus presented in the Statement of Financial Position.

The Flin Flon School Division has $164,113 set aside in Capital Reserves at this time.

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

j) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long term debt) that may affect the amount, timing, and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial, and federal governments, and therefore, the credit risks are minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

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

For non-vesting accumulating sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using net present value techniques. The calculated dollar value on Non-vested sick time as at June 30, 2015 is $19,516 (June 30, 2014; $18,320, June 30, 2013; $27,848, June 30, 2012; $37,944). These amounts are disclosed for compliance with PS 2120 only and are not considered material for inclusion in the financial statements.

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB)

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

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

ii. The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

iii. The Employees Future Benefit Liability was not required at June 30, 2013.

iv. Accrued Interest Payable was established to account for the accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. OVERDRAFT

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

5. SHORT TERM INVESTMENTS

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

6. DEBENTURE DEBT

Issue	Interest Rate	Maturity Date	Balance June 30, 2015	Balance June 30, 2014
$ 90,000	8.875%	30/09/2015	$ 8,974.99	$ 17,218.38
$ 74,000	6.125%	30/04/2019	$ 22,518.57	$ 27,360.05
$ 170,000	6.625%	31/01/2022	$ 85,085.68	$ 94,412.95
$ 563,500	5.375%	30/06/2025	$ 353,865.60	$ 380,100.68
$ 119,200	5.000%	28/02/2026	$ 79,450.19	$ 84,776.29
$ 257,100	4.875%	15/02/2027	$ 182,201.42	$ 193,195.42
$ 372,300	5.125%	15/05/2027	$ 265,720.59	$ 281,486.18
$ 271,400	5.875%	15/02/2029	$ 219,405.29	$ 229,353.14
$ 306,300	4.125%	15/12/2031	$ 274,566.07	$ 285,574.39
$ 230,700	4.000%	28/02/2032	$ 206,516.00	$ 214,895.49
$ 44,600	3.750%	15/11/2033	$ 41,468.35	$ 43,063.00
$ 500,000	4.125%	31/03/2034	$ 483,425.74	$ 500,000.00
$ 104,600	4.250%	31/05/2034	$ 101,177.44	$ 104,600.00
$ 424,400	4.000%	15/07/2034	$ 424,399.93	$ 0.00
			$ 2,864,675.92	$2,456,035.97

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

2016	$ 156,776
2017	$ 155,035
2018	$ 162,632
2019	$ 170,613
2020	$ 172,479

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

7. DEFERRED REVENUE

Deferred Revenue valued at $ 38,804 at June 30, 2015 consists of the following:

a) An amount of $ 33,779 relating to fees collected for staff parking is also included in Deferred Revenue. Prior to the 2008/2009 year, proceeds from parking fees were used to make bank loan payments for parking lot improvements. The Division will use these funds for improvements such as paving and lighting.

b) The first quarter payment of $5,025 for the 2014/2015 school year for the Parent/Child Room at Ruth Betts Community School was received in advance in June 2015.

c) The above items sit on the Operating Fund.

8. TRUST FUNDS

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

	2015	2014
Bank Balance at Beginning	$163,269	$137,986
Add:		
Contributions	$ 0	$ 26,000
Interest/Change In Investments	$5,727	$7,271
	$168,996	$171,257
Deduct: Scholarships Paid/Transferred	($4,250)	($7,988)
Ending Bank Balance	$164,746	$163,269
Deduct: Scholarships Payable	($7,000)	($7,000)
Due (to) from Operating	($ 700)	($ 250)
Ending Fund Balance	$157,046	$ 156,019

9. FISCAL INTEREST

Fiscal interest is recorded at June 30, 2015 in the amount of $ 149,368. This is comprised of the following:

Interest on Short Term borrowing	$ 14,268
Interest on Debenture Debt	$ 135,100

10. DISCLOSURE UNDER PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

a. There were no members of the Board of Trustees who individually received compensation $50,000 or more.

b. Total compensation paid to the Board of Trustees in aggregate was $56,374.

c. A schedule of employees and officers of the Flin Flon School Division who received compensation of $50,000 or more is available at the Board Office.

11. BUDGET FIGURES

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

12. NET TANGIBLE CAPITAL ASSETS

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

	Gross Amount	Accumulated Amortization	June 2015 Net Book Value
Owned-tangible Capital Assets	$ 13,323,516	$ 8,954,059	$ 4,369,457

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

13. OTHER BORROWINGS

The Division has no other borrowings as at June 30, 2015.

14. ACCUMULATED SURPLUS – JUNE 30, 2015

The operating surplus at June 30, 2015 was $ 504,412 or 3.7% of operating expenditures for the 2014/2015 school year. Carryovers of professional development and bulk budgets in accordance with Policy 7:9 are valued at $ 71,468, and if fully expended in the current year would reduce the surplus by a similar amount.

The accumulated surplus is comprised of the following:

Operating Fund	
Designated Surplus	$ 71,468
Undesignated Surplus	$ 432,944
Total Operating Fund	$ 504,412
Capital Fund	
Reserve Accounts	$ 164,113
Equity in Tangible Capital Assets	$1,504,781
Total Capital Fund	$1,668,894
Special Purpose Fund	
School Generated Funds	$ 36,331
Other Special Purpose Funds	$ 0
Total Special Purpose Fund	$ 36,331
Total Accumulated Assets	$2,209,637

15. ADOPTION OF NEW ACCOUNTING POLICY

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

MANAGEMENT RESPONSIBILITY REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of The Fort La Bosse 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 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 26, 2015

Independent Auditors' Report

To the Board of Trustees of Fort La Bosse School Division:

We have audited the accompanying consolidated financial statements of Fort La Bosse School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fort La Bosse School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 26, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Fort La Bosse School Division.

Original Document Signed
Chairperson of the Board

Oct 26/15
Date

MNP

Fort La Bosse School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,351,822	1,498,163
	- Federal Government	130,556	80,187
12	- Municipal Government	3,806,123	3,626,063
	- Other School Divisions	-	-
	- First Nations	535,721	470,128
	Accounts Receivable	191,231	11,104
	Accrued Investment Income	-	-
6	Portfolio Investments	73,721	75,213
		6,089,174	5,760,858
	Liabilities		
5	Overdraft	3,553,314	3,114,540
	Accounts Payable	607,966	1,281,481
	Accrued Liabilities	349,826	139,699
3	Employee Future Benefits	91,678	64,475
	Accrued Interest Payable	236,537	216,519
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	148,199	50,619
8	Debenture Debt	9,831,953	8,979,662
9	Other Borrowings	1,500,000	-
	School Generated Funds Liability	17,632	9,294
		16,337,105	13,856,289
	Net Debt	(10,247,931)	(8,095,431)
	Non-Financial Assets		
10	Net Tangible Capital Assets (TCA Schedule)	16,133,353	13,750,403
	Inventories	18,480	28,549
	Prepaid Expenses	53,209	50,159
		16,205,042	13,829,111
11	**Accumulated Surplus**	5,957,111	5,733,680

See accompanying notes to the Financial Statements

Fort La Bosse School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		11,170,031	11,007,666
	Federal Government		-	-
12	Municipal Government	- Property Tax	6,674,710	6,403,968
		- Other	-	-
	Other School Divisions		25,800	7,800
	First Nations		916,970	824,376
	Private Organizations and Individuals		-	-
	Other Sources		498,731	76,915
	School Generated Funds		634,214	581,458
	Other Special Purpose Funds		82,166	107,257
			20,002,622	19,009,440
	Expenses			
	Regular Instruction		9,796,430	9,623,568
	Student Support Services		2,131,825	1,985,521
	Adult Learning Centres		-	-
	Community Education and Services		345,839	311,299
	Divisional Administration		731,109	698,538
	Instructional and Other Support Services		751,604	410,165
	Transportation of Pupils		1,448,392	1,385,334
	Operations and Maintenance		1,959,228	1,849,853
13	Fiscal	- Interest	574,881	544,760
		- Other	254,266	261,666
	Amortization		1,001,155	935,917
	Other Capital Items		-	979
	School Generated Funds		669,815	580,228
	Other Special Purpose Funds		87,444	101,136
			19,751,988	18,688,964
	Current Year Surplus (Deficit) before Non-vested Sick Leave		250,634	320,476
	Less: Non-vested Sick Leave Expense (Recovery)		27,203	1,790
	Net Current Year Surplus (Deficit)		223,431	318,686
	Opening Accumulated Surplus		5,733,680	5,414,994
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		5,733,680	5,414,994
	Closing Accumulated Surplus		5,957,111	5,733,680

See accompanying notes to the Financial Statements

Fort La Bosse School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	223,431	318,686
Amortization of Tangible Capital Assets	1,001,155	935,917
Acquisition of Tangible Capital Assets	(3,485,206)	(1,203,690)
(Gain) / Loss on Disposal of Tangible Capital Assets	93,601	(2,901)
Proceeds on Disposal of Tangible Capital Assets	7,500	2,902
	(2,382,950)	(267,772)
Inventories (Increase)/Decrease	10,069	1
Prepaid Expenses (Increase)/Decrease	(3,050)	(15,265)
	7,019	(15,264)
(Increase)/Decrease in Net Debt	(2,152,500)	35,650
Net Debt at Beginning of Year	(8,095,431)	(8,131,081)
Adjustments Other than Tangible Cap. Assets	-	-
	(8,095,431)	(8,131,081)
Net Debt at End of Year	(10,247,931)	(8,095,431)

Fort La Bosse School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	223,431	318,686
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,001,155	935,917
(Gain)/Loss on Disposal of Tangible Capital Assets	93,601	(2,901)
Employee Future Benefits Increase/(Decrease)	27,203	1,790
Due from Other Organizations (Increase)/Decrease	(149,681)	(830,445)
Accounts Receivable & Accrued Income (Increase)/Decrease	(180,127)	3,514
Inventories and Prepaid Expenses - (Increase)/Decrease	7,019	(15,264)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(443,370)	504,046
Deferred Revenue Increase/(Decrease)	97,580	(15,222)
School Generated Funds Liability Increase/(Decrease)	8,338	(380)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	685,149	899,741
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,485,206)	(1,203,690)
Proceeds on Disposal of Tangible Capital Assets	7,500	2,902
Cash Provided by (Applied to) Capital Transactions	(3,477,706)	(1,200,788)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	1,492	1,472
Cash Provided by (Applied to) Investing Transactions	1,492	1,472
Financing Transactions		
Debenture Debt Increase/(Decrease)	852,291	1,411,847
Other Borrowings Increase/(Decrease)	1,500,000	-
Cash Provided by (Applied to) Financing Transactions	2,352,291	1,411,847
Cash and Bank / Overdraft (Increase)/Decrease	(438,774)	1,112,272
Cash and Bank (Overdraft) at Beginning of Year	(3,114,540)	(4,226,812)
Cash and Bank (Overdraft) at End of Year	(3,553,314)	(3,114,540)

Fort La Bosse School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	24,363,431	582,416	3,075,483	155,003	663,828	228,843	240,881	-	1,063,446	30,373,331	29,449,800
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	24,363,431	582,416	3,075,483	155,003	663,828	228,843	240,881	-	1,063,446	30,373,331	29,449,800
Add: Additions during the year	630,150	2,820,117	198,976	37,172	240,454	-	35,000	-	(476,663)	3,485,206	1,203,690
Less: Disposals and write downs	964,176	-	70,633	19,878	-	-	4,300	-	-	1,058,987	280,159
Closing Cost	24,029,405	3,402,533	3,203,826	172,297	904,282	228,843	271,581	-	586,783	32,799,550	30,373,331
Accumulated Amortization											
Opening, as previously reported	13,317,175	505,929	1,985,683	126,634	527,279	160,228		-		16,622,928	15,967,169
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,317,175	505,929	1,985,683	126,634	527,279	160,228		-		16,622,928	15,967,169
Add: Current period Amortization	598,180	62,067	235,986	15,873	76,873	12,176		-		1,001,155	935,917
Less: Accumulated Amortization on Disposals and Writedowns	867,375	-	70,633	19,878	-	-		-		957,886	280,158
Closing Accumulated Amortization	13,047,980	567,996	2,151,036	122,629	604,152	172,404		-		16,666,197	16,622,928
Net Tangible Capital Asset	10,981,425	2,834,537	1,052,790	49,668	300,130	56,439	271,581	-	586,783	16,133,353	13,750,403
Proceeds from Disposal of Capital Assets	1,000	-	2,500	4,000	-	-				7,500	2,902

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Fort La Bosse 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 and is a registered charity under the Income Tax Act.

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

2. Additional Information

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. The standards have been applied retroactively with a cumulative adjustment to the opening accumulated surplus presented as a restatement on the Statement of Revenue, Expenses and Accumulated Surplus on the 2006/07 financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and the Fort La Bosse School Division Foundation Inc. 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 and charitable foundations 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) 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	N/A	N/A
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 and 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.

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.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, continuation of benefits for health care, life insurance, long-term disability, supplemental unemployment benefits. The Division adopted the following policy 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:

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.

(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 cost for 2014-2015 is $91,678.

g) 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.

h) 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.

i) 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.

j) Non-vested Sick Leave

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) Adoption of New Accounting Policy

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

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB.

The following changes were implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii)The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv)Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an authorized line of credit with CIBC of $5,000,000 by way of overdrafts and is repayable on demand at prime less .5%; interest is paid monthly.

6. Other Investments

Other investments consist of guaranteed investment certificates that mature between 2015 and 2016. Other investments are recorded at the lower of cost or market. As at June 30, 2015, the cost of short term investments was $73,721; investment income earned during the year was $903.

7. 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, 2014	Additions in the period	Revenue recognized In the period	Balance as at June 30, 2015
Manitoba Rural Learning Consortium	6,750	0	6,750	0
Donated Capital Assets	43,869	140,336	36,006	148,199
	50,619	140,336	42,756	148,199

8. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.000% to 8.625%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	702,582	499,295	1,201,877
2017	693,227	458,104	1,151,331
2018	732,599	418,733	1,151,332
2019	760,999	377,034	1,138,033
2020	804,353	333,680	1,138,033
	3,693,760	2,086,846	5,780,606

9. Other Borrowings

The other borrowings of the Division is in the form of a long-term loan in the amount of $1,500,000 for the purchase of capital infrastructure. The loan is a non-revolving demand instalment loan carrying an interest rate of prime rate minus 0.500% per annum. The loan repayment is fifteen regular annual payments of $100,000.00 each, plus accrued interest payable monthly. The first instalment payment is due on January 15, 2016 and the last regular instalment payment plus any outstanding principal and interest is due on January 15, 2030.

10. 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	2015 Net Book Value
Owned-tangible capital assets	32,799,550	16,666,197	16,133,353
Capital Lease	0	0	0
	32,799,550	16,666,197	16,133,353

11. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	9,081
Undesignated Surplus	498,379
Less: Non-vested sick leave	91,678
	599,138
Capital Fund	
Reserve Accounts	854,563
Equity in Tangible Capital Assets	4,128,734
	4,983,297
Special Purpose Fund	
School Generated Funds	279,466
Other Special Purpose Funds	95,210
	374,676
Total Accumulated Surplus	5,957,111

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015
Board approved appropriation by motion	
School budget carryovers by board policy	9,081
Designated surplus	9,081

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.

	2015
Bus reserves	223,055
Other reserves	631,508
	854,563

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and Foundation-Scholarship use.

	2015
Foundation Scholarship	95,210
Other	0
Other Special Purpose Funds	95,210

12. 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 2014 tax year and 57% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	6,674,710	6,403,968
Receivable-Due from Municipal-Property Tax	3,806,123	3,626,063

13. Interest Received and Paid

The Division received interest during the year of $0 (2014 - $0); interest paid during the year was $574,881 (2014 - $544,760).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	71,247
Capital Fund	
Debenture debt interest	503,634
Other interest	-
	574,881

The accrual portion of debenture debt interest expense of $236,537 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. 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 2015	Budget 2015	Actual 2014
Salaries	12,755,819	12,949,121	12,294,675
Employee benefits & allowances	935,553	923,300	908,546
Services	1,904,319	1,593,541	1,496,277
Supplies, materials & minor equipment	1,442,154	1,357,694	1,397,477
Interest	574,881	60,000	544,760
Bad debts	0	0	0
Payroll tax	254,266	279,000	261,666
Tuition and transfers	126,582	146,150	167,303
Amortization	1,001,115	0	935,917
Other Capital Items	0	0	979
School generated funds	669,815	0	580,288
Other special purpose funds	87,444	0	101,136
	19,751,988	17,308,806	18,688,964

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Frontier 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 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.

The consolidated financial statements have been audited by Deloitte 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	Original Document Signed
Chairperson	Secretary-Treasurer

Deloitte

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Frontier School Division

We have audited the following financial statements of Frontier School Division (the "Division") as at June 30, 2015, and for the year then ended:

Consolidated – Statement of Financial Position
Consolidated – Statement of Revenue, Expenses and Accumulated Surplus
Consolidated – Statement of Change in Net Debt
Consolidated – Statement of Cash Flow
Operating Fund – Schedule of Financial Position
Operating Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Capital Fund – Schedule of Financial Position
Capital Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Capital Fund – Schedule of Tangible Capital Assets
Capital Fund – Schedule of Capital Reserve Accounts
Special Purpose Fund – Schedule of Financial Position
Special Purpose Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Notes to the Financial Statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Frontier School Division as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in, our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our opinion on these financial statements does not extend to any budget information contained therein.

Deloitte LLP

Chartered Professional Accountants

Winnipeg, Manitoba
November 19, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	14,262,189	8,877,037
	Due from - Provincial Government	3,270,158	2,296,793
	- Federal Government	550,519	2,134,007
	- Municipal Government	2,202,491	2,132,306
	- Other School Divisions	-	2,159
	- First Nations	30,261,964	29,442,620
	Accounts Receivable	526,089	738,931
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		51,073,410	45,623,853
	Liabilities		
	Overdraft	-	-
	Accounts Payable	12,243,936	13,570,125
	Accrued Liabilities	7,579,873	6,320,936
*	Employee Future Benefits	1,296,744	1,520,465
	Accrued Interest Payable	980,469	791,403
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	254,916	83,748
	- First Nations	3,829,438	-
*	Deferred Revenue	23,437,033	18,703,208
*	Debenture Debt	51,824,753	46,512,129
*	Other Borrowings	1,527,322	1,470,221
	School Generated Funds Liability	339,896	424,049
		103,314,380	89,396,284
	Net Debt	(52,240,970)	(43,772,431)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	78,969,037	66,777,971
	Inventories	-	-
	Prepaid Expenses	335,604	382,241
		79,304,641	67,160,212
*	**Accumulated Surplus**	27,063,671	23,387,781

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		56,226,561	53,550,754
	Federal Government		-	31,160,070
	Municipal Government	- Property Tax	2,831,986	2,766,664
		- Other	267,991	241,326
	Other School Divisions		13,650	15,600
	First Nations		70,406,923	36,550,312
	Private Organizations and Individuals		4,841,777	4,616,636
	Other Sources		1,675,714	1,435,125
	School Generated Funds		936,891	1,106,422
	Other Special Purpose Funds		-	-
			137,201,493	131,442,909
	Expenses			
	Regular Instruction		55,607,667	54,636,094
	Student Support Services		18,111,839	17,639,162
	Adult Learning Centres		3,247,784	3,024,443
	Community Education and Services		2,372,596	2,533,514
	Divisional Administration		7,160,845	6,351,357
	Instructional and Other Support Services		6,324,894	6,530,126
	Transportation of Pupils		11,389,474	10,628,019
	Operations and Maintenance		21,137,444	20,199,859
*	Fiscal	- Interest	2,307,032	1,901,931
		- Other	1,744,706	1,711,031
	Amortization		3,230,699	2,749,712
	Other Capital Items		-	-
	School Generated Funds		890,623	1,148,867
	Other Special Purpose Funds		-	-
			133,525,603	129,054,115
	Current Year Surplus (Deficit) before Non-vested Sick Leave		3,675,890	2,388,794
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		3,675,890	2,388,794
	Opening Accumulated Surplus		23,387,781	20,998,987
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		23,387,781	20,998,987
	Closing Accumulated Surplus		27,063,671	23,387,781

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	3,675,890	2,388,794
Amortization of Tangible Capital Assets	3,230,699	2,749,712
Acquisition of Tangible Capital Assets	(15,421,765)	(24,421,139)
(Gain) / Loss on Disposal of Tangible Capital Assets	(47,553)	(5,991)
Proceeds on Disposal of Tangible Capital Assets	47,553	5,991
	(12,191,066)	(21,671,427)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	46,637	(27,298)
	46,637	(27,298)
(Increase)/Decrease in Net Debt	(8,468,539)	(19,309,931)
Net Debt at Beginning of Year	(43,772,431)	(24,462,500)
Adjustments Other than Tangible Cap. Assets	-	-
	(43,772,431)	(24,462,500)
Net Debt at End of Year	(52,240,970)	(43,772,431)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	3,675,890	2,388,794
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,230,699	2,749,712
(Gain)/Loss on Disposal of Tangible Capital Assets	(47,553)	(5,991)
Employee Future Benefits Increase/(Decrease)	(223,721)	436,707
Due from Other Organizations (Increase)/Decrease	(277,247)	3,087,118
Accounts Receivable & Accrued Income (Increase)/Decrease	212,842	49,907
Inventories and Prepaid Expenses - (Increase)/Decrease	46,637	(27,298)
Due to Other Organizations Increase/(Decrease)	4,000,606	53,985
Accounts Payable & Accrued Liabilities Increase/(Decrease)	121,814	3,940,008
Deferred Revenue Increase/(Decrease)	4,733,825	171,532
School Generated Funds Liability Increase/(Decrease)	(84,153)	143,621
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	15,389,639	12,988,095
Capital Transactions		
Acquisition of Tangible Capital Assets	(15,421,765)	(24,421,139)
Proceeds on Disposal of Tangible Capital Assets	47,553	5,991
Cash Provided by (Applied to) Capital Transactions	(15,374,212)	(24,415,148)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	5,312,624	18,375,373
Other Borrowings Increase/(Decrease)	57,101	78,938
Cash Provided by (Applied to) Financing Transactions	5,369,725	18,454,311
Cash and Bank / Overdraft (Increase)/Decrease	5,385,152	7,027,258
Cash and Bank (Overdraft) at Beginning of Year	8,877,037	1,849,779
Cash and Bank (Overdraft) at End of Year	14,262,189	8,877,037

Frontier School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	96,330,686	17,746,166	9,688,468	212,327	1,958,784	-	1,462,248	-	22,463,457	149,862,136	125,765,826
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	96,330,686	17,746,166	9,688,468	212,327	1,958,784	-	1,462,248	-	22,463,457	149,862,136	125,765,826
Add: Additions during the year	32,109,458	88,842	916,632	-	164,761	-	-	-	(17,857,928)	15,421,765	24,421,139
Less: Disposals and write downs	334,580	82,027	698,050	14,572	18,503	-	-	-		1,147,732	324,829
Closing Cost	128,105,564	17,752,981	9,907,050	197,755	2,105,042	-	1,462,248	-	4,605,529	164,136,169	149,862,136
Accumulated Amortization											
Opening, as previously reported	63,718,197	12,189,529	5,311,362	181,027	1,684,050	-		-		83,084,165	80,659,282
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	63,718,197	12,189,529	5,311,362	181,027	1,684,050	-		-		83,084,165	80,659,282
Add: Current period Amortization	1,890,267	362,814	847,674	13,800	116,144	-		-		3,230,699	2,749,712
Less: Accumulated Amortization on Disposals and Writedowns	334,580	82,027	698,050	14,572	18,503	-		-		1,147,732	324,829
Closing Accumulated Amortization	65,273,884	12,470,316	5,460,986	180,255	1,781,691	-		-		85,167,132	83,084,165
Net Tangible Capital Asset	62,831,680	5,282,665	4,446,064	17,500	323,351	-	1,462,248	-	4,605,529	78,969,037	66,777,971
Proceeds from Disposal of Capital Assets	-	2,000	44,193	1,360	-	-				47,553	5,991

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The 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), a special levy on the property assessment included in the Division's boundaries, and funding from AANDC/First Nation government. The Division is exempt from income tax.

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 ("PSAB") of the Chartered Professional Accountants of Canada (CPA 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 and controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) *Basis of Accounting*

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Fund Accounting*

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) *School Generated Funds*

School generated funds are moneys raised by the school, or under the auspices of the school, through extracurricular 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.

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. Uncontrolled school generated funds are not included in the consolidated financial statements.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Tangible Capital Assets (continued)

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 and peripherals	5,000	4
Computer software	10,000	4
Furniture and 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.

All land acquired prior to June 30, 2006 has been valued at $1,225,210.

Capital leases are recorded at the present value of the minimum lease payments excluding executor 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) *Tangible Capital Assets (continued)*

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful life.

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.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension, life insurance, and retirement allowances. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

Frontier School Division has established a future benefit liability for life insurance premiums paid on behalf of retired employees.

(ii) Defined benefit/self-insured employee future benefit plans

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Defined benefit/self-insured employee future benefit plans (continued)

Frontier School Division has a Defined Benefit Pension Plan for non-teaching employees. Employees and Frontier School Division currently contribute equal amounts (2015 – 9.0%, 2014 - 8.6%). The plan is evaluated using both the "Going Concern Valuation" and the "Solvency Valuation". The last review was as at December 31, 2014.

The Employee contributions for 2015 was $2,438,199 (2014 - $2,263,237). Frontier School Division contributed an equal amount.

For self-insured employee future benefits other than pension plans, that are vesting and accumulating over the employees' length of service (e.g. vesting sick days, continuation of benefits for health care, dental or life insurance), the benefit costs are accounted for on a full accrual basis determined using actuarial valuation of salary escalation, accumulated sick days, insurance and health care costs trends, and long-term inflation rates. For those self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits, sick time, non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

The employee future benefits liability is the total accrued benefit obligation. The employee future benefits expense includes the Division's contribution for the period.

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 as established for PSAB 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial Instruments

The Division's financial instruments include cash and bank, accounts receivable, accrued investment income, due to/from governments, other schools and First Nations, accounts payable, accrued liabilities, accrued interest payable and long-term debt. The additional disclosure required due to the Division's adoption of PSA Handbook secton 3450, Financial Instruments, is disclosed in Note 15.

All financial instruments are initially recognized at fair value when the Division becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

k) Non-vested sick leave benefits

Non-vested sick leave benefits are estimated using a net present value technique on the expected future utilization of sick benefits in excess of the amounts earned per year, to a maximum entitlement. The calculated dollar value of Non-vested sick time as at June 30, 2015 is $704,816, (2014 - $585,043). These amounts are disclosed for compliance with PS 2120 only and are not considered material for inclusion in the financial statements.

In 2015 the Province reduced their discount rate from 5% to 4%. This was effective in the calculation for the entire three year (2012-13 through 2014-15) period. If the rate had gone unchanged, the amount of calculated dollar Non-vested sick time as of June 30th would have been $ 688,437.

l) Adoption of new accounting policy

Effective July 1, 2014 the Division has adopted the new Public Sector Accounting Board accounting standard – Liability for Contaminated Sites, Section PS 3260. 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.

3. OVERDRAFT

The Division has an authorized Line of Credit with the Royal Bank of $30,000,000 by way of overdrafts and is repayable on demand; rates are related to prime, payable monthly. Any overdrafts are secured through a Borrowing By-Law.

4. EMPLOYEE FUTURE BENEFITS

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. Employee future benefits are comprised of future insurance payments to retired employees, provision for teacher special leave, and a provision for Superintendents retirement, as follows:

	2015	2014
Employee Future Benefit Liability (EFBL)		
Retirement Insurance Plan	**$ 71,636**	$ 82,819
Superintendent Retirement	**815,786**	772,644
Special Leave	**409,322**	665,002
	$ 1,296,744	$ 1,520,465

The defined benefit plan provided to non-teaching staff is actuarially valuated using a number of assumptions about future events, including interest rates, wage and salary increases, employee turnover and mortality to determine the accrued benefit obligation. The most recent actuarial report was prepared as at December 31, 2014. The net unamortized actuarial gain is amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Pension plan assets are valued at market values and the expected rate of return is 6%.

See Appendix 1

Long term disability benefits are covered by an insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Continuation of benefits for life insurance are defined benefits and vesting to certain employees at or after retirement. The related benefit costs and liabilities are included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution and amortized actuarial gains for the period. Any related pension interest expense is recorded under the Interest and Bank Charges account of the Operating Fund.

5. 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 $339,896 (2014 - $424,049).

	2015	2014
Student Council funds	$ **37,060**	32,359
Travel	**48,729**	101,470
Graduation	**23,294**	17,538
Music enhancement	**20,420**	5,191
Community development	**41,265**	41,940
Other	**169,128**	225,551
	$ **339,896**	$ 424,049

6. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.00% to 10.00%. Debenture interest expense payable as at June 30, 2015 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:

	Principal	Interest	Total
2016	$ 2,758,408	$ 2,465,403	$ 5,223,811
2017	2,840,454	2,321,368	5,161,822
2018	2,896,930	2,174,913	5,071,843
2019	2,998,087	2,027,722	5,025,809
2020	3,129,853	1,875,897	5,005,750
	$14,623,732	$10,865,303	$ 5,489,035

7. OTHER BORROWINGS

Other borrowings are debts other than overdrafts or debentures and include obligations related to capital leases.

Capital lease loans on buses, satellite equipment and copiers have interest rates ranging from 3.07% to 4.29% per annum, due between 2016 and 2020. Payments are monthly, quarterly and annually and include principal and interest.

7. OTHER BORROWINGS (continued)

Principal and interest repayments, of Other Borrowings in the next five years are:

	Principal	Interest	Total
2016	$ 543,712	$ 48,117	$ 591,829
2017	435,700	29,908	465,608
2018	326,163	14,757	340,920
2019	184,456	4,790	189,246
2020	37,291	322	37,613
	$1,527,322	$ 97,894	$1,625,216

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.

	2015			2014
	Gross Amount	Accumulated Amortization	Net Book Value	Net Book Value
Owned tangible capital assets	**$ 158,590,244**	**$ 82,659,838**	**$ 75,930,406**	$ 63,865,021
Capital lease	**5,545,925**	**2,507,294**	**3,038,631**	2,912,950
	$ 164,136,169	**$ 85,167,132**	**$ 78,969,037**	$ 66,777,971

9. ACCUMULATED FUNDS

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
- Undesignated	**$ 4,812,623**	$ 4,262,398
Capital Fund		
- Reserve Accounts	**1,242,859**	4,465,305
- Equity in Tangible Assets	**20,891,844**	14,589,981
Special Purpose Funds	**116,345**	70,077
Total Accumulated Surplus	**$ 27,063,671**	$ 23,387,781

9. ACCUMULATED FUNDS (continued)

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.

	2015	2014
Bus Reserves	**$ 1,242,859**	$ 1,465,305
Dormitory and Power Mechanics	**-**	3,000,000

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 student's resident in the division. The Municipal Government-Property Tax shown on the Consolidated Statement of Revenue, Expense and Accumulated Surplus is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	**$ 2,831,986**	$ 2,766,664
Receivable – Due from Municipal – Property Tax	**2,202,491**	2,132,306

11. INTEREST RECEIVED AND PAID

The Division received interest during the year of $593,734 (2014 - $646,643); interest paid during the year was $2,307,032 (2014 - $1,901,931). Interest expense is included in Fiscal and is comprised of the following:

	2015	2014
Operating Fund		
Fiscal – short term loan, interest and bank charges	**$ 112,478**	$ 188,513
Capital Fund		
Debenture debt interest	**2,135,340**	1,655,374
Other interest	**59,214**	58,044
	$ 2,307,032	$ 1,901,931

The accrual portion of debenture debt interest expense of $980,469 (2014 - $791,403) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables presented on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2015:

	2015	2014
Allowance for doubtful accounts deducted from Receivables below:		
Due from First Nations	$ 126,606	$ 251,210
Accounts Receivable	40,000	40,000
	$ 166,606	$ 291,210

13. 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 2015	Budget 2015	Actual 2014
Salaries	$ 81,439,317	$ 82,338,571	$ 79,553,981
Employees benefits & allowances	8,258,261	8,774,934	7,999,183
Services	19,771,864	19,033,238	18,352,680
Supplies, materials & minor equipment	10,847,573	11,528,610	11,008,202
Interest	112,478	350,000	188,513
Bad debts	-	-	-
Payroll tax & Transfers	6,780,234	6,191,267	6,339,559
Amortization	3,230,699	-	2,749,712
Other capital items	2,194,554	-	1,713,418
School generated funds	890,623	-	1,148,867
Other special purpose funds	-	-	-
	$ 133,525,603	$ 128,216,620	$129,054,115

14. 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.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Division is exposed to credit, liquidity and interest rate risks in respect of its use of financial instruments.

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to the counter party. The financial instruments that potentially subject the Division to credit risk consist principally of accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Division's maximum possible exposure to credit risk is as follows:

	2015	2014
Cash	**$14,262,189**	$8,877,037
Due from - Provincial Government	**3,270,158**	2,296,793
- Federal Government	**550,519**	2,134,007
- Municipal Government	**2,202,491**	2,132,306
- Other School Divisions	**-**	2,159
- First Nations	**30,261,964**	29,442,620
Accounts Receivable	**526,089**	738,931

The Division's accounts receivable consist largely of the grants and revenues to be received from local, provincial, and federal governments. The Division is not exposed to significant credit risk as payments in full are typically collected when due.

Liquidity Risk

Liquidity risk relates to the Division's ability to access sufficient funds to meet its financial commitments. The following table details the Fund's remaining contractual maturities for its financial liabilities.

Liquidity Risk	Due < 1 year	Due > 1 year, < 2 years	Due > 2 years, < 3 years	Due > 3 years, <4 years	Due > 4 years, < 5 years	Due > 5 years
Accounts payable	$12,243,936	$ -	$ -	$ -	$ -	$ -
Accrued Liabilities	7,579,873	-	-	-	-	-
Due to governments	254,916	-	-	-	-	-
Debenture Debt	2,758,408	2,840,454	2,896,930	2,998,087	3,129,853	37,201,021
Other Borrowings	543,712	435,700	326,163	184,456	37,291	-

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The Division's primary liquidity risk relates to its liability for debenture debt. The Division does not have material liabilities that can be called unexpectedly at the demand of a lender, and has no material commitments for capital expenditures, or need for same, in the normal course of business. As payment of principal and interest is funded entirely by grants from the Province of Manitoba, the Division is not exposed to significant liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to debenture debt.

GARDEN VALLEY SCHOOL DIVISION
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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Garden Valley School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Gislason Targownik Peters, Certified General Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary-Treasurer

October 13, 2015

Gislason Targownik Peters
Chartered Professional Accountants
675 Norquay Drive • Box 2430 • Winkler • Manitoba R6W 4C1 • Tel: (204) 325-7579 • Fax (204) 325-7318

INDEPENDENT AUDITOR'S REPORT

To the board of trustees of
Garden Valley School Division

We have audited the accompanying consolidated financial statements of Garden Valley School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Garden Valley School Division as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters
Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

Gislason Targownik Peters

CHARTERED PROFESSIONAL ACCOUNTANTS

Winkler, Manitoba
October 13, 2015

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above mentioned School Division.

Oct 13/15
Date

Original Document Signed
Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	2,475,457	3,943,600
	- Federal Government	97,303	59,639
	- Municipal Government	6,581,540	6,766,329
	- Other School Divisions	400,656	386,974
	- First Nations	-	-
	Accounts Receivable	260,811	139,370
	Accrued Investment Income	-	-
3	Portfolio Investments	18,000	22,500
		9,833,767	11,318,412
	Liabilities		
4	Overdraft	290,715	4,121,481
	Accounts Payable	1,999,305	1,188,945
	Accrued Liabilities	1,086,818	873,061
	Employee Future Benefits	-	-
	Accrued Interest Payable	1,313,723	1,350,842
	Due to - Provincial Government	7,534	148,494
	- Federal Government	2,278,901	2,288,357
	- Municipal Government	220,101	213,214
	- Other School Divisions	355,975	273,658
	- First Nations	-	-
6	Deferred Revenue	1,634,464	11,400
7	Debenture Debt	68,223,404	70,184,458
8	Other Borrowings	2,025,381	2,314,753
	School Generated Funds Liability	-	-
		79,436,321	82,968,663
	Net Debt	(69,602,554)	(71,650,251)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	89,723,804	89,928,475
	Inventories	-	-
	Prepaid Expenses	192,469	100,661
		89,916,273	90,029,136
10	**Accumulated Surplus**	20,313,719	18,378,885

See accompanying notes to the Financial Statements

Garden Valley School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		38,211,491	35,366,366
	Federal Government		-	-
	Municipal Government	- Property Tax	13,177,394	13,521,606
		- Other	-	-
	Other School Divisions		427,957	407,775
	First Nations		-	-
	Private Organizations and Individuals		52,480	9,200
	Other Sources		496,389	589,556
	School Generated Funds		143,221	176,285
	Other Special Purpose Funds		-	-
			52,508,932	50,070,788
	Expenses			
	Regular Instruction		25,950,108	26,690,000
	Student Support Services		7,767,024	7,301,751
	Adult Learning Centres		-	-
	Community Education and Services		76,786	81,003
	Divisional Administration		1,399,937	1,295,803
	Instructional and Other Support Services		1,059,933	1,257,358
	Transportation of Pupils		2,542,811	2,519,411
	Operations and Maintenance		3,988,226	3,834,434
12	Fiscal	- Interest	3,179,558	3,178,115
		- Other	709,265	697,405
	Amortization		3,765,890	3,196,690
	Other Capital Items		-	-
	School Generated Funds		134,560	122,684
	Other Special Purpose Funds		-	-
			50,574,098	50,174,654
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,934,834	(103,866)
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		1,934,834	(103,866)
	Opening Accumulated Surplus		18,378,885	18,482,751
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		18,378,885	18,482,751
	Closing Accumulated Surplus		20,313,719	18,378,885

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	1,934,834	(103,866)
Amortization of Tangible Capital Assets	3,765,890	3,196,690
Acquisition of Tangible Capital Assets	(3,561,219)	(5,631,329)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	204,671	(2,434,639)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(91,808)	(38,800)
	(91,808)	(38,800)
(Increase)/Decrease in Net Debt	2,047,697	(2,577,305)
Net Debt at Beginning of Year	(71,650,251)	(69,072,946)
Adjustments Other than Tangible Cap. Assets	-	-
	(71,650,251)	(69,072,946)
Net Debt at End of Year	(69,602,554)	(71,650,251)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	1,934,834	(103,866)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,765,890	3,196,690
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	1,601,586	(1,979,033)
Accounts Receivable & Accrued Income (Increase)/Decrease	(121,441)	(2,094)
Inventories and Prepaid Expenses - (Increase)/Decrease	(91,808)	(38,800)
Due to Other Organizations Increase/(Decrease)	(61,212)	400,045
Accounts Payable & Accrued Liabilities Increase/(Decrease)	986,998	(3,759,701)
Deferred Revenue Increase/(Decrease)	1,623,064	(1,497,488)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	9,637,911	(3,784,247)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,561,219)	(5,631,329)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(3,561,219)	(5,631,329)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	4,500	2,500
Cash Provided by (Applied to) Investing Transactions	4,500	2,500
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,961,054)	7,143,453
Other Borrowings Increase/(Decrease)	(289,372)	(284,872)
Cash Provided by (Applied to) Financing Transactions	(2,250,426)	6,858,581
Cash and Bank / Overdraft (Increase)/Decrease	3,830,766	(2,554,495)
Cash and Bank (Overdraft) at Beginning of Year	(4,121,481)	(1,566,986)
Cash and Bank (Overdraft) at End of Year	(290,715)	(4,121,481)

Garden Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	110,447,317	3,239,729	5,127,817	192,456	2,072,645	827,925	4,066,745	128,646	698,475	126,801,755	121,170,426
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	110,447,317	3,239,729	5,127,817	192,456	2,072,645	827,925	4,066,745	128,646	698,475	126,801,755	121,170,426
Add: Additions during the year	2,984,318	-	100,428	-	47,188	27,400	-	84,190	317,695	3,561,219	5,631,329
Less: Disposals and write downs	-	49,876	-	-	-	-	-	-	-	49,876	-
Closing Cost	113,431,635	3,189,853	5,228,245	192,456	2,119,833	855,325	4,066,745	212,836	1,016,170	130,313,098	126,801,755
Accumulated Amortization											
Opening, as previously reported	31,519,521	977,684	2,265,617	116,264	1,515,336	472,426		6,432		36,873,280	33,676,590
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	31,519,521	977,684	2,265,617	116,264	1,515,336	472,426		6,432		36,873,280	33,676,590
Add: Current period Amortization	2,909,399	82,703	453,813	33,951	166,262	102,688		17,074		3,765,890	3,196,690
Less: Accumulated Amortization on Disposals and Writedowns	-	49,876	-	-	-	-				49,876	-
Closing Accumulated Amortization	34,428,920	1,010,511	2,719,430	150,215	1,681,598	575,114		23,506		40,589,294	36,873,280
Net Tangible Capital Asset	79,002,715	2,179,342	2,508,815	42,241	438,235	280,211	4,066,745	189,330	1,016,170	89,723,804	89,928,475
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Garden Valley 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Chartered Professional Accountants of Canada.

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.

Trust Funds

The Division administers a trust fund. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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.

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

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

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

With the exception of land acquired prior to June 30, 2006, 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 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.

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.

However, the Division provides retirement and other future benefits to its administrative employees. These benefits include defined contribution pension, parental leave and early retirement window enhancements. The Division adopted the following policy with respect to accounting for these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion of a defined contribution plan handled by the Manitoba School Boards Association (MSBA) for administrative employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

<u>Defined Benefit/Self-Insured Employee Future Benefit Plans</u>

For those defined benefit/self-insured benefit obligations that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs. For early retirement window enhancements obligations which are also event driven, the benefit costs are recognized in the period when the commitment to pay the benefit is approved by the Board of Trustees.

<u>Non-vested Accumulated Sick Leave</u>

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.

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 cost for 2014/15 is $165,858.

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.

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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.

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

3. Portfolio Investments

The amount represents the share equity balance of the Division with Access Credit Union - $18,000 at June 30 2015.

4. Bank Overdraft

The Division has an authorized line of credit with the Access Credit Union Ltd. of $10,600,000 by way of overdrafts and is repayable on demand. The various overdrafts bear interest ranging at the credit union's prime rate minus 2.0% to 0.50% (0.70% to 2.20% respectively at June 30, 2015); interest is paid monthly. Included in the overdraft are capital projects totalling approximately $3,600,000 which will be submitted to PSFB for debenture funding. Overdrafts are secured by a demand promissory note, line of credit agreement, borrowing by-law and banking documents.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2014/2015 year was $514,481 ($489,845 in 2013/14).

6. 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, 2014	Additions in period	Revenue recognized in period	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ 11,400	1,634,464	11,400	1,634,464
Other	0			0
	$ 11,400	1,634,464	11,400	1,634,464

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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.50% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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 total debenture principal and interest repayments in the next five years are:

2016	6,259,357
2017	6,259,357
2018	6,243,328
2019	6,234,525
2020	6,113,087
	$ 31,109,654

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures.

	2015	2014
Access Credit Union, demand loan, prime less .50% (2.35% at June 30, 2015); repayable in monthly instalments of $17,560, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for Administration Office	$ 1,292,516	1,469,216
Access Credit Union, demand loan, prime less .50% (2.35% at June 30, 2015); repayable in monthly instalments of $5,000, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for Northlands Parkway Collegiate land.	$ 382,237	397,649
Access Credit Union, demand loan, prime less .50% (2.35% at June 30, 2015); repayable in monthly instalments of $6,325, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for future school site land	$ 346,831	447,888
Access Credit Union, demand loan, prime less .50% (2.35% at June 30, 2015); secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement	$ 3,798	0
Total Other Borrowings	$ 2,025,382	2,314,753

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2015/16	304,741	41,879	346,620
2016/17	311,977	34,643	346,620
2017/18	318,910	27,710	346,620
2018/19	325,997	20,623	346,620
2019/20	333,209	13,411	346,620
	$ 1,594,834	138,266	1,733,100

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. The amount of interest capitalized in the period included in School Buildings was $17,474.

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 297,556	250,717
Undesignated Surplus	1,426,811	823,103
	$ 1,724,367	1,073,820
Capital Fund		
Reserve Accounts	$ 212,907	891,230
Equity in Tangible Capital Assets	18,294,862	16,306,254
	$18,507,769	17,197,484
Special Purpose Fund		
School Generated Funds	$ 81,583	107,581
Other Special Purpose Funds	-	-
	$ 81,583	107,581
Total Accumulated Surplus	$20,313,719	18,378,885

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by board policy. The details of the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2015	2014
School budget surplus (deficit) carryovers by board policy	$ 297,556	250,717
Applied to 2015/2016 Operating budget deficit	-	-
Board approved appropriation by motion	-	-
Designated surplus	$ 297,556	250,717

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.

	2015	2014
Bus reserves (deficit)	$ 209,932	10,359
High School Renovation reserve	-	877,896
Maintenance Shop relocation reserve	2,975	2,975
Other reserves	-	-
Capital Reserve	$ 212,907	891,230

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

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; 50% from 2014 tax year and 50% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 13,177,394	13,521,606
Receivable – Due from Municipal – Property Tax	$ 6,581,540	6,766,329

12. Interest Received and Paid

The Division received interest during the year of $3,122,438 ($3,125,868 in 2014); interest paid during the year was $3,179,558 ($3,178,115 in 2014).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 23,446	18,342
Capital Fund		
Debenture interest	3,102,478	3,097,986
Other interest	53,634	61,787
	$3,179,558	3,178,115

The accrual portion of debenture debt interest expense of $1,313,723 at June 30, 2015 ($1,350,842 at June 30, 2014 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2014	Actual 2014
Salaries	$ 32,707,417	32,130,956
Employees benefits and allowances	3,043,930	2,951,335
Services	3,539,101	3,363,212
Supplies, materials and minor equipment	3,050,040	4,139,542
Interest	3,179,558	3,178,115
Bad debt expense	4,036	-
Payroll tax	705,229	697,405
Transfers	444,337	394,715
Amortization	3,765,890	3,196,690
Other capital items	-	-
School generated funds	134,560	122,684
	$ 50,574,098	50,174,654

14. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $297,556 at June 30, 2015 ($250,717 at June 30, 2014). The details of the Designated Surplus as disclosed at note 10 and page 5 of the audited financial statements

Also during the fiscal year, the Division entered into a contract with Rohl Enterprises for the construction of a buried fibre optic cable system connecting all locations in the Division. The value of the contract is $1,695,638 and the project is scheduled for completion by October 2015. As of June 30, 2015 progress billings totalling $891,876 were paid.

15. Contingent Liabilities

As of June 30, 2015, construction deficiencies in a construction contract with Penn-Co Construction Canada (2003) Ltd. remain outstanding with an estimated cost of $702,300.

Also, during the construction of Northlands Parkway Collegiate, the Division became aware of a construction deficiency with respect to the delamination of the floor in several areas on the 2nd level of the building. Discussions have been held with the project consultant, Prairie Architects, the contractor, Pennco Construction Canada (2003) Ltd., and the Public Schools Finance Board regarding this issue. Destructive testing of the floor structure is currently in process to determine the extent of the deficiency and estimated costs to remediate, if necessary. Responsibility for any additional costs incurred in remediation remains undetermined.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Hanover School Division (the "Division") are the responsibility of the Division's 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 Institute of 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.

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 6, 2015

Independent Auditors' Report

To the Board of Trustees of Hanover School Division:

We have audited the accompanying consolidated financial statements of Hanover School Division, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hanover School Division as at June 30, 2015 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information presented in the attached schedules is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such supplemental information has been subjected only to auditing procedures applied in the audit of the basic consolidated financial statements, taken as a whole.

Winnipeg, Manitoba

October 6, 2015

MNP LLP

Chartered Accountants

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the Hanover School Division

October 6 /15
DATE

Original Document Signed
CHAIRPERSON

Hanover School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	4,746,694	7,303,280
	- Federal Government	49,196	199,865
	- Municipal Government	13,225,073	12,109,968
	- Other School Divisions	4,975	-
	- First Nations	-	-
	Accounts Receivable	158,920	779,758
	Accrued Investment Income	-	-
*	Portfolio Investments	10	10
		18,184,868	20,392,881
	Liabilities		
*	Overdraft	6,213,440	14,440,894
	Accounts Payable	3,089,024	5,314,454
	Accrued Liabilities	3,898,180	354,369
*	Employee Future Benefits	429,458	482,073
	Accrued Interest Payable	1,964,674	1,866,130
	Due to - Provincial Government	-	22,522
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	2,475,105	56,524
*	Debenture Debt	89,381,003	85,421,897
*	Other Borrowings	540,000	810,000
	School Generated Funds Liability	130,112	135,901
		108,120,996	108,904,764
	Net Debt	(89,936,128)	(88,511,883)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	110,755,782	106,149,117
	Inventories	164,718	165,249
	Prepaid Expenses	432,002	415,391
		111,352,502	106,729,757
*	**Accumulated Surplus**	21,416,374	18,217,874

See accompanying notes to the Financial Statements

Hanover School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		63,820,921	59,360,632
	Federal Government		-	-
	Municipal Government	- Property Tax	22,121,082	20,240,119
		- Other	-	-
	Other School Divisions		122,038	149,600
	First Nations		-	-
	Private Organizations and Individuals		445,501	350,999
	Other Sources		569,210	133,512
	School Generated Funds		1,846,950	1,963,075
	Other Special Purpose Funds		-	-
			88,925,702	82,197,937
	Expenses			
	Regular Instruction		48,930,480	44,763,903
	Student Support Services		9,327,766	10,112,604
	Adult Learning Centres		-	-
	Community Education and Services		175,024	164,509
	Divisional Administration		2,140,097	2,005,406
	Instructional and Other Support Services		2,074,076	2,134,031
	Transportation of Pupils		3,516,272	3,509,401
	Operations and Maintenance		8,352,265	7,699,731
*	Fiscal	- Interest	4,223,346	3,203,443
		- Other	1,222,476	1,172,873
	Amortization		3,931,786	3,127,694
	Other Capital Items		2,885	482,162
	School Generated Funds		1,830,729	1,897,563
	Other Special Purpose Funds		-	-
			85,727,202	80,273,320
	Current Year Surplus (Deficit) before Non-vested Sick Leave		3,198,500	1,924,617
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		3,198,500	1,924,617
	Opening Accumulated Surplus		18,217,874	16,293,257
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		18,217,874	16,293,257
	Closing Accumulated Surplus		21,416,374	18,217,874

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Hanover School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	3,198,500	1,924,617
Amortization of Tangible Capital Assets	3,931,786	3,127,694
Acquisition of Tangible Capital Assets	(8,538,451)	(26,761,811)
(Gain) / Loss on Disposal of Tangible Capital Assets	(351,332)	(28,372)
Proceeds on Disposal of Tangible Capital Assets	351,332	28,372
	(4,606,665)	(23,634,117)
Inventories (Increase)/Decrease	531	(66,649)
Prepaid Expenses (Increase)/Decrease	(16,611)	(169,012)
	(16,080)	(235,661)
(Increase)/Decrease in Net Debt	(1,424,245)	(21,945,161)
Net Debt at Beginning of Year	(88,511,883)	(66,566,722)
Adjustments Other than Tangible Cap. Assets	-	-
	(88,511,883)	(66,566,722)
Net Debt at End of Year	(89,936,128)	(88,511,883)

Hanover School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	3,198,500	1,924,617
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,931,786	3,127,694
(Gain)/Loss on Disposal of Tangible Capital Assets	(351,332)	(28,372)
Employee Future Benefits Increase/(Decrease)	(52,615)	23,205
Due from Other Organizations (Increase)/Decrease	1,587,175	(3,837,212)
Accounts Receivable & Accrued Income (Increase)/Decrease	620,838	(589,498)
Inventories and Prepaid Expenses - (Increase)/Decrease	(16,080)	(235,661)
Due to Other Organizations Increase/(Decrease)	(22,522)	9,261
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,416,925	(2,073,284)
Deferred Revenue Increase/(Decrease)	2,418,581	(2,307,494)
School Generated Funds Liability Increase/(Decrease)	(5,789)	1,942
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	12,725,467	(3,984,802)
Capital Transactions		
Acquisition of Tangible Capital Assets	(8,538,451)	(26,761,811)
Proceeds on Disposal of Tangible Capital Assets	351,332	28,372
Cash Provided by (Applied to) Capital Transactions	(8,187,119)	(26,733,439)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	3,959,106	22,618,288
Other Borrowings Increase/(Decrease)	(270,000)	(270,000)
Cash Provided by (Applied to) Financing Transactions	3,689,106	22,348,288
Cash and Bank / Overdraft (Increase)/Decrease	8,227,454	(8,369,953)
Cash and Bank (Overdraft) at Beginning of Year	(14,440,894)	(6,070,941)
Cash and Bank (Overdraft) at End of Year	(6,213,440)	(14,440,894)

Hanover School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	91,464,904	4,870,877	8,146,354	290,960	1,981,197	557,871	3,455,716	-	40,435,344	151,203,223	124,773,521
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	91,464,904	4,870,877	8,146,354	290,960	1,981,197	557,871	3,455,716	-	40,435,344	151,203,223	124,773,521
Add:											
Additions during the year	43,311,518		776,056	64,049	591,296	2,177,816	103,903	-	(38,486,187)	8,538,451	26,761,811
Less:											
Disposals and write downs	-	-	388,371	-	-	-	-	-	-	388,371	332,109
Closing Cost	134,776,422	4,870,877	8,534,039	355,009	2,572,493	2,735,687	3,559,619	-	1,949,157	159,353,303	151,203,223
Accumulated Amortization											
Opening, as previously reported	36,143,133	1,479,164	5,399,530	218,324	1,518,656	295,299		-		45,054,106	42,258,521
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	36,143,133	1,479,164	5,399,530	218,324	1,518,656	295,299		-		45,054,106	42,258,521
Add:											
Current period Amortization	2,900,478	102,679	561,585	34,384	139,520	193,140		-		3,931,786	3,127,694
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	388,371	-	-	-		-		388,371	332,109
Closing Accumulated Amortization	39,043,611	1,581,843	5,572,744	252,708	1,658,176	488,439		-		48,597,521	45,054,106
Net Tangible Capital Asset	95,732,811	3,289,034	2,961,295	102,301	914,317	2,247,248	3,559,619	-	1,949,157	110,755,782	106,149,117
Proceeds from Disposal of Capital Assets	-	-	12,357	-	-	-	338,975			351,332	28,372

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Hanover School Division (the "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 (the "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 ("PSAB") of the Institute of 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 and charitable foundations 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 extracurricular 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.

2. Significant Accounting Policies – Continued

d) School Generated Funds - Continued

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 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) 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 - 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 and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

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

Tangible capital assets are initially recorded at cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

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.

2. Significant Accounting Policies – Continued

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.

The Division provides retirement and other future benefits to its administrative employees as a defined contribution plan, under the Manitoba School Boards Association ("MSBA"). The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined contribution plan

Under this plan, 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.

Non-vested sick leave benefits

Non-vested sick leave benefits are estimated using a net present value technique on the expected future utilization of sick benefits in excess of the amounts earned per year, to a maximum entitlement. The calculated dollar value of non-vested sick leave as at June 30, 2015 is $296,011 (2014 - $251,927). These amounts are disclosed for compliance with PS2120 only and are not considered material for inclusion in the financial statements.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Institute of Chartered Professional Accountants of Canada 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. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Employee future benefits are based on estimates of future obligations to the Division. Actual results could differ from management's best estimates, as additional information becomes available in the future.

h) Financial instruments

Fair values:

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Division's designation of such instruments.

Classification:

Cash and bank, portfolio investments and overdraft	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities, employee future benefits, accrued interest payable, debenture debt, other borrowings, and school generated funds liability	Other financial liabilities

2. Significant Accounting Policies – Continued

h) Financial instruments - Continued

Held for trading:

Held-for-trading financial assets and liabilities are typically acquired for resale prior to maturity or are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables:

Financial assets designated as loans and receivables are recorded at amortized cost using the effective interest method. Given the short-term nature of accounts receivable, their carrying value approximates fair value.

Other financial liabilities:

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. Given the short-term nature of accounts payable and accrued liabilities, employee future benefits, accrued interest payable and school generated funds liability, their carrying value approximates fair value. The carrying value of the debenture debt and other borrowings also approximates their fair value as there have been no significant changes to the underlying characteristics of the parties to the agreements.

Interest, currency and credit risk:

It is management's opinion that the Division is not exposed to significant interest, currency or credit risk from financial instruments. The Division is exposed to some credit risk from the potential non-payment of accounts receivable, however as the majority of the receivables are from local, provincial and federal governments, credit risk is minimal.

i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the School Division is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activity and is reduced by expected net recoveries based on information available at June 30, 2015.

At each financial reporting date, the School Division reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The School Division continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Effective July 1, 2014, the School Division adopted the recommendation relating to PS3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and no prior periods have been restated. Previously, no accounting policy existed to account for a liability for a contaminated site. Under the new recommendations, the School Division is required to recognize a liability for contaminated sites when economic benefits will be given up. There was no effect on the School Division's consolidated financial statements as a result of adopting the above-noted change in accounting policy, as the School Division has no contaminated sites.

3. Overdraft

The Division has an authorized line of credit with the Steinbach Credit Union of $27,000,000 (2014 – $27,000,000) by way of overdrafts and is repayable on demand at prime less 0.875%; interest is paid monthly. Overdrafts are secured by temporary borrowing by-laws. As at June 30, 2015, the prime rate was 2.85%.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $856,102 in 2015 ($856,987 in 2014).

Employee future benefits recorded as a liability represents maternity and parental leave payable for administrative employees.

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, 2014	Additions for the year	Revenue recognized during year	Balance as at June 30, 2015
Education Property Tax Credit ("EPTC")	$ -	$2,438,281	$ -	$ 2,438,281
Special grant	42,774	-	10,000	32,774
Other amounts	13,750	4,050	13,750	4,050
	$ 56,524	$2,442,331	$ 23,750	$ 2,475,105

6. School Generated Funds Liability

The cash and bank (overdraft) balance in the statement of financial position includes the non-controlled portion of school generated funds in the amount of $130,112 ($135,901 in 2014).

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 2015 to 2033. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debt on self-funded capital projects. The debentures carry interest rates that range from 3.500% to 9.875%. Debenture interest expense payable as at June 30, 2015, 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:

	Total
2016	8,783,287
2017	8,460,896
2018	8,325,561
2019	8,280,853
2020	8,238,048
	$ 42,088,645

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes two loans to fund the acquisition and renovation of the new Hanover School Division Administration Building.

	2015	2014
RBC Term Loan, unsecured, payable at 5.35%, due January 2017. Interest is paid monthly with annual principal repayments of $200,000.	$ 400,000	$ 600,000
RBC Term Loan, unsecured, payable at 4.79%, due January 2017. Interest is paid monthly with annual principal repayments of $70,000.	140,000	210,000
	$ 540,000	$ 810,000

Principal repayments for the next two years are as follows:

	Total
2016	270,000
2017	270,000
	$ 540,000

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. The amount of interest capitalized in the period included in Assets under Construction was $70,462 in 2015 ($117,606 in 2014).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	3,025,031	3,454,594
	3,025,031	3,454,594
Capital Fund		
Reserved Accounts	$ -	$ 185,094
Equity in Tangible Capital Assets	17,941,881	14,144,945
	17,941,881	14,330,039
Special Purpose Fund		
School Generated Funds	$ 449,462	$ 433,241
Total Accumulated Surplus	$ 21,416,374	$ 18,217,874

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; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue - Municipal Government - Property Tax	$29,632,521	$ 27,575,780
Receivable - Due from Municipal - Property Tax	$13,225,073	$ 12,109,968

12. Interest Received and Paid

The Division received interest during the year of $459 ($1,027 in 2014); interest paid during the year was $4,293,808 ($3,321,049 in 2014). Interest paid is comprised of interest expense of $4,223,346 ($3,203,443 in 2014) as outlined below, plus capitalized interest of $70,462 ($117,606 in 2014) included in construction in progress on the consolidated statement of financial position.

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 143,399	$ 115,672
Capital Fund		
Debenture interest	4,043,437	3,036,980
Other interest	36,510	50,791
Total	$ 4,223,346	$ 3,203,443

The accrual portion of debenture debt interest expense of $1,984,674 (2014 - $1,866,129) included under the Capital Fund – Debenture interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Budget 2015	Actual 2014
Salaries	$ 58,204,842	$58,464,600	$ 55,441,919
Employees benefits and allowances	4,220,413	4,412,100	4,075,014
Services	4,442,499	4,066,100	4,386,990
Supplies, materials and minor equipment	6,423,123	7,451,500	5,459,444
Interest	4,223,346	80,000	3,203,443
Payroll tax	1,222,476	1,255,300	1,172,873
Amortization	3,931,786	-	3,127,694
Transfers	1,225,103	1,054,800	1,026,218
Other capital items	2,885	-	482,162
School generated funds	1,830,729	-	1,897,563
Other special purpose funds	-	-	-
	$85,727,202	$76,784,400	$ 80,273,320

14. Non Financial Information

The 2015 student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

15. Capital management

The Division's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the various fund balances in the amount of $21,416,374 ($18,217,874 in 2014). The Division is not subject to externally imposed capital requirements. There have been no changes in the Division's approach to capital management during the period.

16. 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, 2015 the amount of this special levy was $264,129 ($221,398 in 2014). These amounts are not included in the Division's consolidated financial statements.

17. Commitments

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2015 are as follows:

2016	158,516
2017	91,800
2018	63,784
2019	43,509
2020	1,545
Thereafter	nil

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Interlake School Division ("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 established by the Public Sector Accounting Board of the Chartered Professional Accountants 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. School Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors, appointed by the Board of Trustees. The accompanying Independent 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	Secretary-Treasurer

October 13, 2015

BDO

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Independent Auditor's Report

To the Chairperson and Board of Trustees of Interlake School Division

We have audited the accompanying consolidated financial statements of Interlake School Division ("Division"), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Interlake School Division as at June 30, 2015, and the results of its operations, net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 13, 2015

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

October 13-2015
Date

Original Document Signed
Chairperson

Interlake School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,442,366	1,313,350
	- Federal Government	42,132	54,672
	- Municipal Government	6,288,674	7,871,345
	- Other School Divisions	5,392	-
	- First Nations	-	-
	Accounts Receivable	39,001	60,965
	Accrued Investment Income	-	-
*	Portfolio Investments	4,513	5,326
		7,822,078	9,305,658
	Liabilities		
*	Overdraft	2,234,500	6,298,518
	Accounts Payable	892,672	564,757
	Accrued Liabilities	815,150	479,037
*	Employee Future Benefits	1,754,301	1,562,677
	Accrued Interest Payable	326,923	226,597
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	1,701,891	99,934
*	Debenture Debt	17,735,499	11,678,956
*	Other Borrowings	1,800,000	-
	School Generated Funds Liability	88,094	168,659
		27,349,030	21,079,135
	Net Debt	(19,526,952)	(11,773,477)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	22,897,584	15,498,558
	Inventories	87,869	65,551
	Prepaid Expenses	62,325	59,570
		23,047,778	15,623,679
*	**Accumulated Surplus**	3,520,826	3,850,202

See accompanying notes to the Financial Statements

Interlake School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		24,376,090	24,233,195
	Federal Government		33,724	7,000
	Municipal Government	- Property Tax	11,821,459	11,597,199
		- Other	7,500	17,000
	Other School Divisions		71,779	37,968
	First Nations		-	-
	Private Organizations and Individuals		185,229	215,953
	Other Sources		166,617	139,203
	School Generated Funds		368,844	516,059
	Other Special Purpose Funds		1,317	1,340
			37,032,559	36,764,917
	Expenses			
	Regular Instruction		19,884,873	19,192,741
	Student Support Services		5,677,506	5,721,041
	Adult Learning Centres		-	-
	Community Education and Services		258,159	267,268
	Divisional Administration		1,368,491	1,363,705
	Instructional and Other Support Services		1,563,904	1,589,256
	Transportation of Pupils		2,171,542	2,215,158
	Operations and Maintenance		3,588,124	4,029,441
*	Fiscal	- Interest	683,017	593,995
		- Other	581,440	560,626
	Amortization		1,214,281	1,135,487
	Other Capital Items		-	127,500
	School Generated Funds		362,297	486,066
	Other Special Purpose Funds		1,317	1,340
			37,354,951	37,283,624
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(322,392)	(518,707)
	Less: Non-vested Sick Leave Expense (Recovery)		6,984	(30,837)
	Net Current Year Surplus (Deficit)		(329,376)	(487,870)
	Opening Accumulated Surplus		3,850,202	4,338,072
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		3,850,202	4,338,072
	Closing Accumulated Surplus		3,520,826	3,850,202

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(329,376)	(487,870)
Amortization of Tangible Capital Assets	1,214,281	1,135,487
Acquisition of Tangible Capital Assets	(8,613,307)	(3,528,388)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	492
Proceeds on Disposal of Tangible Capital Assets	-	1,155
	(7,399,026)	(2,391,254)
Inventories (Increase)/Decrease	(22,318)	14,664
Prepaid Expenses (Increase)/Decrease	(2,755)	(44)
	(25,073)	14,620
(Increase)/Decrease in Net Debt	(7,753,475)	(2,864,504)
Net Debt at Beginning of Year	(11,773,477)	(8,908,973)
Adjustments Other than Tangible Cap. Assets	-	-
	(11,773,477)	(8,908,973)
Net Debt at End of Year	(19,526,952)	(11,773,477)

Interlake School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(329,376)	(487,870)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,214,281	1,135,487
(Gain)/Loss on Disposal of Tangible Capital Assets	-	492
Employee Future Benefits Increase/(Decrease)	191,624	7,393
Due from Other Organizations (Increase)/Decrease	1,460,803	(2,148,662)
Accounts Receivable & Accrued Income (Increase)/Decrease	21,964	3,575
Inventories and Prepaid Expenses - (Increase)/Decrease	(25,073)	14,620
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	764,354	475,548
Deferred Revenue Increase/(Decrease)	1,601,957	(1,619,565)
School Generated Funds Liability Increase/(Decrease)	(80,565)	(21,811)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	4,819,969	(2,640,793)
Capital Transactions		
Acquisition of Tangible Capital Assets	(8,613,307)	(3,528,388)
Proceeds on Disposal of Tangible Capital Assets	-	1,155
Cash Provided by (Applied to) Capital Transactions	(8,613,307)	(3,527,233)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	813	785
Cash Provided by (Applied to) Investing Transactions	813	785
Financing Transactions		
Debenture Debt Increase/(Decrease)	6,056,543	1,788,474
Other Borrowings Increase/(Decrease)	1,800,000	-
Cash Provided by (Applied to) Financing Transactions	7,856,543	1,788,474
Cash and Bank / Overdraft (Increase)/Decrease	4,064,018	(4,378,767)
Cash and Bank (Overdraft) at Beginning of Year	(6,298,518)	(1,919,751)
Cash and Bank (Overdraft) at End of Year	(2,234,500)	(6,298,518)

Interlake School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,325,371	1,214,424	5,053,910	269,643	480,443	-	170,631	-	3,291,205	33,805,627	30,346,043
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	23,325,371	1,214,424	5,053,910	269,643	480,443	-	170,631	-	3,291,205	33,805,627	30,346,043
Add:											
Additions during the year	-	-	-	26,783	26,838	2,216,531	-	-	6,343,155	8,613,307	3,528,388
Less:											
Disposals and write downs	-	-	-	-	33,862	-	-	-	-	33,862	68,804
Closing Cost	23,325,371	1,214,424	5,053,910	296,426	473,419	2,216,531	170,631	-	9,634,360	42,385,072	33,805,627
Accumulated Amortization											
Opening, as previously reported	13,661,895	581,272	3,481,201	217,190	365,511	-		-		18,307,069	17,238,739
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,661,895	581,272	3,481,201	217,190	365,511	-		-		18,307,069	17,238,739
Add:											
Current period Amortization	667,079	44,043	329,512	20,974	41,846	110,827		-		1,214,281	1,135,487
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	33,862	-		-		33,862	67,157
Closing Accumulated Amortization	14,328,974	625,315	3,810,713	238,164	373,495	110,827		-		19,487,488	18,307,069
Net Tangible Capital Asset	8,996,397	589,109	1,243,197	58,262	99,924	2,105,704	170,631	-	9,634,360	22,897,584	15,498,558
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	1,155

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Interlake 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada (CPA Canada.

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.

Trust Funds

The school division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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.

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
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

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

With the exception of land, 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.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency, except for the land at 192 2nd Avenue North, which is valued at historical cost as management believes the Crown Lands and Property Agency to have overvalued this land by $221,867.

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.

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.

However, the Division provides retirement and other future benefits to its non-teaching employees. These benefits include pension, sick leave payouts, and supplementary unemployment benefits.

The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution 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.

Pension - No amounts are recorded in the financial statements for future pension costs. The Division participates in the Manitoba School Boards Association (MSBA) Pension Plan for non-teaching employees. Contributions are made by the Division and each eligible employee. Contributions are immediately vested. The Division pays the operating costs of the plan and investment management fees for the plan for all active employees. Contribution costs are calculated as a percentage of salary, which ranges from 9.00% to 12.65%, depending upon the employees age, less the employees contributions to the Canada Pension Plan in that particular year.

Long-term Disability - Long term disability benefits are covered by a defined contribution/ insured plan fully financed by employees. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Life Insurance - The Division participates in the Manitoba Public School Employee Life Insurance Plan, underwritten by Canada Life. Costs for the compulsory 200% x salary coverage are shared equally by the employee and the Division. Expenses are recorded as incurred. No future obligation is recorded on the financial statements.

Defined Benefit Plans

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division.

Sick Leave Allowance

The Division offers a sick leave allowance to employees, of which unused days are accumulated to maximum of 90-130 days, depending upon the employee group. Non-teaching employees with five years of continuous year's employment are eligible upon their retirement, death or severance to receive a lump sum payment equal to one half of their accumulated allowance. The lump sum is paid out at the rate of pay in effect at the time of payment. Costs recorded in the financial statements are based on current earnings of employees.

For non-vesting accumulated 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.

Supplemental Employment Benefits Plan

The Division offers Teachers a Supplemental Employment Benefits (SEB) plan for members taking parenting leave, which provides a top up to employment insurance for seventeen weeks. The Division has also agreed to, in the collective agreement with the Interlake Teachers' Association, the entitlement to receive pay for an additional ten (10) weeks in the amount of ninety percent of their salary less any benefits received from Human Resources Development Canada. Benefit costs are expensed as incurred. Future obligations for employees who have commenced their leaves are recorded in the financial statements based on current earnings of employees.

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.

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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. Adoption of New Accounting Policy

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

4. Overdraft

The Division has an authorized revolving demand facility with South Interlake Credit Union of $8,000,000 by way of overdrafts. Overdrafts bear interest at Prime less 0.75% and are secured by a borrowing by-law supporting the facility. As at June 30, 2015, the Division's operating line of credit was being utilized.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements. Employee benefits and allowances for expenses by object include the Division's contribution of $450,229 in 2015 ($453,338 in 2014).

Employee future benefits recorded as a liability represents vested sick leave payable and Supplemental Employment Benefits Plan payable for eligible employees of $1,505,161 in 2015 ($1,320,520 in 2014).

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 maximum entitlement. The total accrued non-vested sick leave benefit liability as at June 30, 2015 is $249,140 ($242,157 in 2014).

6. 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:

Operating Fund	Balance as at June 30, 2014	Additions in period	Revenue recognized in period	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ 0	$ 5,188,634	$ 3,588,988	$ 1,599,646
Manitoba Textbook Bureau	92,434	80,988	92,868	80,554
Continuing Education Revenue	0	129,260	125,060	4,200
International Students	0	9,991	0	9,991
STAR Revenue	7,500	40,250	40,250	7,500
	$ 99,934	$ 5,449,123	$ 3,847,166	$ 1,701,891

7. School Generated Funds Liability

The School Generated Funds liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $88,094 in 2015 ($168,659 in 2014).

8. 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 2017 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.00% to 7.38%. Debenture interest expense payable as at June 30, 2015, 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 and thereafter:

	Interest	Principal	Total
2015 / 2016	$ 826,489	$ 1,066,473	$ 1,892,962
2016 / 2017	769,164	1,123,799	1,892,963
2017 / 2018	708,573	1,135,322	1,843,895
2018 / 2019	648,142	1,112,905	1,761,047
2019 / 2020	589,593	1,134,970	1,724,563
Thereafter	3,596,567	12,162,030	15,758,597
	$ 7,138,528	$17,735,499	$24,874,027

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. The amount of interest capitalized in the period included in Assets under Construction was nil in 2015 (2014 nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	421,561	808,912
	421,561	808,912
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets	2,978,903	2,927,475
	2,978,903	2,927,475
Special Purpose Fund		
School Generated Funds	120,362	113,815
Other Special Purpose Funds	-	-
	120,362	113,815
Total Accumulated Surplus	$ 3,520,826	$ 3,850,202

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; 48% from 2014 tax year and 52% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 11,821,459	$11,597,199
Receivable – Due from Municipal – Property Tax	$ 6,288,674	$ 7,871,345

12. Interest Received and Paid

The Division received interest during the year of $2,025 in 2015 ($9,802 in 2014); interest paid during the year was $683,017 in 2015 ($593,995 in 2014).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 56,788	$ 28,080
Capital Fund		
Debenture interest	626,229	565,915
	$ 683,017	$ 593,995

The accrual portion of debenture debt interest expense of $326,923 ($226,597 in 2014) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Budget 2015	Actual 2014
Salaries	$ 27,365,466	$ 27,143,767	$ 26,342,837
Employees benefits and allowances	2,109,287	2,177,236	2,059,083
Services	2,586,554	2,502,279	3,063,970
Supplies, materials & minor equipment	2,111,269	2,040,422	2,588,514
Interest	683,017	28,000	593,995
Bad debts	-	-	-
Payroll tax	581,440	592,000	560,626
Amortization	1,214,281	-	1,135,487
Transfers	340,023	342,296	324,206
School generated funds	362,297	-	486,066
Other special purpose funds	1,317	-	1,340
Other capital funds	-	-	127,500
	$ 37,354,951	$ 34,826,000	$ 37,283,624

KELSEY
SCHOOL DIVISION

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October 30, 2015

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 HMA Chartered Accountants 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	Original Document Signed
Vaughn Wadelius	Jeannette Freese
Chairperson	Secretary Treasurer

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Kelsey School Division

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, 2015, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These consolidated financial statements have been prepared to comply with the Public Schools Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Kelsey School Division as at June 30, 2015, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

Collins Barrow HMA LLP
CHARTERED ACCOUNTANTS

The Pas, Manitoba
October 29, 2015

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

Original Document Signed
Chairperson of the Board

Oct 30, 2015
Date

Kelsey School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,119,568	1,075,233
	- Federal Government	74,152	84,184
	- Municipal Government	1,833,985	2,602,454
	- Other School Divisions	10,849	10,317
	- First Nations	204,380	230,825
	Accounts Receivable	48,294	73,382
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		3,291,228	4,076,395
	Liabilities		
*	Overdraft	340,237	2,526,817
	Accounts Payable	1,103,277	902,146
	Accrued Liabilities	1,051,546	820,704
*	Employee Future Benefits	102,861	-
	Accrued Interest Payable	-	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	257,312	12,138
*	Debenture Debt	18,657,941	15,987,664
	Other Borrowings	-	-
	School Generated Funds Liability	57,307	60,544
		21,570,481	20,310,013
	Net Debt	(18,279,253)	(16,233,618)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	21,230,496	18,382,781
	Inventories	-	-
	Prepaid Expenses	16,187	22,138
		21,246,683	18,404,919
*	**Accumulated Surplus**	2,967,430	2,171,301

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			2015	2014
	Revenue			
	Provincial Government		17,988,074	17,622,148
	Federal Government		20,110	20,974
	Municipal Government	- Property Tax	3,284,987	3,166,369
		- Other	-	-
	Other School Divisions		10,849	10,317
	First Nations		70,800	1,568
	Private Organizations and Individuals		400	-
	Other Sources		107,586	147,368
	School Generated Funds		386,819	431,426
	Other Special Purpose Funds		-	-
			21,869,625	21,400,170
	Expenses			
	Regular Instruction		9,750,984	9,731,579
	Student Support Services		4,455,832	4,396,393
	Adult Learning Centres		551,670	594,324
	Community Education and Services		55,393	54,545
	Divisional Administration		790,204	747,395
	Instructional and Other Support Services		479,739	454,015
	Transportation of Pupils		596,104	581,452
	Operations and Maintenance		2,433,228	2,394,267
*	Fiscal	- Interest	767,316	696,672
		- Other	330,359	328,035
	Amortization		349,137	332,370
	Other Capital Items		-	41,013
	School Generated Funds		410,669	429,145
	Other Special Purpose Funds		-	-
			20,970,635	20,781,205
	Current Year Surplus (Deficit) before Non-vested Sick Leave		898,990	618,965
	Less: Non-vested Sick Leave Expense (Recovery)		102,861	0
	Net Current Year Surplus (Deficit)		796,129	618,965
	Opening Accumulated Surplus		2,171,301	1,552,336
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		2,171,301	1,552,336
	Closing Accumulated Surplus		2,967,430	2,171,301

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, 2015

	2015	2014
Net Current Year Surplus (Deficit)	796,129	618,965
Amortization of Tangible Capital Assets	349,137	332,370
Acquisition of Tangible Capital Assets	(3,196,852)	(1,376,993)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(2,847,715)	(1,044,623)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	5,951	(6,806)
	5,951	(6,806)
(Increase)/Decrease in Net Debt	(2,045,635)	(432,464)
Net Debt at Beginning of Year	(16,233,618)	(15,801,154)
Adjustments Other than Tangible Cap. Assets	-	-
	(16,233,618)	(15,801,154)
Net Debt at End of Year	(18,279,253)	(16,233,618)

Kelsey School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	796,129	618,965
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	349,137	332,370
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	102,861	-
Due from Other Organizations (Increase)/Decrease	760,079	(885,926)
Accounts Receivable & Accrued Income (Increase)/Decrease	25,088	(43,612)
Inventories and Prepaid Expenses - (Increase)/Decrease	5,951	(6,806)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	431,973	22,178
Deferred Revenue Increase/(Decrease)	245,174	(9,747)
School Generated Funds Liability Increase/(Decrease)	(3,237)	13,642
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,713,155	41,064
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,196,852)	(1,376,993)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(3,196,852)	(1,376,993)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	2,670,277	(306,198)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	2,670,277	(306,198)
Cash and Bank / Overdraft (Increase)/Decrease	2,186,580	(1,642,127)
Cash and Bank (Overdraft) at Beginning of Year	(2,526,817)	(884,690)
Cash and Bank (Overdraft) at End of Year	(340,237)	(2,526,817)

Kelsey School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	16,823,946	303,458	946,813	104,393	496,323	146,490	196,213	-	13,908,282	32,925,918	31,548,925
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	16,823,946	303,458	946,813	104,393	496,323	146,490	196,213	-	13,908,282	32,925,918	31,548,925
Add: Additions during the year	281,282	-	224,618	-	12,271	6,633	-	-	2,672,048	3,196,852	1,376,993
Less: Disposals and write downs	-	-	83,375	-	-	-	-	-	-	83,375	-
Closing Cost	17,105,228	303,458	1,088,056	104,393	508,594	153,123	196,213	-	16,580,330	36,039,395	32,925,918
Accumulated Amortization											
Opening, as previously reported	12,933,775	303,458	768,914	89,971	325,560	121,459		-		14,543,137	14,210,767
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	12,933,775	303,458	768,914	89,971	325,560	121,459		-		14,543,137	14,210,767
Add: Current period Amortization	217,779	-	69,698	4,120	49,997	7,543		-		349,137	332,370
Less: Accumulated Amortization on Disposals and Writedowns	-	-	83,375	-	-	-		-		83,375	-
Closing Accumulated Amortization	13,151,554	303,458	755,237	94,091	375,557	129,002		-		14,808,899	14,543,137
Net Tangible Capital Asset	3,953,674	-	332,819	10,302	133,037	24,121	196,213	-	16,580,330	21,230,496	18,382,781
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* 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 PSAB of the Canadian Institute of Chartered Accountants.

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) 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.

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.

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.

g) *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.

h) *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 Westoba Credit Union of $3,000,000 by way of overdrafts and is repayable on demand at prime less .05%, 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, 2015 is $102,861. The calculated amount of non-vested sick leave that was not considered material for inclusion in the financial statement as at June 30, 2014 was $14,621.

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, 2014	Additions in the period	Time Expired Funding Lost	Transferred to Revenue	Balance as at June 30, 2015
Western Financial Group Insurance Solutions	$	$ 257,312	$	$	$ 257,312
Province of Manitoba	12,138			12,138	
	$ 12,138	$ 257,312	$ Nil	$ 12,138	$ 257,312

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 $286,540 (2014 - $313,627).

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 2014 to 2034. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.6% to 10%. Debenture interest expense payable as at June 30, 2015 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
2016	$ 850,303	$ 776,818	$ 1,627,121
2017	890,609	746,721	1,637,330
2018	905,006	707,171	1,612,177
2019	930,608	667,691	1,598,299
2020	962,997	627,284	1,590,281
	$ 4,539,523	$ 3,525,685	$ 8,065,208

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	2015 Net Book Value	2014 Net Book Value

Owned-tangible capital assets	$ 36,039,395	$ 14,808,899	$ 21,230,496	$ 18,382,781

9. ACCUMULATED SURPLUS (DEFICIT)

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	1,073,937	889,656
	1,073,937	889,656
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets	1,664,260	1,028,562
	1,664,260	1,028,562
Special Purpose Fund		
School Generated Funds	229,233	253,083
Other Special Purpose Funds	-	-
	229,233	253,083
Total Accumulated Surplus (Deficit)	$ 2,967,430	$ 2,171,301

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 2014 and 60% for 2015. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 3,284,987	$ 3,166,369
Receivable-Due from Municipal-Property Tax	$ 1,833,985	$ 2,602,454

11. INTEREST RECEIVED AND PAID

The Division received interest during the year of $12,074 (previous year $8,940; interest paid during the year was $767,316 (previous year $696,672).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 9,830	$ 7,234
Capital Fund		
Debenture debt Interest	757,486	689,438
Other interest	-	-
	$ 767,316	$ 696,672

The accrual portion of debenture debt interest expense of $397,844 (2014 - $321,000) 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 2015	Budget 2015	Actual 2014
Salaries	$ 15,273,952	$ 14,967,976	$ 15,146,531
Employees benefits & allowances	1,373,485	1,456,681	1,385,582
Services	1,462,426	1,679,720	1,413,581
Supplies, materials & minor equipment	986,645	936,172	988,799
Interest	767,316	30,000	696,672
Bad debts			
Payroll tax	330,359	333,000	328,035
Amortization	349,137		332,370
Other capital items			41,013
School generated funds	410,669		429,145
Transfers	16,646	17,500	19,477
	$ 20,970,635	$ 19,421,049	$ 20,781,205

13. SIGNIFICANT EVENT

In October, 2014 a significant fire struck Mary Duncan School, a facility owned and operated by the Division. Repairs to the facility are ongoing and the majority of the Division's costs will be covered by its insurance policy which has a $7,500 deductible. At this time the amount of the uninsured costs, if any, for which the Division will ultimately be responsible is not determinable. The Division has been able to make temporary arrangements to substantially mitigate the operational impact of the loss of use of the facility.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Lakeshore School Division (the "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 Institute of 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.

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 13, 2015

MNP

Independent Auditors' Report

To the Board of Trustees of Lakeshore School Division:

We have audited the accompanying consolidated financial statements of Lakeshore School Division, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lakeshore School Division as at June 30, 2015 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information presented in the attached schedules is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such supplemental information has been subjected only to auditing procedures applied in the audit of the basic consolidated financial statements, taken as a whole.

Winnipeg, Manitoba

October 13, 2015

MNP LLP

Chartered Professional Accountants

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the Lakeshore School Division.

October 13, 2015
DATE

Original Document Signed
CHAIRPERSON

Lakeshore School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	615,877	-
	Due from - Provincial Government	1,373,503	1,143,016
	- Federal Government	24,489	26,269
	- Municipal Government	2,000,130	2,272,175
	- Other School Divisions	12,120	11,136
	- First Nations	625,058	558,104
	Accounts Receivable	37,047	51,417
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		4,688,224	4,062,117
	Liabilities		
3	Overdraft	-	175,584
	Accounts Payable	494,684	455,435
	Accrued Liabilities	1,631,317	1,446,275
4	Employee Future Benefits	189,552	132,603
	Accrued Interest Payable	261,633	280,087
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	11,998	13,485
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	118,150	58,129
6	Debenture Debt	11,014,991	11,758,634
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		13,722,325	14,320,232
	Net Debt	(9,034,101)	(10,258,115)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	13,577,291	14,140,884
	Inventories	-	-
	Prepaid Expenses	15,415	23,280
		13,592,706	14,164,164
8	**Accumulated Surplus**	4,558,605	3,906,049

See accompanying notes to the Financial Statements

Lakeshore School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		13,497,724	13,321,561
	Federal Government		-	-
9	Municipal Government	- Property Tax	3,338,885	3,358,951
		- Other	-	-
	Other School Divisions		89,568	63,746
	First Nations		1,018,180	993,923
	Private Organizations and Individuals		215,669	176,674
	Other Sources		291,880	224,503
	School Generated Funds		366,132	361,095
	Other Special Purpose Funds		22,994	14,560
			18,841,032	18,515,013
	Expenses			
	Regular Instruction		8,621,011	8,547,464
	Student Support Services		2,639,498	2,779,292
	Adult Learning Centres		263,862	283,944
	Community Education and Services		277,672	271,801
	Divisional Administration		670,708	624,982
	Instructional and Other Support Services		495,936	457,074
	Transportation of Pupils		1,654,484	1,593,577
	Operations and Maintenance		1,417,946	1,465,326
10	Fiscal	- Interest	619,821	648,151
		- Other	251,655	252,930
	Amortization		890,348	902,168
	Other Capital Items		-	48,734
	School Generated Funds		362,560	383,498
	Other Special Purpose Funds		22,975	9,991
			18,188,476	18,268,932
	Current Year Surplus (Deficit) before Non-vested Sick Leave		652,556	246,081
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		652,556	246,081
	Opening Accumulated Surplus		3,906,049	3,659,968
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		3,906,049	3,659,968
	Closing Accumulated Surplus		4,558,605	3,906,049

See accompanying notes to the Financial Statements

Lakeshore School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	652,556	246,081
Amortization of Tangible Capital Assets	890,348	902,168
Acquisition of Tangible Capital Assets	(326,755)	(484,956)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	563,593	417,212
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	7,865	15,441
	7,865	15,441
(Increase)/Decrease in Net Debt	1,224,014	678,734
Net Debt at Beginning of Year	(10,258,115)	(10,936,849)
Adjustments Other than Tangible Cap. Assets	-	-
	(10,258,115)	(10,936,849)
Net Debt at End of Year	(9,034,101)	(10,258,115)

Lakeshore School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	652,556	246,081
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	890,348	902,168
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	56,949	60,708
Due from Other Organizations (Increase)/Decrease	(24,600)	(431,000)
Accounts Receivable & Accrued Income (Increase)/Decrease	14,370	22,798
Inventories and Prepaid Expenses - (Increase)/Decrease	7,865	15,441
Due to Other Organizations Increase/(Decrease)	(1,487)	(93)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	205,837	(659,406)
Deferred Revenue Increase/(Decrease)	60,021	(89)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,861,859	156,608
Capital Transactions		
Acquisition of Tangible Capital Assets	(326,755)	(484,956)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(326,755)	(484,956)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(743,643)	(250,539)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(743,643)	(250,539)
Cash and Bank / Overdraft (Increase)/Decrease	791,461	(578,887)
Cash and Bank (Overdraft) at Beginning of Year	(175,584)	403,303
Cash and Bank (Overdraft) at End of Year	615,877	(175,584)

Lakeshore School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,363,123	498,069	3,242,399	25,738	1,175,027	-	50,115	-	-	28,354,471	27,869,515
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	23,363,123	498,069	3,242,399	25,738	1,175,027	-	50,115	-	-	28,354,471	27,869,515
Add:											
Additions during the year	-	-	187,762	-	108,988	-	-	-	30,005	326,755	484,956
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	23,363,123	498,069	3,430,161	25,738	1,284,015	-	50,115	-	30,005	28,681,226	28,354,471
Accumulated Amortization											
Opening, as previously reported	10,786,635	489,014	2,285,716	25,738	626,484	-		-		14,213,587	13,311,419
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	10,786,635	489,014	2,285,716	25,738	626,484	-		-		14,213,587	13,311,419
Add:											
Current period Amortization	531,298	1,393	198,397	-	159,260	-		-		890,348	902,168
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	11,317,933	490,407	2,484,113	25,738	785,744	-		-		15,103,935	14,213,587
Net Tangible Capital Asset	12,045,190	7,662	946,048	-	498,271	-	50,115	-	30,005	13,577,291	14,140,884
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School Division (the "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 (the "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 ("PSAB") of The Institute of 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 and The Lakeshore Scholarship Fund controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (the Division) under a trust agreement or statue. The trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set our in the trust indenture.

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 and charitable foundations controlled by the Division.

2. Significant Accounting Policies - Continued

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extracurricular 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.

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, yearbook funds, graduation funds and specified sports and cultural funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) 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 - 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 and 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 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 using information provided by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

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.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets - Continued

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.

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.

The Division provides retirement and other future benefits to its administrative and school support employees as a defined contribution plan, under the Manitoba School Boards Association ("MSBA"). The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined contribution plan

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

For those defined benefit plans that accumulate but do not vest such as sick pay, the benefit costs are recognized and recorded only in the period when employees feel sick.

g) 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.

h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants 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 year.

Accounts receivable are stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of tangible capital assets is based on their estimated useful lives as prescribed by FRAME which approximates their useful lives. Non-vested sick leave benefits are measured based on management's best estimate of projected future utilization of sick time in a given year over sick time earned in that year.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are report in earnings in the period in which they become known.

2. Significant Accounting Policies – Continued

i) Financial instruments

Fair values:

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Division's designation of such instruments.

Classification:

Cash and bank, and overdraft	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities, employee future benefits, accrued interest payable and debenture debt	Other financial liabilities

Held for trading:

Held-for-trading financial assets are typically acquired for resale prior to maturity or are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables:

Financial assets designated as loans and receivables are recorded at amortized cost using the effective interest method. Given the short-term nature of accounts receivable, their carrying value approximates fair value.

Other financial liabilities:

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. Given the short-term nature of accounts payable and accruals, employee future benefits and accrued interest payable, their carrying value approximates fair value. The fair value of the debenture debt also approximates its carrying value as there have been no significant changes to the underlying credit characteristics of the parties to the debenture agreements.

Interest, currency and credit risk:

It is management's opinion that the Division is not exposed to significant interest, currency or credit risk from financial instruments. The Division is exposed to some credit risk from the potential non-payment of accounts receivable, however as the majority of the receivables are from local, provincial and federal governments, credit risk is minimal.

2. Significant Accounting Policies – Continued

i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the School Division is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activity and is reduced by expected net recoveries based on information available at June 30, 2015.

At each financial reporting date, the School Division reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The School Division continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Effective July 1, 2014, the School Division adopted the recommendation relating to PS3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and no prior periods have been restated. Previously, no accounting policy existed to account for a liability for a contaminated site. Under the new recommendations, the School Division is required to recognize a liability for contaminated sites when economic benefits will be given up. There was no effect on the School Division's consolidated financial statements as a result of adopting the above-noted change in accounting policy, as the School Division has no contaminated sites.

3. Overdraft

The Division has an authorized line of credit with the Canadian Imperial Bank of Commerce of $3,000,000 (2014 - $3,000,000) by way of overdrafts and is repayable on demand at prime less 0.25% (2014 – prime less 0.25%); interest is paid monthly. $3,000,000 remains available on this line of credit. Overdrafts are secured by temporary borrowing by-laws.

4. Employee Future Benefits

The Division provides retirement and other future benefits to its administrative and support staff as a defined contribution plan, run by MSBA. The defined contribution plan is provided to support staff employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $230,319 in 2015 (2014 - $221,357).

Employee future benefits recorded as a liability represents maternity and parental leave payable for teaching employees.

Non-vested accumulated sick leave benefits are measured based on estimated future utilization of excess sick benefits used over earned per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for 2015 is $nil (2014 - $nil).

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, 2014	Additions in year	Revenue recognized in year	Balance as at June 30, 2015
Lakeshore Recreation Commission	51,129	6,352	-	57,481
Other amounts	7,000	60,669	7,000	60,669
	$ 58,129	$ 67,021	$ 7,000	$ 118,150

6. 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 2018 to 2034. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.000% to 7.000%. Debenture interest expense payable as at June 30, 2015, 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 repayments in the next five years are:

	Principal	Interest	Total
2016	749,522	591,228	1,340,750
2017	790,943	549,807	1,340,750
2018	834,689	506,061	1,340,750
2019	838,882	459,859	1,298,741
2020	859,206	413,622	1,272,828
	$4,073,242	$2,520,577	$6,593,819

7. 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	2015 Net Book Value	2014 Net Book Value
Owned-tangible capital assets	$ 28,681,226	$ 15,103,935	$13,577,291	$ 14,140,884

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 25,000	$ 0
Undesignated Surplus	632,835	626,692
	657,835	626,692
Capital Fund		
Reserve Accounts	1,190,682	709,559
Equity in Tangible Capital Assets	2,532,295	2,395,596
	3,722,977	3,105,155
Special Purpose Fund		
School Generated Funds	157,274	153,702
Other Special Purpose Funds	20,519	20,500
	177,793	174,202
Total Accumulated Surplus	$ 4,558,605	$ 3,906,049

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

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 moneys for school use, Scholarship Awards and donations for school projects.

9. 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% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$3,338,885	$3,358,951
Receivable-Due from Municipal-Property Tax	$2,000,130	$2,272,175

10. Interest Received and Paid

The Division received interest during the year of $9,491 (2014 - $7,770); interest paid during the year was $619,821 (2014 - $648,151).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 4,679	$ 4,784
Capital Fund		
Debenture debt interest	615,142	643,367
	$ 619,821	$ 648,151

The accrual portion of debenture debt interest expense of $261,633 (2014 - $280,087) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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 2015	Budget 2015	Actual 2014
Salaries	$ 12,020,222	$ 12,025,550	$ 11,944,746
Employees benefits and allowances	1,142,560	1,216,300	1,136,573
Services	1,425,954	1,429,855	1,451,351
Supplies, materials and minor equipment	1,401,036	1,367,175	1,441,281
Interest	619,821	5,000	648,151
Payroll tax	251,655	250,000	252,930
Transfers	51,345	36,100	49,509
Amortization	890,348	-	902,168
Loss (Gain) and disposal of capital assets	-	-	-
School generated funds	362,560	-	383,498
Other capital items			48,734
Other special purpose funds	22,975	-	9,991
	$ 18,188,476	$ 16,329,980	$ 18,268,932

12. Non Financial Information

The 2015 student enrolment (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

13. Capital management

Operating and special purpose funds

The Division's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the two fund balances in the amount of $835,628 (2014 - $800,894).

Capital fund

The capital fund is managed with the long term objective of acquiring and maintaining the capital assets acquired to facilitate the Division's operations. Capital consists of the various fund balances in the amount of $3,722,977 (2014 - $3,105,155).

The Division is not subject to externally imposed capital requirements. There have been no changes in the Division's approach to capital management during the year.

Lord Selkirk School Division

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Lord Selkirk School Division ("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 established by the Public Sector Accounting Board of Chartered Professional Accountants 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.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors, appointed by the Board of Trustees. The accompanying Independent 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	Secretary-Treasurer

October 20, 2015

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Independent Auditor's Report

To the Chairperson and Board of Trustees of **Lord Selkirk School Division**

We have audited the accompanying consolidated financial statements of **Lord Selkirk School Division**, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Lord Selkirk School Division** as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 20, 2015

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

October 20, 2015
Date

Original Document Signed
Chairperson

Lord Selkirk School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2015	2014
	Financial Assets			
	Cash and Bank		-	-
	Due from	- Provincial Government	2,996,334	6,395,249
		- Federal Government	57,058	78,147
		- Municipal Government	12,051,205	11,109,968
		- Other School Divisions	30,672	39,925
		- First Nations	304,414	450,513
	Accounts Receivable		123,406	175,939
	Accrued Investment Income		-	-
	Portfolio Investments		-	-
			15,563,089	18,249,741
	Liabilities			
*	Overdraft		2,509,233	6,899,904
	Accounts Payable		4,520,446	4,598,404
	Accrued Liabilities		4,057,126	3,135,447
*	Employee Future Benefits		245,713	290,294
	Accrued Interest Payable		591,167	546,748
	Due to	- Provincial Government	179,229	163,805
		- Federal Government	-	-
		- Municipal Government	-	-
		- Other School Divisions	-	-
		- First Nations	-	-
*	Deferred Revenue		935,354	439,532
*	Debenture Debt		27,620,448	24,519,423
	Other Borrowings		-	-
	School Generated Funds Liability		49,978	71,819
			40,708,694	40,665,376
	Net Debt		(25,145,605)	(22,415,635)
	Non-Financial Assets			
*	Net Tangible Capital Assets (TCA Schedule)		36,057,153	32,795,177
	Inventories		30,509	34,328
	Prepaid Expenses		52,817	72,680
			36,140,479	32,902,185
*	**Accumulated Surplus**		10,994,874	10,486,550

See accompanying notes to the Financial Statements

Lord Selkirk School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		36,930,436	36,375,719
	Federal Government		19,997	-
	Municipal Government	- Property Tax	20,118,902	18,559,210
		- Other	-	-
	Other School Divisions		191,400	191,700
	First Nations		493,831	440,411
	Private Organizations and Individuals		592,357	488,245
	Other Sources		278,772	307,212
	School Generated Funds		1,187,951	1,135,945
	Other Special Purpose Funds		-	-
			59,813,646	57,498,442
	Expenses			
	Regular Instruction		31,437,840	30,441,284
	Student Support Services		9,010,382	9,077,563
	Adult Learning Centres		325,352	342,519
	Community Education and Services		506,447	373,178
	Divisional Administration		1,973,888	1,849,438
	Instructional and Other Support Services		1,476,843	1,436,340
	Transportation of Pupils		2,410,675	2,390,788
	Operations and Maintenance		6,335,805	5,629,201
*	Fiscal	- Interest	1,344,437	1,174,540
		- Other	895,075	870,222
	Amortization		2,446,312	2,232,526
	Other Capital Items		-	48,983
	School Generated Funds		1,186,847	1,154,521
	Other Special Purpose Funds		-	-
			59,349,903	57,021,103
	Current Year Surplus (Deficit) before Non-vested Sick Leave		463,743	477,339
	Less: Non-vested Sick Leave Expense (Recovery)		(44,581)	52,633
	Net Current Year Surplus (Deficit)		508,324	424,706
	Opening Accumulated Surplus		10,486,550	10,061,844
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		10,486,550	10,061,844
	Closing Accumulated Surplus		10,994,874	10,486,550

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	508,324	424,706
Amortization of Tangible Capital Assets	2,446,312	2,232,526
Acquisition of Tangible Capital Assets	(5,716,750)	(8,004,584)
(Gain) / Loss on Disposal of Tangible Capital Assets	(23,938)	(26,200)
Proceeds on Disposal of Tangible Capital Assets	32,400	26,200
	(3,261,976)	(5,772,058)
Inventories (Increase)/Decrease	3,819	(2,448)
Prepaid Expenses (Increase)/Decrease	19,863	2,175
	23,682	(273)
(Increase)/Decrease in Net Debt	(2,729,970)	(5,347,625)
Net Debt at Beginning of Year	(22,415,635)	(17,068,010)
Adjustments Other than Tangible Cap. Assets	-	-
	(22,415,635)	(17,068,010)
Net Debt at End of Year	(25,145,605)	(22,415,635)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	508,324	424,706
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,446,312	2,232,526
(Gain)/Loss on Disposal of Tangible Capital Assets	(23,938)	(26,200)
Employee Future Benefits Increase/(Decrease)	(44,581)	52,633
Due from Other Organizations (Increase)/Decrease	2,634,119	(4,534,275)
Accounts Receivable & Accrued Income (Increase)/Decrease	52,533	(46,054)
Inventories and Prepaid Expenses - (Increase)/Decrease	23,682	(273)
Due to Other Organizations Increase/(Decrease)	15,424	3,695
Accounts Payable & Accrued Liabilities Increase/(Decrease)	888,140	1,135,327
Deferred Revenue Increase/(Decrease)	495,822	(704,657)
School Generated Funds Liability Increase/(Decrease)	(21,841)	(3,713)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	6,973,996	(1,466,285)
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,716,750)	(8,004,584)
Proceeds on Disposal of Tangible Capital Assets	32,400	26,200
Cash Provided by (Applied to) Capital Transactions	(5,684,350)	(7,978,384)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	3,101,025	5,081,089
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	3,101,025	5,081,089
Cash and Bank / Overdraft (Increase)/Decrease	4,390,671	(4,363,580)
Cash and Bank (Overdraft) at Beginning of Year	(6,899,904)	(2,536,324)
Cash and Bank (Overdraft) at End of Year	(2,509,233)	(6,899,904)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015 TOTALS	2014 TOTALS
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction		
Tangible Capital Asset Cost											
Opening Cost, as previously reported	45,256,131	3,803,423	5,653,006	205,554	2,616,637	838,880	480,378	2,386,913	6,107,944	67,348,866	60,173,381
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	45,256,131	3,803,423	5,653,006	205,554	2,616,637	838,880	480,378	2,386,913	6,107,944	67,348,866	60,173,381
Add:											
Additions during the year	8,054,826	1,899,897	523,143	34,263	243,375	504,357	-	175,717	(5,718,828)	5,716,750	8,004,584
Less:											
Disposals and write downs	-	-	412,948	16,316	144,636	-	-	-	-	573,900	829,099
Closing Cost	53,310,957	5,703,320	5,763,201	223,501	2,715,376	1,343,237	480,378	2,562,630	389,116	72,491,716	67,348,866
Accumulated Amortization											
Opening, as previously reported	24,762,763	2,404,923	3,164,417	148,248	1,989,741	456,754		1,626,843		34,553,689	33,150,262
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	24,762,763	2,404,923	3,164,417	148,248	1,989,741	456,754		1,626,843		34,553,689	33,150,262
Add:											
Current period Amortization	1,298,322	128,632	492,912	20,591	216,209	156,375		133,271		2,446,312	2,232,526
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	412,948	16,316	136,174	-		-		565,438	829,099
Closing Accumulated Amortization	26,061,085	2,533,555	3,244,381	152,523	2,069,776	613,129		1,760,114		36,434,563	34,553,689
Net Tangible Capital Asset	27,249,872	3,169,765	2,518,820	70,978	645,600	730,108	480,378	802,516	389,116	36,057,153	32,795,177
Proceeds from Disposal of Capital Assets	-	-	31,157	1,243		-				32,400	26,200

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Lord Selkirk 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada (CPAC).

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.

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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.

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
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

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

With the exception of land, 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.

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, 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.

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 provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. The Division pays the employer portion of the defined contribution plan administered by the Manitoba School Boards Association (MSBA). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

For those defined benefit self-insured plans that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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.

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.

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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 are minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

3. Adoption of New Accounting Standard – Liability for Contaminated Sites

Effective July 1, 2014, the Division has adopted PS3260 Liability for Contaminated Sites. The standard was applied on a prospective and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

4. Bank Overdraft

The Division has an authorized line of credit with TD Canada Trust of $9,481,044 by way of overdrafts and is repayable on demand at prime less .75% (2.10% as of June 30, 2015); interest is paid monthly. Overdrafts are secured by a borrowing by-law. As at June 30, 2015, the Division's operating line of credit utilized is $3,265,432.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $791,993 in 2015 ($783,760 in 2014).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave recovery for the year is $44,581 (expense of $52,633 in 2014).

Employee future benefits of $245,713 ($290,294 at June 30, 2014) recorded as a liability consists entirely of the Division's sick leave liability.

6. 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, 2014	Additions in period	Revenue recognized in period	Balance as at June 30, 2015
Operating Fund				
Education Property Tax Credit (EPTC)	$ -	$ 6,244,564	$ 5,776,427	$ 468,137
START	12,634	91,420	70,842	33,212
Breakfast Programs	8,357	6,181	11,017	3,522
International Students Program	137,622	159,538	156,564	140,596
Community Stadium	30,594	322	-	30,916
Other	76,854	211,594	184,149	104,289
	266,061	6,713,609	6,198,998	780,672
Capital Fund				
Capital Fund Donations	173,471	-	18,789	154,682
Total	$ 439,532	$ 6,713,609	$ 6,217,787	$ 935,354

7. 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 $49,978 in 2015 ($71,819 in 2014).

8. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.0% to 8.5%. Debenture interest expense payable as at June 30, 2015, 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:

2016	$ 2,927,943
2017	2,917,376
2018	2,875,888
2019	2,828,726
2020	2,790,503
	$ 14,340,436

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. The amount of interest capitalized in the period included in Assets under Construction was nil (previous year nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 185,000	1,335,625
Undesignated Surplus	2,091,665	1,957,424
Non-vested Sick Leave	(245,713)	(290,294)
	2,030,952	3,002,755
Capital Fund		
Reserve Accounts	390,626	101,084
Equity in Tangible Capital Assets	8,216,333	7,026,852
	8,606,959	7,127,936
Special Purpose Fund		
School Generated Funds	356,963	355,859
Other Special Purpose Funds	-	-
	356,963	355,859
Total Accumulated Surplus	$ 10,994,874	10,486,550

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The designated surplus is $185,000 in the current year.

Reserve Accounts under the Capital Fund represent 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 consolidated financial statements.

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 statement of revenue and expense is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 20,118,902	$ 18,559,210
Receivable – Due from Municipal – Property Tax	$ 12,051,205	$ 11,109,968

12. Interest Received and Paid

The Division received interest during the year of $10,460 (previous year $11,910); interest paid during the year was $1,344,437 (previous year $1,174,540).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 62,830	$ 60,878
Capital Fund		
Debenture interest	1,281,607	1,113,662
	$ 1,344,437	$ 1,174,540

The accrual portion of debenture debt interest expense of $ 591,167 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Budget 2015	Actual 2014
Salaries	$41,968,394	$ 41,628,535	$ 40,604,843
Employees benefits and allowances	3,536,303	3,662,675	3,431,289
Services	4,292,203	4,285,610	3,802,073
Supplies, materials & minor equipment	3,467,004	3,818,827	3,461,871
Interest	1,344,437	40,000	1,174,540
Payroll tax	895,075	894,530	870,222
Amortization	2,446,312	-	2,232,526
Transfers	213,328	234,000	240,235
Other capital items	-	-	48,983
School generated funds	1,186,847	-	1,154,521
	$59,349,903	$54,564,177	$57,021,103

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Louis Riel School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. 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

Chairperson of the Board

Original Document Signed

Secretary-Treasurer

October 27, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

We have audited the accompanying consolidated financial statements of Louis Riel School Division, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These consolidated financial statements have been prepared to comply with the *Public Schools Act*.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Louis Riel School Division as at June 30, 2015, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Professional Accountants

October 27, 2015

Winnipeg, Canada

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Louis Riel School Division.

Original Document Signed	October 27, 2015
Chairperson of the Board	**Date**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	5,759,993	18,721,857
	- Federal Government	335,550	324,394
	- Municipal Government	32,807,088	30,721,482
	- Other School Divisions	64,419	2,706
	- First Nations	35,000	-
	Accounts Receivable	1,042,298	886,825
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		40,044,348	50,657,264
	Liabilities		
*	Overdraft	5,815,989	27,576,210
	Accounts Payable	13,179,913	11,513,735
	Accrued Liabilities	3,964,642	3,094,459
*	Employee Future Benefits	1,209,321	1,060,545
	Accrued Interest Payable	376,507	392,876
	Due to - Provincial Government	10,430	26,123
	- Federal Government	7,113	6,460
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	10,232,798	1,168,716
*	Debenture Debt	25,308,232	22,307,922
*	Other Borrowings	65,150	253,924
	School Generated Funds Liability	740,233	711,137
		60,910,328	68,112,107
	Net Debt	(20,865,980)	(17,454,843)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	48,616,903	44,388,811
	Inventories	56,218	51,832
	Prepaid Expenses	773,647	617,679
		49,446,768	45,058,322
*	**Accumulated Surplus**	28,580,788	27,603,479

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		107,777,193	106,609,260
	Federal Government		245,179	178,434
	Municipal Government	- Property Tax	54,822,614	51,270,517
		- Other	-	-
	Other School Divisions		507,881	491,556
	First Nations		45,000	-
	Private Organizations and Individuals		3,657,523	3,001,405
	Other Sources		364,447	507,084
	School Generated Funds		2,304,168	2,358,068
	Other Special Purpose Funds		-	-
			169,724,005	164,416,324
	Expenses			
	Regular Instruction		89,001,043	86,628,950
	Student Support Services		32,699,393	32,430,626
	Adult Learning Centres		1,250,607	-
	Community Education and Services		1,250,893	1,158,227
	Divisional Administration		5,723,036	5,026,042
	Instructional and Other Support Services		7,151,188	6,938,896
	Transportation of Pupils		3,855,472	3,332,892
	Operations and Maintenance		17,389,519	17,183,203
*	Fiscal	- Interest	1,346,970	1,279,124
		- Other	2,672,960	2,618,708
	Amortization		3,814,447	3,762,044
	Other Capital Items		-	-
	School Generated Funds		2,442,392	2,486,538
	Other Special Purpose Funds		-	-
			168,597,920	162,845,250
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,126,085	1,571,074
	Less: Non-vested Sick Leave Expense (Recovery)		148,776	134,815
	Net Current Year Surplus (Deficit)		977,309	1,436,259
	Opening Accumulated Surplus		27,603,479	26,167,220
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		27,603,479	26,167,220
	Closing Accumulated Surplus		28,580,788	27,603,479

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	977,309	1,436,259
Amortization of Tangible Capital Assets	3,814,447	3,762,044
Acquisition of Tangible Capital Assets	(8,045,090)	(7,407,215)
(Gain) / Loss on Disposal of Tangible Capital Assets	(15,247)	-
Proceeds on Disposal of Tangible Capital Assets	17,798	-
	(4,228,092)	(3,645,171)
Inventories (Increase)/Decrease	(4,386)	355,970
Prepaid Expenses (Increase)/Decrease	(155,968)	(63,669)
	(160,354)	292,301
(Increase)/Decrease in Net Debt	(3,411,137)	(1,916,611)
Net Debt at Beginning of Year	(17,454,843)	(15,538,232)
Adjustments Other than Tangible Cap. Assets	-	-
	(17,454,843)	(15,538,232)
Net Debt at End of Year	(20,865,980)	(17,454,843)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	977,309	1,436,259
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,814,447	3,762,044
(Gain)/Loss on Disposal of Tangible Capital Assets	(15,247)	-
Employee Future Benefits Increase/(Decrease)	148,776	134,815
Due from Other Organizations (Increase)/Decrease	10,768,389	(15,085,680)
Accounts Receivable & Accrued Income (Increase)/Decrease	(155,473)	(308,126)
Inventories and Prepaid Expenses - (Increase)/Decrease	(160,354)	292,301
Due to Other Organizations Increase/(Decrease)	(15,040)	24,917
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,519,992	(793,700)
Deferred Revenue Increase/(Decrease)	9,064,082	(8,117,513)
School Generated Funds Liability Increase/(Decrease)	29,096	(27,859)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	26,975,977	(18,682,542)
Capital Transactions		
Acquisition of Tangible Capital Assets	(8,045,090)	(7,407,215)
Proceeds on Disposal of Tangible Capital Assets	17,798	-
Cash Provided by (Applied to) Capital Transactions	(8,027,292)	(7,407,215)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	3,000,310	1,939,198
Other Borrowings Increase/(Decrease)	(188,774)	(232,773)
Cash Provided by (Applied to) Financing Transactions	2,811,536	1,706,425
Cash and Bank / Overdraft (Increase)/Decrease	21,760,221	(24,383,332)
Cash and Bank (Overdraft) at Beginning of Year	(27,576,210)	(3,192,878)
Cash and Bank (Overdraft) at End of Year	(5,815,989)	(27,576,210)

Louis Riel School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	103,468,717	3,342,617	2,701,223	247,322	3,423,774	5,937,108	5,099,286	309,405	5,404,849	129,934,301	122,527,086
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	103,468,717	3,342,617	2,701,223	247,322	3,423,774	5,937,108	5,099,286	309,405	5,404,849	129,934,301	122,527,086
Add: Additions during the year	8,515,607	-	362,587	71,481	241,904	440,041			(1,586,530)	8,045,090	7,407,215
Less: Disposals and write downs	-	-	-	25,512	-	-	-	-	-	25,512	-
Closing Cost	111,984,324	3,342,617	3,063,810	293,291	3,665,678	6,377,149	5,099,286	309,405	3,818,319	137,953,879	129,934,301
Accumulated Amortization											
Opening, as previously reported	75,995,963	2,822,458	1,375,831	223,111	2,423,057	2,503,954		201,116		85,545,490	81,783,446
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	75,995,963	2,822,458	1,375,831	223,111	2,423,057	2,503,954		201,116		85,545,490	81,783,446
Add: Current period Amortization	2,340,636	80,024	233,566	23,922	271,085	834,273		30,941		3,814,447	3,762,044
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	22,961	-	-		-		22,961	-
Closing Accumulated Amortization	78,336,599	2,902,482	1,609,397	224,072	2,694,142	3,338,227		232,057		89,336,976	85,545,490
Net Tangible Capital Asset	33,647,725	440,135	1,454,413	69,219	971,536	3,038,922	5,099,286	77,348	3,818,319	48,616,903	44,388,811
Proceeds from Disposal of Capital Assets	-	-	-	17,798	-	-				17,798	-

* Includes network infrastructure.

1. **Nature of organization and economic dependence:**

The Louis Riel 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 and is a registered charity under the *Income Tax Act*.

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

2. **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 and school generated funds.

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

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

(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. Total funds under administration as at June 30, 2015 totaled $266,100 (2014 - $231,994).

Trust funds under Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB) are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

2. **Significant accounting policies (continued):**

(c) Basis of accounting:

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Revenues and expenses 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) 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.

(e) 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.

(f) 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.

2. Significant accounting policies (continued):

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.

(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, 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	Capitalization threshold	Estimated useful life (years)
Land improvements	$ 25,000	10
Buildings:		
Bricks, mortar and steel	25,000	40
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

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

With the exception of buildings, 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.

2. Significant accounting policies (continued):

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.

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, 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) 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.

However, the Division provides retirement and other future benefits to its employees. These benefits include pension and supplemental unemployment benefits.

2. Significant accounting policies (continued):

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

(i) Defined contribution plan:

The Division provides retirement benefits to its administrative employees through a defined contribution plan under the Manitoba School Boards Association Pension Plan (MSBA). Under this plan, 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 contributions.

(ii) Self-insured employee future benefits plan:

For those self-insured benefit obligations that are event driven (e.g. supplemental unemployment benefits; non-vesting parental leave), the benefit costs are recognized and recorded only in the period when the event occurs.

(iii) Non-vesting accumulated 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.

(i) 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.

(j) 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.

2. **Significant accounting policies (continued):**

(k) Investment income:

Investment income is reported as revenue in the period earned.

(l) 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 capital assets. Actual results could differ from these estimates.

(m) Financial instruments:

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division's exposure to credit risk from the potential non-payment of accounts receivable is minimal as the majority of receivables are from local, provincial and federal governments. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

(n) Adoption of new accounting policy:

Effective July 1, 2014, the Division has adopted the new Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS 3260. 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.

(o) Future accounting pronouncements:

In March 2011, PSAB approved two new standards, Section PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Section PS 1200 and 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for the fiscal years beginning on or after April 1, 2016.

2. Significant accounting policies (continued):

The Division intends to adopt PS 3450 and PS 2601 in its financial statements for the annual period beginning July 1, 2016. The impact of the adoption of these standards is being evaluated and is not known or reasonably estimable at this time.

3. Overdraft:

The Division has authorized revolving lines of credit with the Royal Bank of Canada (RBC) of $35,000,000 by way of overs, flex financing, and Bankers' Acceptances, and a $2,000,000 revolving lease line of credit, by way of leases. The loans are repayable on demand at RBC prime less .75 percent. Interest is paid monthly.

The Division was in an overdraft position on their line of credit of nil (2014 - $2,576,210) at June 30, 2015.

4. 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 earner per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for the year ended June 30, 2015 is an increase of $148,776 (2014 - increase of $134,815). At June 30, 2015, the Division has recorded an estimated liability of $1,209,321 (2014 - $1,060,545) in respect of these benefits.

The significant assumptions adopted in measuring the non-vested accumulated sick leave benefit liability include a discount rate of 4 percent (June 30, 2014 - 5 percent) and a rate of salary increase of 2 percent (June 30, 2014 - 2 percent to 3 percent).

5. Employee future benefits:

The Division sponsors a defined contribution pension plan run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employee to contribution. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee benefit expense is part of the employee benefits and allowances expense account. It includes the Division's contribution of $1,929,354 for fiscal 2015 (2014 - $1,902,328).

Long-term disability benefits are covered by a defined contribution/ insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

6. Commitments:

On August 12, 2014, the Division received approval from the Province of Manitoba for the construction of a new Dual Track School to be named Ecole Sage Creek School. The project is in the construction phase and the projected completion date is September 2016.

7. Deferred revenue:

	Balance, June 30, 2014	Additions in the year	Revenue recognized in the year	Balance, June 30, 2015
Education property tax credit	$ –	$ 30,233,305	$ 21,563,108	$ 8,670,197
Other	1,168,716	3,255,225	2,861,340	1,562,601
	$ 1,168,716	$ 33,488,530	$ 24,424,448	$ 10,232,798

8. 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, 2015, school funds held in the Special Purpose Fund totaled $2,057,800 (2014 - $2,116,758).

The school generated funds liability (asset) includes the non-controlled portion of school generated funds consolidated in the cash and bank balances as noted below:

	2015	2014
Parent council funds	$ 48,121	$ 27,278
Lunch/snack funds	151,836	157,072
Graduation funds	85,920	54,413
Activity/sports fees	136,414	121,326
Other	289,049	313,804
Travel club funds	28,893	37,244
	$ 740,233	$ 711,137

9. 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 fiscal 2016 to fiscal 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.00 percent to 8.63 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2016	$ 1,809,216	$ 1,237,022	$ 3,046,238
2017	1,829,041	1,133,885	2,962,926
2018	1,917,548	1,031,495	2,949,043
2019	1,922,596	924,144	2,846,740
2020	1,972,293	817,171	2,789,464
Thereafter	15,857,538	4,264,569	20,122,107
	$ 25,308,232	$ 9,408,286	$ 34,716,518

During 2015, the Division had submitted claims for capital projects to the Public Schools Finance Branch totaling $4,954,100 (2014 - $3,813,100) and received debenture proceeds of this amount in 2015.

10. 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	$ 136,742,468	$ 88,125,565	$ 48,616,903
Capital lease	1,211,411	1,211,411	–
	$ 137,953,879	$ 89,336,976	$ 48,616,903

11. Accumulated surplus:

The consolidated accumulated surplus is comprised of the following:

Operating Fund:		
Designated surplus	$	867,422
Undesignated surplus		6,044,579
Non-vested sick leave to date		(1,209,321)
		5,702,680
Capital Fund:		
Reserve accounts		4,986,081
Equity in tangible capital assets		17,154,776
		22,140,857
Special purpose Fund:		
School generated funds		737,251
Total accumulated surplus	$	28,580,788

Designated surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the consolidated financial statements for a breakdown of the designated surplus.

School budget carryovers by board policy	$	436,236
Board approved appreciation by motion		291,083
K-3 Class Size Initiative - furnishings, supplies, and minor equipment		140,103
Designated surplus	$	867,422

11. Accumulated surplus (continued):

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 consolidated financial statements.

Bus reserves	$ 1,541,126
Other reserves	3,444,955
Capital reserve	$ 4,986,081

School generated funds and other special purpose funds are externally restricted funds for schools.

12. 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 student residents in the division. The Municipal government-property tax shown on the consolidated statement of revenue, expenses and accumulated surplus is raised over the two calendar (tax) years; 40 percent from 2014 tax year and 60 percent from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue - Municipal Government - property tax	$ 54,822,614	$ 51,270,517
Receivable - due from Municipal Government- property tax	32,807,088	30,721,482

13. Interest received and paid:

The Division received interest during the year of $97,540 (2014 - $71,698); interest paid during the year was $1,346,970 (2014 - $1,279,124).

Interest paid during the year (included in "Fiscal" on pages 7, 11 and 22) is comprised of the following:

	2015	2014
Operating Fund:		
Interest and bank charges	$ 138,196	$ 85,742
Capital Fund:		
Debenture debt interest	1,204,330	1,184,864
Other interest	4,444	8,518
	$ 1,346,970	$ 1,279,124

14. Expenditures by type:

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

15. Other borrowings:

The other borrowing of the Division is in the form of a capital lease arrangement on certain photocopying equipment with an implied interest rate of 8.01 percent. Capital lease payments in the last year of the lease is as follows:

	Principal	Interest	Total
2016	$ 65,150	$ 1,785	$ 66,935

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Manitoba Institute of Trade and Technology are the responsibility of the Institute's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note #2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Institutes 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 Governing Board of the Institute 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 Grant Thornton independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Institute's consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary-Treasurer

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Independent Auditors' Report

To The Governing Board of
Manitoba Institute of Trades and Technology

We have audited the accompanying consolidated financial statements of Manitoba Institute of Trades and Technology, which comprise the consolidated financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, change in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the consolidated financial statements 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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Manitoba Institute of Trades and Technology as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Winnipeg, Manitoba
November 4, 2015

Chartered Professional Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Governing Board of Manitoba Institute of Trades and Technology.

Original Document Signed
Chairperson of the Governing Board

Nov 4, 2015
Date

Manitoba Institute of Trades and Technology

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	2,842,823	1,332,719
	Due from - Provincial Government	419,044	439,349
	- Federal Government	1,078,895	1,169,623
	- Municipal Government	-	-
	- Other School Divisions	158,310	71,614
	- First Nations	-	-
	Accounts Receivable	979,016	774,419
	Accrued Investment Income	-	-
*	Portfolio Investments	4,151,199	4,069,000
		9,629,287	7,856,724
	Liabilities		
	Overdraft	-	-
	Accounts Payable	1,083,335	1,614,367
	Accrued Liabilities	894,090	365,651
*	Employee Future Benefits	471,007	692,492
	Accrued Interest Payable	33,221	36,843
	Due to - Provincial Government	3,602	176,413
	- Federal Government	-	4,737
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	4,958,632	3,004,592
*	Debenture Debt	3,968,517	4,212,595
*	Other Borrowings	136,850	17,481
	School Generated Funds Liability	-	-
		11,549,254	10,125,171
	Net Debt	(1,919,967)	(2,268,447)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	10,757,252	9,431,509
	Inventories	-	-
	Prepaid Expenses	266,189	253,967
		11,023,441	9,685,476
*	**Accumulated Surplus**	9,103,474	7,417,029

See accompanying notes to the Financial Statements

Manitoba Institute of Trades and Technology

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		9,092,950	8,795,783
	Federal Government		5,021,559	3,788,765
	Municipal Government	- Property Tax	-	-
		- Other	-	-
	Other School Divisions		1,454,603	1,440,831
	First Nations		-	-
	Private Organizations and Individuals		9,642,791	7,151,129
	Other Sources		189,015	171,738
	School Generated Funds		-	-
	Other Special Purpose Funds		59,200	8,801
			25,460,118	21,357,047
	Expenses			
	Regular Instruction		5,182,885	4,643,142
	Student Support Services		532,308	592,997
	Adult Learning Centres		3,205,730	3,265,102
	Community Education and Services		7,648,807	7,041,952
	Divisional Administration		3,176,678	2,233,534
	Instructional and Other Support Services		250,937	263,538
	Transportation of Pupils		-	-
	Operations and Maintenance		2,448,477	1,920,797
*	Fiscal	- Interest	299,229	276,243
		- Other	179,106	125,345
	Amortization		812,789	613,774
	Other Capital Items		-	-
	School Generated Funds		-	-
	Other Special Purpose Funds		10,676	7,620
			23,747,622	20,984,044
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,712,496	373,003
	Less: Non-vested Sick Leave Expense (Recovery)		26,051	0
	Net Current Year Surplus (Deficit)		1,686,445	373,003
	Opening Accumulated Surplus		7,417,029	7,044,026
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		7,417,029	7,044,026
	Closing Accumulated Surplus		9,103,474	7,417,029

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Manitoba Institute of Trades and Technology

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	1,686,445	373,003
Amortization of Tangible Capital Assets	812,789	613,774
Acquisition of Tangible Capital Assets	(2,138,532)	(1,108,521)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(1,325,743)	(494,747)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(12,222)	(18,696)
	(12,222)	(18,696)
(Increase)/Decrease in Net Debt	348,480	(140,440)
Net Debt at Beginning of Year	(2,268,447)	(2,128,007)
Adjustments Other than Tangible Cap. Assets	-	-
	(2,268,447)	(2,128,007)
Net Debt at End of Year	(1,919,967)	(2,268,447)

Manitoba Institute of Trades and Technology

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	1,686,445	373,003
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	812,789	613,774
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	(221,485)	55,167
Due from Other Organizations (Increase)/Decrease	24,337	85,373
Accounts Receivable & Accrued Income (Increase)/Decrease	(204,597)	(172,810)
Inventories and Prepaid Expenses - (Increase)/Decrease	(12,222)	(18,696)
Due to Other Organizations Increase/(Decrease)	(177,548)	172,231
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(6,215)	1,221,624
Deferred Revenue Increase/(Decrease)	1,954,040	1,516,461
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,855,544	3,846,127
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,138,532)	(1,108,521)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(2,138,532)	(1,108,521)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(82,199)	(1,081,542)
Cash Provided by (Applied to) Investing Transactions	(82,199)	(1,081,542)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(244,078)	(232,343)
Other Borrowings Increase/(Decrease)	119,369	(28,275)
Cash Provided by (Applied to) Financing Transactions	(124,709)	(260,618)
Cash and Bank / Overdraft (Increase)/Decrease	1,510,104	1,395,446
Cash and Bank (Overdraft) at Beginning of Year	1,332,719	(62,727)
Cash and Bank (Overdraft) at End of Year	2,842,823	1,332,719

Manitoba Institute of Trades and Technology

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	13,018,194	-	-	16,356	441,715	1,322,611	899,310	-	713,559	16,411,745	15,303,224
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	13,018,194	-	-	16,356	441,715	1,322,611	899,310	-	713,559	16,411,745	15,303,224
Add: Additions during the year	852,111	-	-	-	1,106,291	78,685	-	-	101,445	2,138,532	1,108,521
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	13,870,305	-	-	16,356	1,548,006	1,401,296	899,310	-	815,004	18,550,277	16,411,745
Accumulated Amortization											
Opening, as previously reported	6,341,460	-	-	13,630	370,486	254,660		-		6,980,236	6,366,462
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	6,341,460	-	-	13,630	370,486	254,660		-		6,980,236	6,366,462
Add: Current period Amortization	457,958	-	-	2,726	96,048	256,057		-		812,789	613,774
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	6,799,418	-	-	16,356	466,534	510,717		-		7,793,025	6,980,236
Net Tangible Capital Asset	7,070,887	-	-	-	1,081,472	890,579	899,310	-	815,004	10,757,252	9,431,509
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of organization and economic dependence

The Manitoba Institute of Trades and Technology is a public body that provides vocational training to adults and secondary students. The division is funded primarily by the Province of Manitoba. The Pembina Trails School Division contributed $956,843 (previous year $935,853) to the revenue recorded in 'Other School Division Revenue' on page 10: Operating Fund – Revenue Detail.

The Institute is exempt from income tax and operates as a registered charity.

The Institute is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, continued operation of the Institute would be difficult.

2. Significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

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 Institute. The Institute reporting entity includes funds associated with the WTC Scholarship/ Trust Fund controlled by the Institute.

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

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.

Fund accounting

The fund method of accounting is employed by the Institute to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Institute.

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 Institute 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.

2. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are non-financial assets that are used by the Institute 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
Land improvements	$	25,000	10 years
Buildings – bricks, mortar and steel		25,000	40 years
Buildings – wood frame		25,000	25 years
School buses		20,000	10 years
Vehicles		10,000	5 years
Equipment		10,000	5 years
Network infrastructure		25,000	10 years
Computer hardware, servers and peripherals		5,000	4 years
Computer software		10,000	4 years
Furniture and fixtures		5,000	10 years
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.

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

Capital leases are recorded at the present value of the minimum lease payments excluding executor 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 Institute's rate for incremental borrowing or the interest rate implicit in the lease.

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.

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.

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 Institute. The Institute does not contribute to TRAF, and no costs relating to this plan are included in the Institute's financial statements.

2. Significant accounting policies (continued)

Employee future benefits (continued)

The Institute does provide retirement benefits to non-certified personnel and other future benefits to its employees. These benefits include vacation and accumulated sick leave days. The Institute adopts the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution / insured benefit plans

The Retirement Plan offered to non-certified staff is a money-purchase plan administered by the Manitoba Association of School Trustees (MAST). The plan requires the Institute to make a specific fixed contribution each period. The Institute does not assume any actuarial or investment risk in the future, nor responsibility to make further contributions.

(ii) Vacation Days

Non-certified permanent personnel accrue vacation entitlement for service in accordance with Institute policy. General practice is that most days are accumulated through the period July 1- June 30. The unused entitlement balance is recorded as a liability at year end.

Permanent certified personnel do not earn vacation entitlement, however they are paid over 12 months for services performed over ten months. The amount to be paid in July and August for the prior service year is set up as a liability at year end.

(iii) Accumulated Sick Days

The Institute offers sick leave to its employees which do not vest, but accumulate for use by the employee beyond the current 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. The total accrued benefit obligation is recorded as a liability at year end.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

3. Financial instruments

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Institute records its financial assets at cost, which include cash and bank, short term investments, due from government and accounts receivable. The Institute also records its financial liabilities at cost which include overdraft, accounts payable, accrued liabilities, employee future benefits, due to government, deferred revenue, debenture debt and other borrowings.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the consolidated statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations in the period the gain or loss occurs.

The Institute did not incur any re-measurement gains and losses during the year (previous year $nil).

3. Financial instruments (continued)

Financial risk management

The Institute has exposure to the following risks from its financial instruments: credit risk and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Institute to credit risks consists principally of accounts receivable.

Due from government: The Institute is not exposed to significant credit risk as the balance is due from federal and provincial governments and other school divisions and payment in full is typically collected when it is due.

Accounts receivables: The Institute is not exposed to significant credit risk as the balance is due from a large client base and payment in full is typically collected when it is due. The Institute manages this credit risk through close monitoring of overdue accounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to debenture debt and short term investments.

The interest rate risk on debenture debt is considered to be low because of their fixed interest rates. The interest rate risk on short term investments is considered low because of their short term nature.

4. Overdraft

The Institute has an authorized demand facility with the TD Bank of Canada of $1,000,000 (previous year $1,000,000) by way of overdraft and loan and is repayable on demand at TD Prime (interest is paid monthly in arrears).

5. Employee future benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods.

The Institute sponsors one defined contribution benefit pension plan that is provided to all non-certified employees. The defined contribution insured plan requires eligible employees to contribute a percentage of their earnings based on their age at the start of each calendar year. Employees contribute from a low of 9% to a high of 11.65% less their contribution to the Canada Pension Plan. The Institute contributions equal the employee contributions to the plan. No pension liability is included in the financial statements other than late payment interest owing for the period.

Long term disability benefits are covered by a defined contribution / insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

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 cost for 2014-2015 is $26,051 (previous year $9,237).

6. Debenture debt

The debenture debt of the Institute is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2018 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for debenture debt on three self-funded capital projects which mature at various dates from 2018 to 2032. The debentures carry interest rates that range from 4.0% to 6.125%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	256,424	186,383	442,807
2017	269,411	173,396	442,807
2018	279,146	163,661	442,807
2019	289,437	153,370	442,807
2019	194,859	142,491	337,350
	$ 1,289,276	$ 819,301	$ 2,108,577

During the year the Institute was approved for a $433,000 provincially funded debenture to cover construction costs associated with a high school renovation. As of June 30, 2015 $424,169 of costs have been recorded in construction in progress relating to this project.

7. 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	2015 Net Book Value	2014 Net Book Value
Owned-tangible capital assets	$ 18,352,330	$ 7,763,333	$ 10,588,997	$ 9,243,459
Capital lease	197,947	29,692	168,255	188,050
	$ 18,550,277	$ 7,793,025	$ 10,757,252	$ 9,431,509

8. Accumulated surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 2,135,758	$ 2,007,667
Non-vested Sick Leave	(34,093)	(8,042)
Undesignated Surplus	6,875	32,608
	2,108,540	2,032,233
Capital Fund		
Reserve Accounts	563,315	-
Equity in Tangible Capital Assets	6,376,612	5,378,313
	6,939,927	5,378,313
Special Purpose Fund		
School Generated Funds	-	-
Other Special Purpose Funds	55,007	6,483
	55,007	6,483
Total Accumulated Surplus	$ 9,103,474	$ 7,417,029

8. Accumulated surplus (continued)

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015	2014
Board approved appropriation by motion	$ 2,135,758	$ 2,007,667
School budget carryovers by board policy	-	-
Designated surplus	$ 2,135,758	$ 2,007,667

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2015	2014
Foundation-Scholarship	$ 55,007	$ 6,483
Other Special Purpose Funds	$ 55,007	$ 6,483

9. Interest received and paid

The Institute received interest during the year of $116,833 (previous year $75,958); interest paid during the year was $299,229 (previous year $276,243).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 90,226	$ 57,027
Capital Fund		
Debenture debt interest	196,934	208,766
Other interest	12,069	10,450
	$ 299,229	$ 276,243

The accrual portion of debenture debt interest expense of $33,221 (previous year $36,843) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

10. 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 2015	Budget 2015	Actual 2014
Salaries	$ 13,258,908	$ 12,644,803	$ 12,092,360
Employees benefits & allowances	1,324,758	1,475,605	1,273,036
Services	5,142,157	5,664,034	4,232,986
Supplies, materials & minor equipment	2,301,280	2,562,745	1,908,390
Interest	90,226	41,000	57,027
Bad debts	45,090	-	-
Payroll tax	134,016	124,115	125,345
Amortization	812,789	-	613,774
Other capital items	209,003	-	219,216
School generated funds	-	-	-
Other special purpose funds	10,676	-	7,620
Transfers	418,719	-	454,290
	$ 23,747,622	$ 22,512,302	$ 20,984,044

11. Contractual obligations

The Institute has entered into an operating lease agreements for certain properties and equipment used in operations with lease terms ending at various dates from 2016 to 2027. Under the terms of these lease agreements, minimum lease payments, excluding variable rent and charges, in each of the next five years are as follows:

2016	$ 1,027,488
2017	953,243
2018	881,567
2019	829,016
2020	821,420
	$ 4,512,734

12. Adoption of new accounting policy

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

13. Other borrowings

The Institute has a capital lease obligation for IT infrastructure bearing an interest rate of 7.45% and with a lease term ending in September 2018. Under the term of the lease agreement, principal payments in each of the next four years are as follows:

2016	$ 38,648
2017	41,627
2018	44,836
2019	11,739
	$ 136,850

14. Portfolio Investments

Portfolio investments include guaranteed investment certificates, and a savings account bearing interest at 1.60%. The guaranteed Investment certificates mature at various dates from 2015 to 2016. These investments bear interest that range from 2.25% to 2.45%.

	2015	2014
Steinbach Credit Union – Savings account	$ 1,285,296	$ 268,116
North Winnipeg Credit Union – GIC	2,865,903	3,800,884
	$ 4,151,199	$ 4,069,000

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Mountain View School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 13, 2015

Independent Auditors' Report

To the Board of Trustees of Mountain View School Division:

We have audited the accompanying consolidated financial statements of Mountain View School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mountain View School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net assets and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 13, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Mountain View School Division.

Original Document Signed
Chairperson of the Board

Oct 13/15
Date

MNP LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,364,363	3,348,178
	- Federal Government	59,150	59,887
	- Municipal Government	6,331,655	6,115,006
	- Other School Divisions	109,008	157,769
	- First Nations	40,696	161,969
	Accounts Receivable	150,018	127,498
	Accrued Investment Income	-	-
4	Portfolio Investments	39,567	39,549
		8,094,457	10,009,856
	Liabilities		
5	Overdraft	3,580,643	7,867,010
	Accounts Payable	2,502,718	1,722,467
	Accrued Liabilities	2,108,104	1,776,094
6	Employee Future Benefits	448,370	412,480
	Accrued Interest Payable	359,203	383,677
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	139,059	89,479
9	Debenture Debt	16,799,903	16,936,553
10	Other Borrowings	3,957,472	1,869,988
	School Generated Funds Liability	30,165	5,778
		29,925,637	31,063,526
	Net Debt	(21,831,180)	(21,053,670)
	Non-Financial Assets		
11	Net Tangible Capital Assets (TCA Schedule)	24,518,752	23,124,476
	Inventories	415,314	541,672
	Prepaid Expenses	1,789,947	2,123,349
		26,724,013	25,789,497
12	**Accumulated Surplus**	4,892,833	4,735,827

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		28,769,998	28,314,479
	Federal Government		20,245	497,222
	Municipal Government	- Property Tax	10,431,053	9,963,001
		- Other	-	-
	Other School Divisions		433,820	503,197
	First Nations		867,615	275,314
	Private Organizations and Individuals		678,061	652,453
	Other Sources		269,311	124,463
	School Generated Funds		912,566	783,018
	Other Special Purpose Funds		-	-
			42,382,669	41,113,147
	Expenses			
	Regular Instruction		21,957,752	21,135,228
	Student Support Services		5,313,020	5,386,101
	Adult Learning Centres		-	-
	Community Education and Services		102,146	95,495
	Divisional Administration		1,362,464	1,199,383
	Instructional and Other Support Services		1,198,921	1,247,756
	Transportation of Pupils		3,258,166	3,095,633
	Operations and Maintenance		4,971,667	4,720,240
14	Fiscal	- Interest	979,184	954,039
		- Other	592,834	584,230
	Amortization		1,613,551	1,406,248
	Other Capital Items		-	-
	School Generated Funds		847,367	782,066
	Other Special Purpose Funds		-	-
			42,197,072	40,606,419
	Current Year Surplus (Deficit) before Non-vested Sick Leave		185,597	506,728
	Less: Non-vested Sick Leave Expense (Recovery)		28,591	(31,357)
	Net Current Year Surplus (Deficit)		157,006	538,085
	Opening Accumulated Surplus		4,735,827	4,197,742
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		4,735,827	4,197,742
	Closing Accumulated Surplus		4,892,833	4,735,827

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	157,006	538,085
Amortization of Tangible Capital Assets	1,613,551	1,406,248
Acquisition of Tangible Capital Assets	(3,018,774)	(3,588,150)
(Gain) / Loss on Disposal of Tangible Capital Assets	(22,558)	(36,461)
Proceeds on Disposal of Tangible Capital Assets	33,505	40,366
	(1,394,276)	(2,177,997)
Inventories (Increase)/Decrease	126,358	49,882
Prepaid Expenses (Increase)/Decrease	333,402	168,050
	459,760	217,932
(Increase)/Decrease in Net Debt	(777,510)	(1,421,980)
Net Debt at Beginning of Year	(21,053,670)	(19,631,690)
Adjustments Other than Tangible Cap. Assets	-	-
	(21,053,670)	(19,631,690)
Net Debt at End of Year	(21,831,180)	(21,053,670)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	157,006	538,085
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,613,551	1,406,248
(Gain)/Loss on Disposal of Tangible Capital Assets	(22,558)	(36,461)
Employee Future Benefits Increase/(Decrease)	35,890	(14,023)
Due from Other Organizations (Increase)/Decrease	1,937,937	(2,263,173)
Accounts Receivable & Accrued Income (Increase)/Decrease	(22,520)	(11,276)
Inventories and Prepaid Expenses - (Increase)/Decrease	459,760	217,932
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,087,787	470,964
Deferred Revenue Increase/(Decrease)	49,580	(739,270)
School Generated Funds Liability Increase/(Decrease)	24,387	(7,935)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	5,320,820	(438,909)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,018,774)	(3,588,150)
Proceeds on Disposal of Tangible Capital Assets	33,505	40,366
Cash Provided by (Applied to) Capital Transactions	(2,985,269)	(3,547,784)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(18)	669
Cash Provided by (Applied to) Investing Transactions	(18)	669
Financing Transactions		
Debenture Debt Increase/(Decrease)	(136,650)	1,200,688
Other Borrowings Increase/(Decrease)	2,087,484	(220,008)
Cash Provided by (Applied to) Financing Transactions	1,950,834	980,680
Cash and Bank / Overdraft (Increase)/Decrease	4,286,367	(3,005,344)
Cash and Bank (Overdraft) at Beginning of Year	(7,867,010)	(4,861,666)
Cash and Bank (Overdraft) at End of Year	(3,580,643)	(7,867,010)

Mountain View School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	41,483,757	2,626,963	5,564,269	543,651	2,332,382	347,103	570,392	276,659	4,313,572	58,058,748	54,975,402
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	41,483,757	2,626,963	5,564,269	543,651	2,332,382	347,103	570,392	276,659	4,313,572	58,058,748	54,975,402
Add: Additions during the year	3,146,851	2,273,503	422,265	73,013	102,238	-	-	-	(2,999,096)	3,018,774	3,588,150
Less: Disposals and write downs	-	-	503,395	61,502	-	-	-	-	-	564,897	504,804
Closing Cost	44,630,608	4,900,466	5,483,139	555,162	2,434,620	347,103	570,392	276,659	1,314,476	60,512,625	58,058,748
Accumulated Amortization											
Opening, as previously reported	27,185,764	1,079,946	3,719,134	373,368	2,242,600	255,869		77,591		34,934,272	34,028,923
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	27,185,764	1,079,946	3,719,134	373,368	2,242,600	255,869		77,591		34,934,272	34,028,923
Add: Current period Amortization	907,445	206,151	367,950	57,091	23,681	26,067		25,166		1,613,551	1,406,248
Less: Accumulated Amortization on Disposals and Writedowns	-	-	503,395	50,555	-	-		-		553,950	500,899
Closing Accumulated Amortization	28,093,209	1,286,097	3,583,689	379,904	2,266,281	281,936		102,757		35,993,873	34,934,272
Net Tangible Capital Asset	16,537,399	3,614,369	1,899,450	175,258	168,339	65,167	570,392	173,902	1,314,476	24,518,752	23,124,476
Proceeds from Disposal of Capital Assets	-	-	6,400	27,105	-	-				33,505	40,366

* Includes network infrastructure.

MOUNTAIN VIEW SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

1. Nature of Organization and Economic Dependence

The 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

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

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.

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
Land	N/A	N/A
Land Improvements	25,000	10 years
Buildings - bricks, mortar and steel	$25,000	40 years
Buildings - wood frame	$25,000	25 years
School buses	$20,000	10 years
Vehicles	$10,000	5 years
Equipment	$10,000	5 years
Network Infrastructure	$25,000	10 years
Computer Hardware, Servers & Peripherals	$5,000	4 years
Computer Software	$10,000	4 years
Furniture & Fixtures	$5,000	10 years
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 provides retirement benefits to its non-teaching employees. The Division adopted the following policy 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.

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) 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, 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. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division’s commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. Other Investments

Other investments consist mainly of long-term guaranteed investment certificates and credit union surplus shares.

5. Overdraft

The Division has an authorized line of credit with the Royal Bank of Canada in the amount of $12,500,000 by way of overdrafts and is repayable on demand. Interest is paid monthly at prime less .75%.

6. Employee Future Benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. The employee future benefit is the annual vacation earned by the twelve month non-teaching employees during the fiscal year. Typically this earned vacation entitlement is taken in the subsequent fiscal year.

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 cost for 2014-2015 is an increase of the liability in the amount of $28,591.

	Type of Plan			2015
Employee Future Benefit Liabilities (EFBL)				
Vacation accrual	defined contribution		$	228,275
Non-vested sick leave	defined benefits			220,095
Accrued EFBL		$ -		
Deduct: Pension plan assets		-		
Unamortized actuarial (gains)/losses		-		-
Long-term disability	defined contribution			-
Continuation benefits-health care, dental or life ins.	defined benefits/ vesting			-
Supplemental unemployment benefits	defined benefits/event driven			-
Total Employee Future Benefit Liability			$	448,370
Employee future benefit expense (EFB)			$	35,890

The Division sponsors a defined contribution and defined benefits plan. The defined contribution plan is provided to non-teaching staff through MAST Pension Plan. Eligible employees contributed a percentage of their regular salary or wage. The percentage varies according to the age of the employee. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements other than late payment interest owing for the period.

Long term disability benefits are covered by a defined contribution/ insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

Supplemental unemployment benefits are defined benefits that are recognized and recorded only in the period when the events occur (e.g. maternity top up).

7. 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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Property Tax Credit	-	30,790	-	30,790
International Education Revenue	20,070	12,270	20,070	12,270
Playground donations	69,409	36,249	9,659	95,999
	$ 89,479	$ 79,309	$ 29,729	$ 139,059

8. 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 $30,165.

		2015
Parent council funds	$	-
Other parent group funds		-
Students council funds		30,165
Travel club funds		-
		$ 30,165

As a transition measure in the implementation of the new accounting policies, school generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2015 covers a period of twelve months from April 1, 2014 to March 31, 2015.

9. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.375% to 10.00%. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2016	875,159	652,265	$ 1,527,424
2017	878,573	604,242	1,482,815
2018	925,337	557,478	1,482,815
2019	957,540	508,116	1,465,656
2020	978,030	457,111	1,435,141
	$ 4,614,639	$ 2,779,212	$ 7,393,851

10. Other Borrowings

Other borrowings are debts other than overdrafts or debentures:

On May 8, 2012 Mountain View School Division entered into a loan agreement for $2,200,000 with the Royal Bank of Canada to finance the broadband internet project. The funds were advanced December 17, 2012. The term of the loan is 120 equal principal payments of $18,334 plus interest at a rate of prime minus 0.75%.

On December 4, 2014 Mountain View School Division entered into a loan agreement for $2,400,000 with the Royal Bank of Canada to finance the telecom and fire alarm projects. The term of the loan is 144 fixed payments of $19,587 with an interest rate of prime minus 0.75%.

	2014	2015
Connectivity Loan	$ 1,869,988	$ 1,649,980
Telecom/Fire alarm		$ 2,307,492
	$ 1,869,988	$ 3,957,472

Future payments

	Principal
2016	$ 411,764
2017	$ 415,537
2018	$ 419,384
2019	$ 423,306
2020	$ 427,306
Until Maturity	$ 1,860,175
	$ 3,957,472

11. 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. The amount of interest capitalized in the period included in Assets under Construction was $0 (previous year $0).

	Gross Amount	Accumulated Amortization	2015 Net Book Value
Owned-tangible capital assets	$ 60,512,625	$ 35,993,873	$ 24,518,752
Capital lease		-	-
	$ 60,512,625	$ 35,993,873	$ 24,518,752

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	-
Undesignated Surplus	1,488,299
Non-vested sick leave	(220,095)
	1,268,204
Capital Fund	
Reserve Accounts	288,840
Equity in Tangible Capital Assets	2,897,751
	3,186,591
Special Purpose Fund	
School Generated Funds	438,038
Other Special Purpose Funds	-
	438,038
Total Accumulated Surplus	$ 4,892,833

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

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.

	2015
Bus reserves	$ 67,470
Other reserves	221,370
Capital Reserve	$ 288,840

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and restricted for school use.

13. 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 statement is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2014	2015
Revenue-Municipal Government-Property Tax	$ 9,963,001	$ 10,431,053
Receivable-Due from Municipal-Property Tax	$ 6,115,006	$ 6,331,655

14. Interest Received and Paid

The Division received interest during the year of $1,123 (previous year $692); interest paid during the year was $979,184 (previous year $954,039).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 117,788
Interest on long-term debt	32,165
Capital Fund	
Debenture debt interest	798,595
Other interest	30,636
	$ 979,184

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 2015	Budget 2015	Actual 2014
Salaries	$ 28,024,672	$ 27,889,065	$ 27,284,945
Employees benefits & allowances	2,716,597	2,853,323	2,608,102
Services	3,887,452	3,670,682	3,641,888
Supplies, materials & minor equipment	3,532,514	3,802,073	3,339,517
Interest	979,184	120,000	954,039
Bad debts	-	-	-
Payroll tax and transfers	595,735	591,105	589,614
Amortization	1,613,551	-	1,406,248
Other capital items	-	-	-
School generated funds	847,367	-	782,066
Other special purpose funds	-	-	-
	$ 42,197,072	$ 38,926,248	$ 40,606,419

16. Contractual Obligations

High Speed Connectivity Agreement

The Division has entered into a long term agreement with Manitoba Telephone System Inc. to provide high speed internet and wide area network connectivity for all community schools. The term of the agreement is ten years commencing July 1, 2014 with a one-time cost of $2,298,275. The agreement provides for fiber optic connectivity to the administration office, Barker School, DRCSS, Ethelbert School, Gilbert Plains Elementary and Collegiate, Goose Lake High, Grandview School, Roblin Elementary School, Winnipegosis Elementary and Collegiate. All remaining sites will receive high speed service through copper cable access.

17. Contingent Liabilities

There have been no legal actions initiated against the Division.

18. Adoption of New Accounting Policy

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

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Mystery Lake School District are the responsibility of the District 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 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. District 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 District met with management and the external auditors to review the consolidated financial statements and discussed any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Kendall & Pandya, Chartered Accountants, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibility, the scope of their examination and their opinion of the District consolidated financial statements.

Original Document Signed	Original Document Signed
Chairperson	Secretary – Treasurer

October 30, 2015

KENDALL & PANDYA

Chartered Accountants

300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professional corporations

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
MYSTERY LAKE SCHOOL DISTRICT

Report on the Financial Statements

We have audited the Consolidated Statements of Financial Position, Revenue, Expenses and Accumulated Surplus, Change in Net Debt and Cash Flow of MYSTERY LAKE SCHOOL DISTRICT as at June 30, 2015 for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Mystery Lake School District as at June 30, 2015 and its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

THOMPSON, MANITOBA

October 30, 2015
DATE

Kendall & Pandya
CHARTERED ACCOUNTANTS

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above-mentioned School Division/District.

November 5, 2015
DATE

Original Document Signed
CHAIRPERSON

Mystery Lake School District

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	4,512,409	2,916,954
	Due from - Provincial Government	2,164,990	2,223,030
	- Federal Government	52,409	75,505
	- Municipal Government	4,575,193	4,572,455
	- Other School Divisions	-	-
	- First Nations	20,108	70,058
	Accounts Receivable	67,229	22,008
	Accrued Investment Income	13,342	25,370
4	Portfolio Investments	2,050,451	4,025,000
		13,456,131	13,930,380
	Liabilities		
	Overdraft	-	-
	Accounts Payable	382,791	202,656
	Accrued Liabilities	6,294,412	6,133,963
5	Employee Future Benefits	2,539,461	2,564,661
	Accrued Interest Payable	82,523	93,134
	Due to - Provincial Government	2,735	2,310
	- Federal Government	192	298
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	425,428	494,756
8	Debenture Debt	7,168,193	7,228,453
	Other Borrowings	-	-
7	School Generated Funds Liability	182,139	212,231
		17,077,874	16,932,462
	Net Debt	(3,621,743)	(3,002,082)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	13,995,589	13,412,792
	Inventories	90,828	97,155
	Prepaid Expenses	59,312	44,550
		14,145,729	13,554,497
11	**Accumulated Surplus**	10,523,986	10,552,415

See accompanying notes to the Financial Statements

Mystery Lake School District

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		31,490,545	31,489,125
	Federal Government		8,067	28,207
	Municipal Government	- Property Tax	5,919,632	5,920,975
		- Other	1,709,154	1,704,258
	Other School Divisions		184,785	197,925
	First Nations		383,575	260,490
	Private Organizations and Individuals		214,563	394,031
	Other Sources		280,705	233,036
	School Generated Funds		341,889	281,197
	Other Special Purpose Funds		-	-
			40,532,915	40,509,244
	Expenses			
	Regular Instruction		21,695,312	21,308,703
	Student Support Services		8,014,466	7,091,777
	Adult Learning Centres		-	-
	Community Education and Services		45,416	29,100
	Divisional Administration		1,882,636	1,599,385
	Instructional and Other Support Services		1,720,044	1,822,217
	Transportation of Pupils		243,044	287,301
	Operations and Maintenance		4,794,510	4,017,882
*	Fiscal	- Interest	297,859	402,428
		- Other	652,299	637,682
	Amortization		850,560	821,266
	Other Capital Items		-	-
	School Generated Funds		339,209	276,953
	Other Special Purpose Funds		-	-
			40,535,355	38,294,694
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(2,440)	2,214,550
	Less: Non-vested Sick Leave Expense (Recovery)		25,989	(24,418)
	Net Current Year Surplus (Deficit)		(28,429)	2,238,968
	Opening Accumulated Surplus		10,552,415	8,313,447
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		10,552,415	8,313,447
	Closing Accumulated Surplus		10,523,986	10,552,415

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Mystery Lake School District

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(28,429)	2,238,968
Amortization of Tangible Capital Assets	850,560	821,266
Acquisition of Tangible Capital Assets	(1,433,357)	(1,344,574)
(Gain) / Loss on Disposal of Tangible Capital Assets	(19,000)	-
Proceeds on Disposal of Tangible Capital Assets	19,000	-
	(582,797)	(523,308)
Inventories (Increase)/Decrease	6,327	19,467
Prepaid Expenses (Increase)/Decrease	(14,762)	5,189
	(8,435)	24,656
(Increase)/Decrease in Net Debt	(619,661)	1,740,316
Net Debt at Beginning of Year	(3,002,082)	(4,742,398)
Adjustments Other than Tangible Cap. Assets	-	-
	(3,002,082)	(4,742,398)
Net Debt at End of Year	(3,621,743)	(3,002,082)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(28,429)	2,238,968
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	850,560	821,266
(Gain)/Loss on Disposal of Tangible Capital Assets	(19,000)	-
Employee Future Benefits Increase/(Decrease)	(25,200)	238,632
Due from Other Organizations (Increase)/Decrease	128,348	(1,116,010)
Accounts Receivable & Accrued Income (Increase)/Decrease	(33,193)	102,290
Inventories and Prepaid Expenses - (Increase)/Decrease	(8,435)	24,656
Due to Other Organizations Increase/(Decrease)	319	2,246
Accounts Payable & Accrued Liabilities Increase/(Decrease)	329,973	(1,676,986)
Deferred Revenue Increase/(Decrease)	(69,328)	(692,173)
School Generated Funds Liability Increase/(Decrease)	(30,092)	(8,003)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,095,523	(65,114)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,433,357)	(1,344,574)
Proceeds on Disposal of Tangible Capital Assets	19,000	-
Cash Provided by (Applied to) Capital Transactions	(1,414,357)	(1,344,574)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	1,974,549	(2,025,000)
Cash Provided by (Applied to) Investing Transactions	1,974,549	(2,025,000)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(60,260)	(24,671)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(60,260)	(24,671)
Cash and Bank / Overdraft (Increase)/Decrease	1,595,455	(3,459,359)
Cash and Bank (Overdraft) at Beginning of Year	2,916,954	6,376,313
Cash and Bank (Overdraft) at End of Year	4,512,409	2,916,954

Mystery Lake School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	30,097,171	2,819,596	-	274,513	1,395,627	548,040	2,914,272	129,753	312,413	38,491,385	37,146,811
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	30,097,171	2,819,596	-	274,513	1,395,627	548,040	2,914,272	129,753	312,413	38,491,385	37,146,811
Add: Additions during the year	913,407	294,972	-	-	163,108	32,798	-	98,138	(69,066)	1,433,357	1,344,574
Less: Disposals and write downs	-	-	-	-	53,185	-	-	-		53,185	-
Closing Cost	31,010,578	3,114,568	-	274,513	1,505,550	580,838	2,914,272	227,891	243,347	39,871,557	38,491,385
Accumulated Amortization											
Opening, as previously reported	21,715,175	1,673,233	-	256,918	1,082,722	334,994		15,551		25,078,593	24,257,327
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	21,715,175	1,673,233	-	256,918	1,082,722	334,994		15,551		25,078,593	24,257,327
Add: Current period Amortization	592,470	65,418	-	8,529	102,213	64,047		17,883		850,560	821,266
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	53,185	-		-		53,185	-
Closing Accumulated Amortization	22,307,645	1,738,651	-	265,447	1,131,750	399,041		33,434		25,875,968	25,078,593
Net Tangible Capital Asset	8,702,933	1,375,917	-	9,066	373,800	181,797	2,914,272	194,457	243,347	13,995,589	13,412,792
Proceeds from Disposal of Capital Assets	-	-	-	-	19,000	-				19,000	-

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The Mystery Lake School District is a public body that provides education services to residents within its geographic location. The District is funded mainly by grants from the Province of Manitoba and a special levy on the property assessment included in the District's boundaries. The District is exempt from income tax under the Income Tax Act.

The District is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the District 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 PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) **Reporting Entity and Consolidation**
The consolidated financial statements reflect the assets, liabilities, revenue and expenses for the operating fund, capital fund, and special purpose fund of the District. The District reporting entity includes school generated funds controlled by the District.

b) **Basis of Accounting**
Revenue 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 revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and 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 District 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 District.

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. Funds raised for this purpose within the Mystery Lake School District are used for such activities as student activities, lunch programs, student council and physical education.

Only revenue and expenses of school generated funds controlled by the District 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, and student funds for activities such as year book, prom, graduation and drama. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) **Tangible Capital Assets**

Tangible capital assets are non-financial assets that are used by the District to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, 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 ($)	Estimate Useful Life (years)
Land Improvement	25,000	10
Buildings – bricks, mortar, steel	25,000	40
Buildings – wood frame	25,000	25
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 Cana Data 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 District'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, 2007 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 District 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.

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 District. The District does not contribute to TRAF, and no costs relating to this plan are included in the District's financial statements.

However, the District provides retirement and other future benefits to its employees. These benefits include life insurance, extended health benefits, dental, prescription drugs, vision and long term disability. The District has adopted the following policies with respect to accounting for these employee future benefits.

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

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

The District fully funds long term, short term disability, vision, dental, prescription drugs and extended health benefits for the teachers. Additionally the District pays 50% of the teachers life insurance premiums.

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 District's fixed contribution for the period including interest accrued for late remittance.

As described under the terms of Article 23 of the Collective Agreement, certain teaching staff have been offered an early leave incentive plan. The agreement states that the payment terms under this plan will be based on annual instalments depending on the age of the teacher at the time of acceptance of the offer.

The District makes defined contributions on behalf of non-teaching staff who belong to the School District of Mystery Lake No. 2355 pension plan. The contribution amount is 10% of the total of the employee's gross earnings, employer paid benefits, CPP, and EI premiums. The District fully funds the basic life insurance, long term disability, vision, dental, prescription drugs and extended health benefits for non-teaching staff. The Employee pension contributions for 2015 was $283,656 (2014 - $261,759). The District contributed $623,195 for 2015 (2014 - $524,768)

The defined benefit plan provided to support staff is actuarially valuated every year using a number of assumptions about future events, including interest rates, wage and salary increases, employee turnover and mortality to determine the accrued benefit obligation. The most recent actuarial report was prepared as at June 30, 2015. Pension plan assets are valued at market values and the expected rate of return is 5.0%.

See Appendix 1

The District makes defined contributions on behalf of out of scope staff to the Manitoba School Board Association. The contribution amount is based on age and gross earnings and can vary from 9.65% to 11.65%.

ii) **Defined Benefits / Self Insured Employee Future Benefit Plans**

Under these plans, benefits to be received by employees or the method for determining those benefits have been specified by the District. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the District. As at June 30, 2015, the pension obligation is not fully funded.

3. OVERDRAFT

The District has an authorized line of credit with the CIBC valued at $2,000,000. The line of credit is used as required when inflow of revenues do not match the outflow of expenses. It is generally been used in the latter half of the year as the payment from the City of Thompson for the Municipal Special Levy is not paid until November of each year. The District receives funding from the province on the 10th and 25th of each month from September through June. It does not receive any funding in July and August, although the District incurs similar expenses in these months as during the rest of the year.

The District was not in an overdraft position at June 30, 2015.

4. PORTFOLIO INVESTMENTS

The District has invested in short term flexible GICs in the amount of $2,050,451; invest rate 1.25% maturing December 22, 2015

5. EMPLOYEE FUTURE BENEFITS

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. The employee future benefits are comprised of the following:

Employee Future Benefit Liabilities	Type of Plan	2015
Sick Leave Buyout Teachers & Support staff	Defined Contribution	$ 347,601
Early Leave Incentive Plan Teachers	Defined Contribution	2,047,053
Non-vested accumulated sick leave		144,807
		$2,539,461

6. DEFERRED REVENUE

Deferred revenue valued at $425,428 at June 30, 2015 consisted of the following:

a) Because of the change to PSAB effective the 2006 / 2007 financial reporting period, the purchases of playground equipment at Burntwood School, Deerwood School, Ecole Riverside School, Juniper School, Westwood School and Wapanohk School funded by the Playground Committees are considered to have been donated to the Schools. It is recorded on the District's books by debiting Capital Assets and crediting Deferred Revenue. The equipment is considered to have a useful life of ten years. In each of the ten years, one tenth of the value of the assets will be recorded as Revenue with an offsetting debit to Deferred Revenue. At the end of the ten year time period, the assets will be fully depreciated and the Deferred Revenue account will have a value of zero. The value of the equipment at the time of the donations was $373,009. The deferred revenue related to playground equipment is $130,697.

b) During the year a number of grants were received from various sources to be used for specific projects. Grant revenues are recognized as expenses are incurred for the related project. Revenues exceeding the project expenses are deferred until the related expenses are incurred. Deferred revenue related to specific projects was $281,921.

c) The RDPC Grad committee donated funds to the District to be put towards the purchase and installation of a Digital Sign at RDPC. The asset is considered to have a useful life of ten years. In each of the ten years, one tenth of the value will be recorded as Revenue with an offsetting debit to deferred Revenue. The value of the donation was $18,300. The deferred revenue related to the digital signage is $12,810.

7. 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 $182,139. The breakdown is as follows:

	2015	2014
Parent Council Fund	$ 25,024	$ 21,601
Playground Committees	-	2,690
Other Parent Group Funds	82,218	76,635
Student Funds	74,897	111,305
	$ 182,139	$212,231

8. DEBENTURE DEBT

Debenture debt is comprised of the following:

Interest Rate %	Maturity Date	Balance (Dollars)
8.625	October 31, 2015	$ 42,801
7.375	November 30, 2016	64,137
7.625	February 15, 2017	25,028
6.125	April 30, 2018	72,810
5.875	February 15, 2019	104,366
5.875	February 15, 2019	135,856
6.750	October 15, 2019	48,144
7.250	February 28, 2020	83,094
6.625	April 15, 2021	214,371
6.500	January 15, 2022	508,208
6.875	May 31, 2022	450,324
6.000	February 15, 2024	548,290
6.125	June 15, 2024	453,395
5.375	June 30, 2025	273,484
5.250	March 15, 2028	365,988
5.750	April 30, 2029	49,435
5.250	March 15, 2030	346,957
5.125	May 15, 2030	88,976
4.875	May 15, 2031	1,043,707
4.000	May 15, 2032	444,005
3.625	May 31, 2033	803,419
4.125	December 31, 2033	453,357
4.250	May 31, 2034	49,138
3.375	June 30, 2035	498,900
		$ 7,168,193

Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2015	559,159	389,082	948,242
2016	609,953	372,996	982,949
2017	598,959	337,497	936,456
2018	583,092	303,743	886,835
2019	587,918	271,615	859,533
	$2,939,081	$1,674,934	$4,614,015

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.

	Gross Amount	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Owned Tangible Capital Assets	$39,805,429	$25,869,355	**$13,936,074**	$13,412,792
Capital Leases	66,128	6,613	**59,515**	-
	$39,871,557	$25,875,968	**$13,995,589**	$13,412,792

The District has a capital lease arrangement with GE Capital. Monthly payments of $1,087 beginning April, 2015 with a purchase option on the last day of the 36th month of the term.

10. OBLIGATION UNDER OPERATING LEASES

Operating lease commitments for the next five years:

2016	$ 33,683
2017	33,683
2018	17,483
2019	17,483
2020	8,742
	$ 111,073

11. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	**$ -**	$ -
Undesignated Surplus	**2,883,560**	4,509,093
Less: adjustment on non-vested sick leave	**-**	-
	2,883,560	4,509,093
Capital Fund		
Reserve Accounts	**$ 1,047,173**	$ -
Equity in Tangible Capital Assets	**6,481,143**	5,933,892
	7,528,316	5,933,892
Special Purpose Fund		
School Generated Funds	**$ 112,110**	$ 109,430
Other Special Purpose Funds	**-**	-
	112,110	109,430
Total Accumulated Surplus	**$10,523,986**	$10,552,415

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. The District does not have any designated surplus at this time.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. The District has $1,047,173 identified in capital reserve accounts at June 30, 2015.

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use.

	2015	2014
Other Student Activity	**$ 112,110**	$ 109,430
Other Special Purpose Funds	**-**	-
	$ 112,110	$ 109,430

12. MUNICIPAL GOVERNMENT – PROPERTY TAX AND RELATED DUE FROM MUNICIPAL GOVERNMENT

Education property tax or Special Levy is raised as the District's contribution to the cost of providing public education for the student residents in the District. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. The Municipal receivable and revenue does not include the Vale Grant the district receives. Below are the related revenue and receivable amounts:

		2015	2014
Revenue	Municipal Government Property Tax	**$ 5,919,632**	$5,920,975
Receivable	Due from Municipal Property Tax	**$ 4,575,193**	$4,572,455

13. INTEREST RECEIVED AND PAID

The District received interest during the year of $383,372 (2014-$396,370); interest paid during the year was $297,859 (2014-$309,294).

	2015	2014
Operating Fund		
Fiscal-short Term Loan, Interest and Bank Charges	**$ 1,912**	$ 1,738
Capital Fund		
Debenture Debt Interest	**295,947**	400,690
Other Interest	**-**	-
	$297,859	$402,428

The accrual portion of debenture debt interest expense of $82,523 (2014-$93,134) included under the Capital Fund-Debenture debt interest, is offset by an accrual of debt servicing grant.

14. ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables presented on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts. Allowance for doubtful accounts as at June 30, 2015 was $26,151 (2014 - $26,151).

15. BUDGET FIGURES

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

16. CHANGE IN ACCOUNTING POLICY PS-2120

Previously, the School District did not recognize an accrued benefit obligation related to sick leave benefits as the benefits do not vest. The benefit costs were only recognized and recorded in the period when an employee was sick. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the school district in return for the benefit. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlement. The resulting adjustment to the liability to Employee Future Benefits at July 1, 2014 was $118,819. The liability for employee future benefits recorded at June 30, 2015 was increased by $25,989 related to the accrual for accumulated sick leave entitlement determined using net present value technique.

17. ADOPTION OF NEW ACCOUNTING POLICY – PS -3260

Effective July 1, 2014, the division has adopted the new Public Sector Accounting Board accounting standard – Liability for Contaminated Sites, Sector 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.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Park West School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 22, 2015

Independent Auditors' Report

To the Board of Trustees of Park West School Division:

We have audited the accompanying consolidated financial statements of Park West School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Park West School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 22, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Park West School Division.

Original Document Signed
Chairperson of the Board

October 22, 2015
Date

MNP

Park West School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,872,987	1,833,094
	- Federal Government	117,575	117,683
	- Municipal Government	3,747,736	3,342,664
	- Other School Divisions	-	-
	- First Nations	325,596	2,015,856
	Accounts Receivable	34,960	93,122
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		6,098,854	7,402,419
	Liabilities		
4	Overdraft	4,139,888	5,762,923
	Accounts Payable	1,085,280	1,014,950
	Accrued Liabilities	-	-
	Employee Future Benefits	-	-
	Accrued Interest Payable	172,653	139,825
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	38,410	-
6	Debenture Debt	9,334,879	7,198,259
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		14,771,110	14,115,957
	Net Debt	(8,672,256)	(6,713,538)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	11,281,367	9,069,103
	Inventories	130,231	138,244
	Prepaid Expenses	37,122	243,966
		11,448,720	9,451,313
8	**Accumulated Surplus**	2,776,464	2,737,775

See accompanying notes to the Financial Statements

Park West School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		14,851,426	14,674,642
	Federal Government		-	21
	Municipal Government	- Property Tax	6,758,534	6,054,154
		- Other	-	-
	Other School Divisions		47,478	21,900
	First Nations		7,201,080	6,868,735
	Private Organizations and Individuals		45,000	21,000
	Other Sources		77,741	(11,445)
	School Generated Funds		1,082,240	1,156,294
	Other Special Purpose Funds		-	-
			30,063,499	28,785,301
	Expenses			
	Regular Instruction		16,139,911	15,786,286
	Student Support Services		3,506,016	3,395,937
	Adult Learning Centres		166,675	160,292
	Community Education and Services		98,752	116,719
	Divisional Administration		1,139,909	1,024,960
	Instructional and Other Support Services		731,242	678,573
	Transportation of Pupils		2,130,028	2,072,684
	Operations and Maintenance		3,251,160	3,436,435
10	Fiscal	- Interest	482,618	424,979
		- Other	416,562	406,548
	Amortization		875,916	792,950
	Other Capital Items		-	-
	School Generated Funds		1,088,163	1,163,202
	Other Special Purpose Funds		-	-
			30,026,952	29,459,565
	Current Year Surplus (Deficit) before Non-vested Sick Leave		36,547	(674,264)
	Less: Non-vested Sick Leave Expense (Recovery)		(2,142)	48,831
	Net Current Year Surplus (Deficit)		38,689	(723,095)
	Opening Accumulated Surplus		2,737,775	3,460,870
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		2,737,775	3,460,870
	Closing Accumulated Surplus		2,776,464	2,737,775

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	38,689	(723,095)
Amortization of Tangible Capital Assets	875,916	792,950
Acquisition of Tangible Capital Assets	(3,088,180)	(1,361,104)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	114,145
Proceeds on Disposal of Tangible Capital Assets	-	4,597
	(2,212,264)	(449,412)
Inventories (Increase)/Decrease	8,013	6,115
Prepaid Expenses (Increase)/Decrease	206,844	(162,685)
	214,857	(156,570)
(Increase)/Decrease in Net Debt	(1,958,718)	(1,329,077)
Net Debt at Beginning of Year	(6,713,538)	(5,384,461)
Adjustments Other than Tangible Cap. Assets	-	-
	(6,713,538)	(5,384,461)
Net Debt at End of Year	(8,672,256)	(6,713,538)

Park West School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	38,689	(723,095)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	875,916	792,950
(Gain)/Loss on Disposal of Tangible Capital Assets	-	114,145
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	1,245,403	(2,145,244)
Accounts Receivable & Accrued Income (Increase)/Decrease	58,162	(15,077)
Inventories and Prepaid Expenses - (Increase)/Decrease	214,857	(156,570)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	103,158	240,320
Deferred Revenue Increase/(Decrease)	38,410	(447,304)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,574,595	(2,339,875)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,088,180)	(1,361,104)
Proceeds on Disposal of Tangible Capital Assets	-	4,597
Cash Provided by (Applied to) Capital Transactions	(3,088,180)	(1,356,507)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	2,136,620	639,816
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	2,136,620	639,816
Cash and Bank / Overdraft (Increase)/Decrease	1,623,035	(3,056,566)
Cash and Bank (Overdraft) at Beginning of Year	(5,762,923)	(2,706,357)
Cash and Bank (Overdraft) at End of Year	(4,139,888)	(5,762,923)

Park West School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,021,449	172,594	2,876,983	121,041	412,405	189,411	372,988	-	118,509	27,285,380	26,550,170
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	23,021,449	172,594	2,876,983	121,041	412,405	189,411	372,988	-	118,509	27,285,380	26,550,170
Add:											
Additions during the year	2,749,248	-	173,554	9,864	82,609	-	-	-	72,905	3,088,180	1,361,104
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	625,894
Closing Cost	25,770,697	172,594	3,050,537	130,905	495,014	189,411	372,988	-	191,414	30,373,560	27,285,380
Accumulated Amortization											
Opening, as previously reported	15,740,706	63,767	2,048,879	94,212	161,638	107,075		-		18,216,277	17,930,479
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	15,740,706	63,767	2,048,879	94,212	161,638	107,075		-		18,216,277	17,930,479
Add:											
Current period Amortization	578,229	6,902	165,398	11,096	77,269	37,022		-		875,916	792,950
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-		-		-		-	507,152
Closing Accumulated Amortization	16,318,935	70,669	2,214,277	105,308	238,907	144,097		-		19,092,193	18,216,277
Net Tangible Capital Asset	9,451,762	101,925	836,260	25,597	256,107	45,314	372,988	-	191,414	11,281,367	9,069,103
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	4,597

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

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

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. Revenue and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

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.

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) 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.

h) 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.

i) 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. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB.

The following changes were implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debentures.

4. Overdraft

The Division has an authorized line of credit with Vanguard Credit Union of $6,000,000 by way of overdrafts and is repayable on demand at prime less .5% paid monthly. Included in the overdraft are capital projects totaling approximately $191,414 which will be submitted to PSFB for debenture funding. Overdrafts are secured by borrowing by-law.

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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
Donated Capital Assets	-	-	-	-
Education Property Tax credit	-	1,658,199	1,619,789	38,410
	$ -	$ 1,658,199	$ 1,619,789	$ 38,410

6. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.00 % to 8.88 %. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	$479,237	$307,741	$786,978
2017	473,943	278,408	752,351
2018	502,074	250,277	752,351
2019	511,729	220,457	732,186
2020	476,537	190,101	666,638
	$2,443,521	$1,246,985	$3,690,507

7. 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	2015 Net Book Value
Owned-tangible capital assets	$30,373,560	$19,092,193	$11,281,367
Capital lease	-	-	-
	$30,373,560	$19,092,193	$11,281,367

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	76,711
Undesignated Surplus	570,041
	646,752
Capital Fund	
Reserve Accounts	118,796
Equity in Tangible Capital Assets	1,755,074
	1,873,870
Special Purpose Fund	
School Generated Funds	255,842
Other Special Purpose Funds	
	255,842
	$2,776,464

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.

	2015
Bus reserves	118,796
Other reserves	
Capital Reserve	$118,796

School Generated Funds are externally restricted moneys for school use.

	2015
Foundation-Scholarship	-
Other – School Funds	255,842
Other Special Purpose Funds	255,842

9. 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 statement is raised over the two calendar (tax) years; 44.4% from 2014 tax year and 55.6% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$6,758,534	$6,054,154
Receivable-Due from Municipal-Property Tax	$3,747,736	$3,342,664

10. Interest Received and Paid

The Division received interest during the year of $1,855 (previous year $2,442); interest paid during the year was $482,618 (previous year $424,979).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$52,269
Capital Fund	
Debenture debt interest	430,349
Other interest	
	$482,618

The accrual portion of debenture debt interest expense of $172,653 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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 2015	Budget 2015	Actual 2014
Salaries	$ 19,713,240	$ 19,680,285	$ 19,056,309
Employees benefits & allowances	1,365,325	1,377,223	1,354,792
Services	3,914,162	3,751,487	4,045,733
Supplies, materials & minor equipment	2,037,077	2,081,894	2,089,556
Interest	482,618	39,000	424,979
Bad debts	-	-	-
Payroll tax	416,562	420,000	406,548
Amortization	875,916	-	792,950
Other capital items	-	-	-
School generated funds	1,088,163	-	1,163,202
Transfers	133,889	124,000	125,496
	$ 30,026,952	$ 27,473,889	$ 29,459,565

12. 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, 2015, the amount of this special levy was $216,813 (2014 - $299,486). These amounts are not included in the Division's consolidated financial statements.

13. Additional Information

As of Nov 29, 2010 Park West School Division formed a partnership agreement with Waywayseecappo First Nations so that the education at Waywayseecappo would be shared responsibility between Waywayseecappo First Nations and Park West School Division.

14. Liability for Contaminated Sites

Effective July 1, 2014, the division has adopted the new Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS3260. The standard was applied on a prospective basis and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the division at June 30, 2014.

(a) The nature and source of the liability;
Two underground furnace oil tanks

(b) The basis for the estimate of the liability;
Average of the province's estimate

(c) The estimated recoveries
Costs estimated at $45,000 each for total of $90,000
(Included in accounts payable at June 30, 2015)

Pembina Trails School Division
181 Henlow Bay
Winnipeg, MB R3Y 1M7

November 12, 2015

Grant Thornton LLP
Chartered Accountants
94 Commerce Drive
Winnipeg, MB R3P 0Z3

Dear Sir/Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of Pembina Trails School Division as of June 30, 2015, and for the year then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Pembina Trails School Division in accordance with Public Sector Accounting Standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the consolidated financial statements in accordance with Public Sector Accounting Standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the consolidated financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the consolidated financial statements would influence the decision of a reasonable person relying on the consolidated financial statements.

We confirm, to the best of our knowledge and belief, as of November 12, 2015, the following representations made to you during your audit.

Financial statements

1 The consolidated financial statements referred to above present fairly, in all material respects, the financial position of the entity as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards, as agreed to in the terms of the audit engagement.

Completeness of information

2 We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

3 We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

4 There are no material transactions that have not been properly recorded in the accounting records underlying the consolidated financial statements. The adjusting journal entries which have been proposed by you are approved by us and will be recorded on the books of the entity.

5 There were no restatements made to correct a material misstatement in the prior period consolidated financial statements that affect the comparative information.

6 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

7 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.

8 We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.

9 We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

10 You provided a non-audit service by assisting us with preparing the income tax accruals and related financial statement disclosures. In connection with this non-audit service, we confirm that we made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the income tax accruals and related disclosures, and accept responsibility for such accruals and disclosures.

Fraud and error

11 We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the consolidated financial statements.

12 We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's consolidated financial statements communicated by employees, former employees, analysts, regulators or others.

13 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

14 We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Recognition, measurement and disclosure

15 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the consolidated financial statements, are reasonable and appropriate in the circumstances.

16 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the consolidated financial statements.

17 All related party transactions have been appropriately measured and disclosed in the consolidated financial statements.

18 The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.

19 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the consolidated financial statements.

20 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.

21 All "off-balance sheet" financial instruments have been properly recorded or disclosed in the consolidated financial statements.

22 With respect to environmental matters:

a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;

b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the consolidated financial statements; and

c) commitments have been measured and disclosed, as appropriate, in the consolidated financial statements.

23 The entity has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the entity's assets nor has any been pledged as collateral.

24 We have disclosed to you, and the entity has complied with, all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

25 The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the entity are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the entity are considered complete.

26 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of PS 3250 *Retirement Benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits* of the Canadian Institute of Chartered Accountants (CICA) Handbook.

27 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the consolidated financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Yours very truly,

Original Document Signed

Secretary – Treasurer

Original Document Signed

Accounting Manager

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Independent Auditors' Report

To The Board of Trustees of
Pembina Trails School Division

We have audited the accompanying consolidated financial statements of Pembina Trails School Division, which comprise the consolidated financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, changes in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pembina Trails School Division as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Winnipeg, Manitoba
November 12, 2015

Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Trustees of Pembina Trails School Division.

Original Document Signed
Chairperson of the Board

Nov 12, 2015
Date

Pembina Trails School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2015	2014
	Financial Assets			
	Cash and Bank		3,273,777	-
	Due from	- Provincial Government	5,480,809	17,605,875
		- Federal Government	264,428	561,504
11		- Municipal Government	36,985,764	35,586,781
		- Other School Divisions	24,166	5,610
		- First Nations	-	-
	Accounts Receivable		485,168	369,752
	Accrued Investment Income		-	-
	Portfolio Investments		-	-
			46,514,112	54,129,522
	Liabilities			
	Overdraft		-	17,179,049
	Accounts Payable		5,344,505	4,889,276
	Accrued Liabilities		944,682	734,370
4	Employee Future Benefits		1,963,801	1,922,607
	Accrued Interest Payable		872,913	762,645
	Due to	- Provincial Government	488,748	517,847
		- Federal Government	6,897,222	6,649,909
		- Municipal Government	157,713	98,740
		- Other School Divisions	72,203	50,882
		- First Nations	-	-
5	Deferred Revenue		10,437,025	2,138,870
6	Debenture Debt		44,728,218	33,501,790
7	Other Borrowings		16,055,859	17,980,740
8	School Generated Funds Liability		971,757	864,367
			88,934,646	87,291,092
	Net Debt		(42,420,534)	(33,161,570)
	Non-Financial Assets			
9	Net Tangible Capital Assets (TCA Schedule)		70,099,296	61,186,542
	Inventories		-	-
	Prepaid Expenses		429,881	492,913
			70,529,177	61,679,455
10	**Accumulated Surplus**		28,108,643	28,517,885

See accompanying notes to the Financial Statements

Pembina Trails School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		87,041,688	85,622,489
	Federal Government		74,588	73,941
11	Municipal Government	- Property Tax	62,317,128	59,483,258
		- Other	1,142	-
	Other School Divisions		710,374	697,450
	First Nations		14,000	36,092
	Private Organizations and Individuals		3,212,971	2,811,907
	Other Sources		898,249	740,518
	School Generated Funds		1,087,149	1,350,237
	Other Special Purpose Funds		-	-
			155,357,289	150,815,892
	Expenses			
	Regular Instruction		84,351,794	79,667,882
	Student Support Services		29,208,632	29,174,256
	Adult Learning Centres		-	-
	Community Education and Services		1,256,434	1,047,738
	Divisional Administration		4,599,908	4,463,566
	Instructional and Other Support Services		5,747,220	5,936,749
	Transportation of Pupils		2,750,768	2,554,424
	Operations and Maintenance		17,452,849	17,455,996
12	Fiscal	- Interest	1,766,467	1,557,126
		- Other	2,426,116	2,362,847
	Amortization		3,588,869	3,312,082
	Other Capital Items		1,477,696	-
	School Generated Funds		1,081,151	1,373,828
	Other Special Purpose Funds		-	-
			155,707,904	148,906,494
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(350,615)	1,909,398
	Less: Non-vested Sick Leave Expense (Recovery)		58,627	6,481
	Net Current Year Surplus (Deficit)		(409,242)	1,902,917
	Opening Accumulated Surplus		28,517,885	26,614,968
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		28,517,885	26,614,968
	Closing Accumulated Surplus		28,108,643	28,517,885

See accompanying notes to the Financial Statements

Pembina Trails School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(409,242)	1,902,917
Amortization of Tangible Capital Assets	3,588,869	3,312,082
Acquisition of Tangible Capital Assets	(12,509,282)	(17,302,601)
(Gain) / Loss on Disposal of Tangible Capital Assets	7,659	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(8,912,754)	(13,990,519)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	63,032	(48,021)
	63,032	(48,021)
(Increase)/Decrease in Net Debt	(9,258,964)	(12,135,623)
Net Debt at Beginning of Year	(33,161,570)	(21,025,947)
Adjustments Other than Tangible Cap. Assets	-	-
	(33,161,570)	(21,025,947)
Net Debt at End of Year	(42,420,534)	(33,161,570)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(409,242)	1,902,917
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,588,869	3,312,082
(Gain)/Loss on Disposal of Tangible Capital Assets	7,659	-
Employee Future Benefits Increase/(Decrease)	41,194	42,505
Due from Other Organizations (Increase)/Decrease	11,004,603	(15,358,260)
Accounts Receivable & Accrued Income (Increase)/Decrease	(115,416)	(81,487)
Inventories and Prepaid Expenses - (Increase)/Decrease	63,032	(48,021)
Due to Other Organizations Increase/(Decrease)	298,508	75,310
Accounts Payable & Accrued Liabilities Increase/(Decrease)	775,809	(2,422)
Deferred Revenue Increase/(Decrease)	8,298,155	(7,745,562)
School Generated Funds Liability Increase/(Decrease)	107,390	48,606
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	23,660,561	(17,854,332)
Capital Transactions		
Acquisition of Tangible Capital Assets	(12,509,282)	(17,302,601)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(12,509,282)	(17,302,601)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	11,226,428	8,238,798
Other Borrowings Increase/(Decrease)	(1,924,881)	3,995,497
Cash Provided by (Applied to) Financing Transactions	9,301,547	12,234,295
Cash and Bank / Overdraft (Increase)/Decrease	20,452,826	(22,922,638)
Cash and Bank (Overdraft) at Beginning of Year	(17,179,049)	5,743,589
Cash and Bank (Overdraft) at End of Year	3,273,777	(17,179,049)

Pembina Trails School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	92,904,403	5,703,850	4,537,163	674,180	5,848,247	1,684,186	10,490,178	2,000,068	4,742,986	128,585,261	111,344,624
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	92,904,403	5,703,850	4,537,163	674,180	5,848,247	1,684,186	10,490,178	2,000,068	4,742,986	128,585,261	111,344,624
Add: Additions during the year	7,947,764	-	370,603	69,316	1,400,723	48,934	102,933	261,339	2,307,670	12,509,282	17,302,601
Less: Disposals and write downs	-	-	140,133	-	32,718	88,916	-	-	-	261,767	61,964
Closing Cost	100,852,167	5,703,850	4,767,633	743,496	7,216,252	1,644,204	10,593,111	2,261,407	7,050,656	140,832,776	128,585,261
Accumulated Amortization											
Opening, as previously reported	53,992,352	3,268,018	2,987,583	605,249	4,408,860	1,530,281		606,376		67,398,719	64,148,601
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	53,992,352	3,268,018	2,987,583	605,249	4,408,860	1,530,281		606,376		67,398,719	64,148,601
Add: Current period Amortization	2,069,810	133,311	378,411	43,103	659,795	99,083		205,356		3,588,869	3,312,082
Less: Accumulated Amortization on Disposals and Writedowns	-	-	134,044	-	31,148	88,916		-		254,108	61,964
Closing Accumulated Amortization	56,062,162	3,401,329	3,231,950	648,352	5,037,507	1,540,448		811,732		70,733,480	67,398,719
Net Tangible Capital Asset	44,790,005	2,302,521	1,535,683	95,144	2,178,745	103,756	10,593,111	1,449,675	7,050,656	70,099,296	61,186,542
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

PEMBINA TRAILS SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - JUNE 30, 2015

1. Nature of Organization and Economic Dependence

The Pembina Trails School Division (Division) is a public body that provides education services to residents within its geographic location. The Division is funded by grants from the Province of Manitoba (Province) and by 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 and on special levy for its revenue and capital financing requirements. Without these funding sources, 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 (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds, and the Pembina Trails Education Support Fund, Pembina Trails Voices and InForm Net which are entities 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) 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 - brick, 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.

e) 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. However, the Division provides retirement and other future benefits to its employees. These benefits include the

Manitoba School Board Association (MSBA) Pension Plan, Maternity and Parental Leave, Vacation Days, Sick Leave Retirement Benefit and Non-Vested Sick Leave. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution plan – MSBA Pension Plan

Under this plan, 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.

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.

(ii) Defined employee future benefit plans – Maternity and Parental Leave

For benefit obligations that are event driven (non-vesting maternity and parental leave), the benefit costs are recognized and recorded only in the period when the event occurs. The employee future benefits liability is the total accrued benefit obligation; while the employee future benefit expense is the Division's contribution for the period.

(iii) Defined employee future benefit plans – Accumulated Vacation Days and Sick Leave Retirement Benefit

For benefit obligations that are vested and accumulate over the employees' length of service (vacation days and sick leave retirement benefit), the benefit costs are recognized and recorded as service is rendered by employees. The employee future benefits liability is the total accrued benefit obligation; while the employee future benefit expense is the Division's contribution for the period.

(iv) Defined employee future benefit plans – Non-Vested Sick Leave

For non-vesting accumulating sick days, the benefit costs are recognized based on a projection of expected future utilization of sick time (excess of days used over earned per year, to a maximum entitlement), discounted using net present value techniques. The employee future benefits liability is the total accrued benefit obligation; while the employee future benefit expense is the Division's contribution for the period.

f) 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 specific purpose student fees and fund raising, school meal programs, scholarship funds, and parent or student council funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

g) 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.

h) 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.

i) 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.

j) Adoption of New Accounting Policy

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

3. Overdraft

The Division has an authorized line of credit with The Toronto-Dominion Bank of $40,000,000 by way of overdrafts and is repayable on demand at the Bank's Prime Interest Rate minus 0.75%. Overdrafts are secured by a borrowing by-law document.

4. Employee Future Benefits

The following employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods.

	Type of Plan	2015	2014
MSBA Pension Plan	Defined Contribution	$ -	$ -
Maternity and Parental Leave	Defined Benefit - Event Driven	108,558	137,194
Accumulated Vacation Days	Defined Benefit - Vesting	946,363	933,914
Sick Leave Retirement Benefit	Defined Benefit - Vesting	62,761	64,007
Non-Vested Sick Leave	Defined Benefit - Non-Vesting	846,119	787,492
		$ 1,963,801	**$ 1,922,607**

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:

	June 30, 2014	Additions	Recognized	June 30, 2015
Education Property Tax Credit	$ -	$ 8,308,758	$ -	$ 8,308,758
International Student Program Fees	1,021,005	996,456	1,021,005	996,456
Fibre Access Agreements	76,561	-	8,049	68,512
Externally Funded Programs	191,866	211,959	191,866	211,959
Donated Capital Assets	849,438	138,395	136,493	851,340
	$ 2,138,870	**$ 9,655,568**	**$ 1,357,413**	**$ 10,437,025**

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 2015 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.00% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2015/16	$ 2,600,586	$ 1,940,506	$ 4,541,092
2016/17	2,573,954	1,806,443	4,380,397
2017/18	2,647,441	1,678,689	4,326,130
2018/19	2,484,623	1,548,557	4,033,180
2019/20	2,308,078	1,429,723	3,737,801
	$ 12,614,682	**$ 8,403,918**	**$ 21,018,600**

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. The following borrowings include short term borrowings by way of Bankers Acceptances, and contractual obligations related to capital leases.

	2015	2014
Bankers Acceptances	$ 14,987,341	$ 17,980,740
Capital Lease - Photocopiers	$ 1,068,518	
	$ 16,055,859	**$ 17,980,740**

Capital loans on photocopiers has interest of 3.39% per annum and the loans are secured by lease agreements. Principal and interest repayments for the photocopiers in the remaining four years are:

Capital Lease Repayment	Principal	Interest	Total
2015/16	253,838	29,248	283,086
2016/17	262,500	20,586	283,086
2017/18	271,458	11,628	283,086
2018/19	280,722	2,365	283,087
	$ 1,068,518	**$ 63,827**	**$ 1,132,345**

8. 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 $971,757. The following is a breakdown of the account balance:

	2015	2014
Student Fees - Activities, Clubs, Trips	$ 392,803	$ 411,851
Student - Fees, Yearbooks, Agendas	266,602	156,571
Specific Purpose Fund Raising	64,607	47,445
Breakfast and Lunch Programs	193,603	199,627
Scholarship Funds	(4,659)	(924)
Parent/ Student Council Funds, Other	58,801	49,797
	$ 971,757	**$ 864,367**

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The breakdown of the owned capital assets is as follows:

	Gross Amount	Accumulated Amortization	2014 Net Book Value
Owned Tangible Capital Assets	$ 139,507,728	$ 70,600,975	$ 68,906,753
Leased Tangible Capital Assets	$ 1,325,048	$ 132,505	$ 1,192,543
	$ 140,832,776	**$ 70,733,480**	**$ 70,099,296**

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 1,578,093	$ 1,376,803
Undesignated Surplus	3,933,051	5,414,042
Non-Vested Sick Leave	(846,119)	(787,492)
	$ 4,665,025	**$ 6,003,353**
Related Entities		
Pembina Trails Education Support Fund	$ 164,252	$ 154,163
Pembina Trails Voices	48,041	82,187
InForm Net	6,866	(6,208)
	$ 219,159	**$ 230,142**
Capital Fund		
Reserve Accounts	$ 5,218,925	$ 3,084,796
Equity in Tangible Capital Assets	17,404,511	18,604,569
	$ 22,623,436	**$ 21,689,365**
Special Purpose Fund		
School Generated Funds	$ 601,023	$ 595,025
Other Special Purpose Funds	-	-
	$ 601,023	**$ 595,025**
Total Accumulated Surplus	**$ 28,108,643**	**$ 28,517,885**

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the financial statements for a breakdown of the Designated Surplus.

Related entities are entities that are controlled by the Division and consolidated into the Operating fund.

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 financial statements.

School Generated Funds are externally restricted moneys for school use.

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 resident students in the Division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue - Municipal Government Property Tax	**$ 62,317,128**	**$ 59,483,258**
Receivable - Due from Municipal Government Property Tax	$ 36,790,661	$ 35,585,968
Receivable - Due from Municipal Government Other	195,103	813
Total Receivable from Municipal Government	**$ 36,985,764**	**$ 35,586,781**

12. Interest Received and Paid

The Division received and paid interest during the year as follows:

Interest Received	2015	2014
Operating Fund - Interest Earned	**$ 111,841**	**$ 136,539**
Interest Paid		
Operating Fund - Interest and Bank Charges	$ 12,556	$ 129,593
Capital Fund - Debenture Debt Interest	1,727,356	1,427,533
Total Interest Paid	**$ 1,739,912**	**$ 1,557,126**

13. Contractual Obligations

The Division has an agreement with First Student Canada for student transportation services for a term of 5 years ending in June 2016. The specific costs for these services are approximately $1,042,000 for 2015/16.

The Division has, as part of its Collective Agreement with the Pembina Trails Teachers' Association, a provision for a Professional Development Fund. The Collective Agreement provides that where the allocation for the fund is not wholly spent by June 30 of any Fiscal Year, that the unspent balance is carried forward for expenditure in future Fiscal Years. The total balance of this carry forward as at June 30, 2015 is $171,227.

14. 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. The special levy for 2015 was $971,368 (2014 - $770,832). These amounts are not included in the Division's consolidated financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Pine Creek School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 27, 2015

Independent Auditors' Report

To the Board of Trustees of Pine Creek School Division:

We have audited the accompanying consolidated financial statements of Pine Creek School Division, which comprise the consolidated statement of financial position as at June 30, 2015 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pine Creek School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

MNP LLP

Brandon, Manitoba
October 27, 2015

Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Pine Creek School Division.

Original Document Signed
Chairperson of the Board

Oct 27, 2015
Date

MNP

Pine Creek School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	31,107	-
	Due from - Provincial Government	351,874	819,852
	- Federal Government	34,479	53,314
	- Municipal Government	2,084,607	2,149,806
	- Other School Divisions	-	-
	- First Nations	-	28,025
	Accounts Receivable	82,951	55,270
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		2,585,018	3,106,267
	Liabilities		
	Overdraft	-	746,570
	Accounts Payable	59,305	26,157
	Accrued Liabilities	1,546,095	1,208,841
4	Employee Future Benefits	28,670	23,415
	Accrued Interest Payable	60,140	64,900
	Due to - Provincial Government	5,275	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	15,994	-
	- First Nations	-	-
5	Deferred Revenue	576,520	72,707
6	Debenture Debt	3,081,305	3,295,572
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		5,373,304	5,438,162
	Net Debt	(2,788,286)	(2,331,895)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	4,805,622	4,910,752
	Inventories	35,042	-
	Prepaid Expenses	44,178	67,142
		4,884,842	4,977,894
8	**Accumulated Surplus**	2,096,556	2,645,999

See accompanying notes to the Financial Statements

Pine Creek School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		9,529,134	9,453,140
	Federal Government		-	-
	Municipal Government	- Property Tax	4,239,202	4,356,368
		- Other	-	-
	Other School Divisions		33,900	28,600
	First Nations		-	-
	Private Organizations and Individuals		-	-
	Other Sources		43,783	65,166
	School Generated Funds		297,093	295,196
	Other Special Purpose Funds		-	-
			14,143,112	14,198,470
	Expenses			
	Regular Instruction		8,230,345	8,057,283
	Student Support Services		1,459,579	1,423,252
	Adult Learning Centres		-	-
	Community Education and Services		13,615	12,341
	Divisional Administration		513,694	550,456
	Instructional and Other Support Services		519,208	505,507
	Transportation of Pupils		1,149,044	1,188,734
	Operations and Maintenance		1,532,131	1,563,749
10	Fiscal	- Interest	180,190	172,732
		- Other	213,843	178,142
	Amortization		560,897	547,507
	Other Capital Items		-	-
	School Generated Funds		314,754	342,882
	Other Special Purpose Funds		-	-
			14,687,300	14,542,585
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(544,188)	(344,115)
	Less: Non-vested Sick Leave Expense (Recovery)		5,255	5,410
	Net Current Year Surplus (Deficit)		(549,443)	(349,525)
	Opening Accumulated Surplus		2,645,999	2,995,524
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		2,645,999	2,995,524
	Closing Accumulated Surplus		2,096,556	2,645,999

See accompanying notes to the Financial Statements

Pine Creek School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(549,443)	(349,525)
Amortization of Tangible Capital Assets	560,897	547,507
Acquisition of Tangible Capital Assets	(455,767)	(521,017)
(Gain) / Loss on Disposal of Tangible Capital Assets	(5,000)	(5,310)
Proceeds on Disposal of Tangible Capital Assets	5,000	5,310
	105,130	26,490
Inventories (Increase)/Decrease	(35,042)	-
Prepaid Expenses (Increase)/Decrease	22,964	209,893
	(12,078)	209,893
(Increase)/Decrease in Net Debt	(456,391)	(113,142)
Net Debt at Beginning of Year	(2,331,895)	(2,218,753)
Adjustments Other than Tangible Cap. Assets	-	-
	(2,331,895)	(2,218,753)
Net Debt at End of Year	(2,788,286)	(2,331,895)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(549,443)	(349,525)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	560,897	547,507
(Gain)/Loss on Disposal of Tangible Capital Assets	(5,000)	(5,310)
Employee Future Benefits Increase/(Decrease)	5,255	5,410
Due from Other Organizations (Increase)/Decrease	580,037	(438,336)
Accounts Receivable & Accrued Income (Increase)/Decrease	(27,681)	(41,464)
Inventories and Prepaid Expenses - (Increase)/Decrease	(12,078)	209,893
Due to Other Organizations Increase/(Decrease)	21,269	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	365,642	6,796
Deferred Revenue Increase/(Decrease)	503,813	(428,746)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,442,711	(493,775)
Capital Transactions		
Acquisition of Tangible Capital Assets	(455,767)	(521,017)
Proceeds on Disposal of Tangible Capital Assets	5,000	5,310
Cash Provided by (Applied to) Capital Transactions	(450,767)	(515,707)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(214,267)	432,945
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(214,267)	432,945
Cash and Bank / Overdraft (Increase)/Decrease	777,677	(576,537)
Cash and Bank (Overdraft) at Beginning of Year	(746,570)	(170,033)
Cash and Bank (Overdraft) at End of Year	31,107	(746,570)

Pine Creek School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	11,729,101	477,552	2,849,916	189,840	241,358	85,209	75,334	-	-	15,648,310	15,309,972
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	11,729,101	477,552	2,849,916	189,840	241,358	85,209	75,334	-	-	15,648,310	15,309,972
Add: Additions during the year	359,943	-	-	-	95,824	-	-	-	-	455,767	521,017
Less: Disposals and write downs	-	-	59,608	-	-	-	-	-	-	59,608	182,679
Closing Cost	12,089,044	477,552	2,790,308	189,840	337,182	85,209	75,334	-	-	16,044,469	15,648,310
Accumulated Amortization											
Opening, as previously reported	8,279,501	298,767	1,869,068	133,102	80,348	76,772		-		10,737,558	10,372,730
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	8,279,501	298,767	1,869,068	133,102	80,348	76,772		-		10,737,558	10,372,730
Add: Current period Amortization	316,633	14,784	170,585	21,704	28,753	8,438		-		560,897	547,507
Less: Accumulated Amortization on Disposals and Writedowns	-	-	59,608	-	-	-		-		59,608	182,679
Closing Accumulated Amortization	8,596,134	313,551	1,980,045	154,806	109,101	85,210		-		11,238,847	10,737,558
Net Tangible Capital Asset	3,492,910	164,001	810,263	35,034	228,081	(1)	75,334	-	-	4,805,622	4,910,752
Proceeds from Disposal of Capital Assets	-	-	5,000	-	-	-				5,000	5,310

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Pine Creek 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Pine Creek School Division. The Division reporting entity includes school generated funds.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

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

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.

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.

However, the Division provides other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known. Effective in the 2011/2012 fiscal year, expected future payment on non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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, 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.

k) Liability for Contaminated Sites

The Division has adopted PS3260 Liability for Contaminated Sites effective March 31, 2015. No sites have been identified and no liability has been established in Pine Creek School Division.

3. Overdraft

The Division has an authorized line of credit with Austin Credit Union of $4,000,000 by way of overdrafts and is repayable on demand at prime less .25%; interest is paid monthly. Overdrafts are secured by borrowing by-law.

4. Employee Future Benefits

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include vacation accrual, supplemental employment and sick leave benefits. As well, expected future payment on non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Manitoba Textbook Bureau	$ 0	$ 31,725	$ 31,725	$ 0
Education Property Tax Credit	$ 0	$947,969	$465,229	$482,740
International Tuition	$ 0	$ 0	$ 0	$ 0
Donated Capital Assets	$ 67,107	$ 36,185	$ 12,802	$ 90,490
Other special purpose funds	$ 5,600	$ 1,290	$ 3,600	$ 5,600
	$ 72,707	$1,017,169	$513,356	$576,520

6. 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 2016 to 2034. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.750% to 7.75%.

Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	$228,482	$159,141	$387,623
2017	$241,704	$146,291	$387,995
2018	$249,630	$132,658	$382,288
2019	$248,283	$118,674	$366,957
2020	$258,854	$104,828	$363,682
	$1,226,953	$661,592	$1,888,545

7. 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. The amount of interest capitalized in the period included in Assets under Construction was $0 (previous year $0).

	Gross Amount	Accumulated Amortization	2015 Net Book Value
Owned-tangible capital assets	$16,044,469	$11,238,847	$4,805,622

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	$ 26,390
Undesignated Surplus	$ 351,710
Non Vested Sick Leave to date	($ 28,670)
	$ 349,430
Capital Fund	
Reserve Accounts	$ 420,224
Equity in Tangible Capital Assets	$1,281,149
	$1,701,373
Special Purpose Fund	
School Generated Funds	$ 45,753
Other Special Purpose Funds	$ 0
	$ 45,753
Total Accumulated Surplus	$ 2,096,556

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015
Board approved appropriation by motion	$ 0
School budget carryovers by board policy	$ 26,390
Designated surplus	$ 26,390

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.

	2015
Bus reserves	$120,224
Other reserves	$300,000
Capital Reserve	$420,224

9. 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 statement is raised over the two calendar (tax) years; 50% from 2014 tax year and 50% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue–Municipal Government-Property Tax	$4,239,202	$4,356,368
Receivable-Due from Municipal-Property Tax	$2,084,607	$2,149,806

10. Interest Received and Paid

The Division received interest during the year of $4,213 (previous year $3,623); interest paid during the year was $180,190 (previous year $172,733).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 9,234
Capital fund	
Debenture debt interest	$170,956
Other interest	$ 0
	$180,190

The accrual portion of debenture debt interest expense of $60,140 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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 2015	Budget 2015	Actual 2014
Salaries	$ 9,984,185	$ 9,849,832	$ 9,869,499
Employees benefits & allowances	$ 740,368	$ 773,720	$ 697,698
Services	$ 1,351,476	$ 1,512,564	$ 1,325,072
Supplies, materials & minor equipment	$ 1,297,000	$ 1,044,158	$ 1,373,950
Interest	$ 180,190	$ 4,000	$ 172,732
Bad debts	$ 0	$ 0	$ 0
Payroll tax – and transfers	$ 258,430	$ 240,831	$ 213,245
Amortization	$ 560,897	$ 0	$ 547,507
Other capital items	$ 0	$ 0	$ 0
School generated funds	$ 314,754	$ 0	$ 342,882
Other special purpose funds	$ 0	$ 0	$ 0
	$14,687,300	$13,425,105	$14,542,585

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Portage la Prairie School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Trustees of the Division met with management 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 BDO Canada LLP, independent external auditors, appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed
Chairperson

Original Document Signed
Secretary-Treasurer

October 8, 2015

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BDO Canada LLP
480 Saskatchewan Avenue West
Portage la Prairie, MB R1N 0M4

Independent Auditor's Report

To the Chairperson and Board of Trustees of **Portage la Prairie School Division**

We have audited the accompanying consolidated financial statements of **Portage la Prairie School Division** ("Division"), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Portage la Prairie School Division** as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Portage la Prairie, Manitoba
October 8, 2015

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

Oct 23/2015
Date

Original Document Signed
Chairperson

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,301,598	2,422,416
	- Federal Government	141,821	126,217
	- Municipal Government	6,313,068	6,101,051
	- Other School Divisions	-	-
	- First Nations	297,217	477,671
	Accounts Receivable	56,725	58,179
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		8,110,429	9,185,534
	Liabilities		
4	Overdraft	749,661	3,003,936
	Accounts Payable	129,895	606,678
	Accrued Liabilities	3,699,099	3,582,037
5	Employee Future Benefits	-	-
	Accrued Interest Payable	208,817	127,483
	Due to - Provincial Government	-	-
	- Federal Government	448,754	416,069
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	1,117,108	24,733
7	Debenture Debt	8,862,701	9,513,933
	Other Borrowings	-	-
8	School Generated Funds Liability	199,181	170,958
		15,415,216	17,445,827
	Net Debt	(7,304,787)	(8,260,293)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	13,079,159	13,790,551
	Inventories	19,668	28,448
	Prepaid Expenses	52,784	15,265
		13,151,611	13,834,264
10	**Accumulated Surplus**	5,846,824	5,573,971

See accompanying notes to the Financial Statements

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		23,775,130	23,116,891
	Federal Government		6,000	-
11	Municipal Government	- Property Tax	11,938,114	11,545,200
		- Other	-	-
	Other School Divisions		176,859	180,593
	First Nations		1,242,468	1,024,133
	Private Organizations and Individuals		22,000	23,500
	Other Sources		384,794	141,251
	School Generated Funds		1,744,397	1,513,599
	Other Special Purpose Funds		-	-
			39,289,762	37,545,167
13	**Expenses**			
	Regular Instruction		20,656,116	19,606,410
	Student Support Services		6,662,268	6,380,842
	Adult Learning Centres		-	-
	Community Education and Services		64,784	48,936
	Divisional Administration		1,174,315	1,087,814
	Instructional and Other Support Services		1,198,575	1,192,545
	Transportation of Pupils		1,079,280	1,125,430
	Operations and Maintenance		3,928,881	3,702,014
12	Fiscal	- Interest	511,619	555,645
		- Other	610,224	575,819
	Amortization		1,341,615	1,305,709
	Other Capital Items		-	-
	School Generated Funds		1,789,232	1,473,708
	Other Special Purpose Funds		-	-
			39,016,909	37,054,872
	Current Year Surplus (Deficit) before Non-vested Sick Leave		272,853	490,295
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		272,853	490,295
	Opening Accumulated Surplus		5,573,971	5,083,676
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		5,573,971	5,083,676
	Closing Accumulated Surplus		5,846,824	5,573,971

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	272,853	490,295
Amortization of Tangible Capital Assets	1,341,615	1,305,709
Acquisition of Tangible Capital Assets	(630,223)	(265,300)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	711,392	1,040,409
Inventories (Increase)/Decrease	8,780	(2,267)
Prepaid Expenses (Increase)/Decrease	(37,519)	18,263
	(28,739)	15,996
(Increase)/Decrease in Net Debt	955,506	1,546,700
Net Debt at Beginning of Year	(8,260,293)	(9,806,993)
Adjustments Other than Tangible Cap. Assets	-	-
	(8,260,293)	(9,806,993)
Net Debt at End of Year	(7,304,787)	(8,260,293)

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	272,853	490,295
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,341,615	1,305,709
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	1,073,651	(2,097,930)
Accounts Receivable & Accrued Income (Increase)/Decrease	1,454	23,689
Inventories and Prepaid Expenses - (Increase)/Decrease	(28,739)	15,996
Due to Other Organizations Increase/(Decrease)	32,685	7,209
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(278,387)	454,254
Deferred Revenue Increase/(Decrease)	1,092,375	(1,469,156)
School Generated Funds Liability Increase/(Decrease)	28,223	26,703
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,535,730	(1,243,231)
Capital Transactions		
Acquisition of Tangible Capital Assets	(630,223)	(265,300)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(630,223)	(265,300)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(651,232)	(83,810)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(651,232)	(83,810)
Cash and Bank / Overdraft (Increase)/Decrease	2,254,275	(1,592,341)
Cash and Bank (Overdraft) at Beginning of Year	(3,003,936)	(1,411,595)
Cash and Bank (Overdraft) at End of Year	(749,661)	(3,003,936)

Portage La Prairie School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	33,717,073	338,037	1,948,690	58,503	736,402	873,408	270,186	-	49,073	37,991,372	37,726,072
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	33,717,073	338,037	1,948,690	58,503	736,402	873,408	270,186	-	49,073	37,991,372	37,726,072
Add: Additions during the year	43,840	-	109,701	-	55,775	-	-	419,821	1,086	630,223	265,300
Less: Disposals and write downs	-	-	68,663	-	-	-	-	-	-	68,663	-
Closing Cost	33,760,913	338,037	1,989,728	58,503	792,177	873,408	270,186	419,821	50,159	38,552,932	37,991,372
Accumulated Amortization											
Opening, as previously reported	21,601,853	338,037	1,556,946	41,692	517,337	144,956		-		24,200,821	22,895,112
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	21,601,853	338,037	1,556,946	41,692	517,337	144,956		-		24,200,821	22,895,112
Add: Current period Amortization	1,066,836	-	71,235	5,734	80,182	96,637		20,991		1,341,615	1,305,709
Less: Accumulated Amortization on Disposals and Writedowns	-	-	68,663	-	-	-		-		68,663	-
Closing Accumulated Amortization	22,668,689	338,037	1,559,518	47,426	597,519	241,593		20,991		25,473,773	24,200,821
Net Tangible Capital Asset	11,092,224	-	430,210	11,077	194,658	631,815	270,186	398,830	50,159	13,079,159	13,790,551
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Portage la Prairie 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by PSAB of the Chartered Professional Accountants of Canada (CPA Canada).

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.

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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.

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.

School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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.

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

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

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

With the exception of land acquired prior to June 30, 2006, 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.

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.

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 beyond the employee portion payable.

The Division provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. The Division pays the employer portion of the defined contribution plan administered by the Manitoba School Boards Association (MSBA). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

For those defined benefit self-insured plans that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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.

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.

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, overdraft, 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. Adoption of New Accounting Policy PS 3260

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

4. Bank Overdraft

The Division has an authorized line of credit with Bank of Montreal of $5,000,000 by way of overdrafts and is repayable on demand at prime less .25% for an interest rate of 2.60% (1.25% at June 30, 2014); interest is paid monthly. Overdrafts are secured by a borrowing by-law.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account which includes pension expense for the year of $422,325 (2014 - $393,580).

6. 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, 2014	Additions in year	Recognized in year	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ 0	$ 2,269,804	$ 1,180,298	$ 1,089,506
Manitoba Text Book Bureau	17,733	91,596	81,727	27,602
Other	7,000	0	7,000	0
	$ 24,733	$ 2,361,400	$ 1,269,025	$ 1,117,108

7. Debenture Debt

		2015		2014
Supportable debenture	$	5,820,114	$	6,312,185
Non-supportable debenture		3,042,587		3,201,748
	$	8,862,701	$	9,513,933

Supportable Debenture Debt

The debenture debt of the Division is in the form of twenty-year supportable debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from fiscal years ending 2016 to 2034. Payment of principal and interest for the supportable debentures is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.50% to 9.75%. Debenture interest expense payable as at June 30, 2015, 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 total debenture principal and interest repayments in the next five fiscal years ending are as follows.

2016	$	787,022
2017		743,794
2018		701,264
2019		701,264
2020		664,300

Non-supportable Debenture Debt

The debenture debt of the Division is in the form of twenty-year non-supportable debentures payable, principal and interest, in twenty equal yearly instalments and maturing in fiscal year ending 2027.

The payment of principal and interest for the non-supportable debentures must be funded by the Division as the Division does not receive grants from the Province of Manitoba to pay these types of debentures.

The non-supportable debenture has 5.375% interest per annum, an annual payment of $331,255 principal and interest. This loan is secured by way of borrowing resolution.

Total principal and interest repayment in the next five fiscal years ending are as follows.

2016	$	331,255
2017		331,255
2018		331,255
2019		331,255
2020		331,255

8. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds. At June 30, 2015, an amount equal to $199,181 (2014 - $170,958) is included in cash and bank (overdraft) on the consolidated financial statement.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the consolidated financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was nil (previous year - nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following.

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	1,399,607	1,380,732
	1,399,607	1,380,732
Capital Fund		
Reserve Accounts	500,000	125,000
Equity in Tangible Capital Assets	3,657,678	3,733,865
	4,157,678	3,858,865
Special Purpose Fund		
School Generated Funds	289,539	334,374
Other Special Purpose Funds	-	-
	289,539	334,374
Total Accumulated Surplus	$ 5,846,824	$ 5,573,971

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. During the current year, there were no internally restricted amounts appropriated by the Board of Trustees.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. The PSFB approved the establishment of a capital reserve to finance the Wide Area Network Expansion, Power Distribution System Upgrade and the Division Administration Office and Student Services Building in the amount of $500,000. A schedule of Capital Reserve Accounts is provided on page 24 of the consolidated financial statements.

	2015	2014
Wide Area Network Expansion Reserve	$ 200,000	$
Power Distribution System Upgrade Reserve	200,000	
Division Administration Office and Student Services Building Reserve	100,000	
Yellowquill Regulation Track Reserve	-	125,000
	$ 500,000	$ 125,000

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use.

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; 48% from 2014 tax year and 52% from 2015 tax year. Below are the related revenue and receivable amounts.

	2015	2014
Revenue – Municipal Government – Property Tax	$ 11,938,114	$ 11,545,200
Receivable – Due from Municipal – Property Tax	6,313,068	6,101,051

12. Interest Received and Paid

The Division received interest during the year of $13,463 (2014 - $7,140) and interest paid during the year was $511,619 (2014 - $555,645).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 18,972	$ 33,226
Capital Fund		
Debenture interest	492,647	522,419
	$ 511,619	$ 555,645

The accrual portion of debenture debt interest expense of $113,830 (2014 - $127,483) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Actual 2014
Amortization	$ 1,341,615	$ 1,305,709
Employees benefits and allowances	2,007,984	1,870,329
Interest	511,619	555,645
Payroll tax	610,224	575,819
Salaries	28,059,194	26,685,979
School generated funds	1,789,232	1,473,708
Services	2,403,097	2,385,153
Supplies, materials and minor equipment	2,251,044	2,159,630
Transfers	42,900	42,900
	$ 39,016,909	$ 37,054,872

14. 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, 2015, the amount of this levy was $75,033 (2014 - $75,709). These amounts are not included in the Division's consolidated financial statements.

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 Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

Craig & Ross Chartered 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	Original Document Signed
Chair	Secretary-Treasurer

November 5, 2015

CRAIG & ROSS
CHARTERED ACCOUNTANTS

November 5, 2015

INDEPENDENT AUDITORS' REPORT

To the Chairperson and Trustees of
Prairie Rose School Division

We have audited the accompanying consolidated financial statements of Prairie Rose School Division which comprise the consolidated statement of financial position as at June 30, 2015 and June 30, 2014, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Prairie Rose School Division as at June 30, 2015 and June 30, 2014 and the consolidated results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Craig & Ross

Chartered Accountants

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.

Dec. 7, 2015
Date

Original Document Signed
Chairperson

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Prairie Rose School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,122,266	2,474,593
	- Federal Government	58,874	37,165
	- Municipal Government	5,815,333	5,360,784
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	158,481	174,651
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		7,154,954	8,047,193
	Liabilities		
3	Overdraft	3,964,988	5,834,775
	Accounts Payable	846,003	1,028,235
	Accrued Liabilities	663,825	244,843
4	Employee Future Benefits	162,907	137,732
	Accrued Interest Payable	-	-
	Due to - Provincial Government	211,163	139,655
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	213,470	13,520
6	Debenture Debt	6,552,489	6,315,779
7	Other Borrowings	446,899	487,010
	School Generated Funds Liability	28,846	25,676
		13,090,590	14,227,225
	Net Debt	(5,935,636)	(6,180,032)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	11,641,854	11,461,865
	Inventories	-	-
	Prepaid Expenses	11,657	14,440
		11,653,511	11,476,305
9	**Accumulated Surplus**	5,717,875	5,296,273

See accompanying notes to the Financial Statements

Prairie Rose School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		18,016,348	17,826,007
	Federal Government		-	-
	Municipal Government	- Property Tax	10,072,728	9,255,092
		- Other	-	-
	Other School Divisions		72,075	73,950
	First Nations		-	-
	Private Organizations and Individuals		16,118	14,689
	Other Sources		162,684	417,210
	School Generated Funds		510,082	510,398
	Other Special Purpose Funds		128,833	56,621
			28,978,868	28,153,967
	Expenses			
	Regular Instruction		16,191,949	14,972,573
	Student Support Services		3,376,516	3,721,514
	Adult Learning Centres		254,233	258,719
	Community Education and Services		35,028	30,305
	Divisional Administration		1,069,718	1,004,800
	Instructional and Other Support Services		537,265	717,443
	Transportation of Pupils		2,046,271	2,073,494
	Operations and Maintenance		2,655,831	3,029,419
11	Fiscal	- Interest	389,160	419,343
		- Other	433,927	417,590
	Amortization		995,656	986,004
	Other Capital Items		-	-
	School Generated Funds		506,432	505,812
	Other Special Purpose Funds		40,105	236,239
			28,532,091	28,373,255
	Current Year Surplus (Deficit) before Non-vested Sick Leave		446,777	(219,288)
	Less: Non-vested Sick Leave Expense (Recovery)		25,175	(2,571)
	Net Current Year Surplus (Deficit)		421,602	(216,717)
	Opening Accumulated Surplus		5,296,273	5,512,990
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		5,296,273	5,512,990
	Closing Accumulated Surplus		5,717,875	5,296,273

See accompanying notes to the Financial Statements

Prairie Rose School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	421,602	(216,717)
Amortization of Tangible Capital Assets	995,656	986,004
Acquisition of Tangible Capital Assets	(1,175,645)	(938,261)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,696)	-
Proceeds on Disposal of Tangible Capital Assets	3,696	-
	(179,989)	47,743
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	2,783	2,036
	2,783	2,036
(Increase)/Decrease in Net Debt	244,396	(166,938)
Net Debt at Beginning of Year	(6,180,032)	(6,013,094)
Adjustments Other than Tangible Cap. Assets	-	-
	(6,180,032)	(6,013,094)
Net Debt at End of Year	(5,935,636)	(6,180,032)

Prairie Rose School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	421,602	(216,717)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	995,656	986,004
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,696)	-
Employee Future Benefits Increase/(Decrease)	25,175	(2,570)
Due from Other Organizations (Increase)/Decrease	876,069	(1,644,429)
Accounts Receivable & Accrued Income (Increase)/Decrease	16,170	(64,568)
Inventories and Prepaid Expenses - (Increase)/Decrease	2,783	2,036
Due to Other Organizations Increase/(Decrease)	71,508	(4,554)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	236,750	(77,144)
Deferred Revenue Increase/(Decrease)	199,950	(789,837)
School Generated Funds Liability Increase/(Decrease)	3,170	(1,563)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,845,137	(1,813,342)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,175,645)	(938,261)
Proceeds on Disposal of Tangible Capital Assets	3,696	-
Cash Provided by (Applied to) Capital Transactions	(1,171,949)	(938,261)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	236,710	(539,864)
Other Borrowings Increase/(Decrease)	(40,111)	(38,895)
Cash Provided by (Applied to) Financing Transactions	196,599	(578,759)
Cash and Bank / Overdraft (Increase)/Decrease	1,869,787	(3,330,362)
Cash and Bank (Overdraft) at Beginning of Year	(5,834,775)	(2,504,413)
Cash and Bank (Overdraft) at End of Year	(3,964,988)	(5,834,775)

Prairie Rose School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	21,893,162	796,363	4,074,449	124,743	144,894	1,537,137	106,884	151,993	378,047	29,207,672	28,269,411
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	21,893,162	796,363	4,074,449	124,743	144,894	1,537,137	106,884	151,993	378,047	29,207,672	28,269,411
Add: Additions during the year	11,922	5,601	318,389	-	111,425	-	-	-	728,308	1,175,645	938,261
Less: Disposals and write downs	-	-	261,322	-	-	-	-	-	-	261,322	-
Closing Cost	21,905,084	801,964	4,131,516	124,743	256,319	1,537,137	106,884	151,993	1,106,355	30,121,995	29,207,672
Accumulated Amortization											
Opening, as previously reported	13,664,113	282,313	2,962,218	78,317	51,348	667,979		39,519		17,745,807	16,759,803
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,664,113	282,313	2,962,218	78,317	51,348	667,979		39,519		17,745,807	16,759,803
Add: Current period Amortization	530,307	19,294	242,545	10,317	19,788	167,325		6,080		995,656	986,004
Less: Accumulated Amortization on Disposals and Writedowns	-	-	261,322	-	-	-		-		261,322	-
Closing Accumulated Amortization	14,194,420	301,607	2,943,441	88,634	71,136	835,304		45,599		18,480,141	17,745,807
Net Tangible Capital Asset	7,710,664	500,357	1,188,075	36,109	185,183	701,833	106,884	106,394	1,106,355	11,641,854	11,461,865
Proceeds from Disposal of Capital Assets	-	-	3,696	-	-	-				3,696	-

* Includes network infrastructure.

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 (the "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 have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and reflect the following significant accounting policies.

a) Reporting Entity and Consolidation

The consolidated financial statements include 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 balances and transactions have been 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 revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable based on the receipt of goods or services or the 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 and charitable foundations 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 moneys raised by a school, or under the auspices of a school, through extra-curricular activities for the sole use of that school. The principal of each school, subject to the rules of the school board, may raise, hold, administer and expend the funds for the purposes of the school.

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 a controlled fund, 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

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.

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.

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 - bricks, 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 & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

2. Significant Accounting Policies - Continued

g) Tangible Capital Assets - continued

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

With the exception of 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 using information provided by the Crown Lands and Property Agency and adjusted by the Division where further information was available.

Donated assets are recorded 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, 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.

2. Significant Accounting Policies - Continued

k) Liability for Contaminated Sites

Effective July 1, 2014, the division has adopted the new Public Sector Accounting Board 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.

3. Overdraft

The Division has an authorized line of credit with Access Credit Union of $6,000,000 by way of overdrafts and is repayable on demand. The overdraft bears interest at the credit union prime lending rate less .50% and is paid monthly. The Division's available authorized line of credit is $1,703,905 at June 30, 2015. Overdrafts are secured by a first charge on any funds receivable from the Province of Manitoba.

4. Employee Future 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 a maximum entitlement. The impact of the estimated non-vested sick leave benefit expense for 2014 / 2015 is $25,175 expense (2013 / 2014 - $2,571 recovery).

5. Deferred Revenue

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, principal and interest, in twenty equal yearly installments and maturing at various dates from 2015 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.38% to 8.88%. Debenture interest expense payable as at June 30, 2015 and 2014, 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 repayments in the next five years are:

2016	$ 919,313
2017	876,461
2018	848,018
2019	726,981
2020	649,553
	$4,020,326

7. Other Borrowings – Access Credit Union

Commercial loan, bearing interest at the Credit Union prime rate and repayable in blended monthly instalments of principal and interest of $4,300, final payment due February 1, 2030.	$ 446,899

Repayments required in each of the next 5 years are $51,600 annually.

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	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Tangible capital assets	$30,121,995	$18,480,141	$11,641,854	$11,461,865

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Undesignated Surplus	$ 901,082	$ 569,342
Capital Fund		
Reserve Accounts	221,769	286,462
Equity in Tangible Capital Assets	4,333,750	4,271,573
	4,555,519	4,558,035
Special Purpose Fund		
School Generated Funds	123,364	119,714
Other Special Purpose Funds	137,910	49,182
	261,274	168,896
Total Accumulated Surplus	$5,717,875	$5,296,273

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 moneys for school use, scholarship awards and donations for school projects.

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; 42% from the 2014 tax year and 58% from the 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$10,072,728	$9,255,092
Receivable-Due from Municipal-Property Tax	$ 5,815,333	$5,360,784

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, 2015 the amount of this special levy was $398,287 (2014 - $399,361). These amounts are not included in the Division's financial statements.

11. Interest Expense

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	**$ 40,230**	$ 32,868
Capital Fund		
Debenture debt interest	**337,442**	373,770
Other borrowings – Access Credit Union	**11,488**	12,705
	$ 389,160	$ 419,343

The accrual portion of debenture debt interest expense of $111,686 (2014 - $125,471) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Budget Figures and Non Financial Information

The 2015 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.

MANAGEMENT REPORT
PS 1200.005-6 (Reference)

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Prairie Spirit School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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
Chairperson

Original Document Signed
Secretary-Treasurer

October 22nd, 2015

Independent Auditors' Report

To the Board of Trustees of Prairie Spirit School Division:

We have audited the accompanying consolidated financial statements of Prairie Spirit School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Prairie Spirit School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

MNP LLP
Chartered Accountants

Brandon, Manitoba
October 22, 2015

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Prairie Spirit School Division.

Original Document Signed
Chairperson of the Board

October 22, 2015
Date

MNP

Prairie Spirit School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,020,131	2,014,407
	- Federal Government	107,410	88,449
	- Municipal Government	5,693,758	5,378,936
	- Other School Divisions	52,414	11,493
	- First Nations	42,540	62,342
	Accounts Receivable	60,689	57,753
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		6,976,942	7,613,380
	Liabilities		
3	Overdraft	851,823	2,462,680
	Accounts Payable	2,662,794	1,881,862
	Accrued Liabilities	512,418	220,623
4	Employee Future Benefits	551,853	458,255
	Accrued Interest Payable	148,471	164,397
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	1,500	1,706
6	Debenture Debt	6,333,276	6,862,799
7	Other Borrowings	1,566,667	1,300,000
	School Generated Funds Liability	57,287	70,414
		12,686,089	13,422,736
	Net Debt	(5,709,147)	(5,809,356)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	13,609,740	12,796,148
	Inventories	-	-
	Prepaid Expenses	57,288	48,696
		13,667,028	12,844,844
10	**Accumulated Surplus**	7,957,881	7,035,488

See accompanying notes to the Financial Statements

Prairie Spirit School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		18,645,930	18,403,279
	Federal Government		20,050	5,792
	Municipal Government	- Property Tax	10,012,405	9,460,110
		- Other	-	-
	Other School Divisions		22,100	19,500
	First Nations		268,171	298,336
	Private Organizations and Individuals		57,029	51,978
	Other Sources		114,973	253,837
	School Generated Funds		601,040	645,912
	Other Special Purpose Funds		-	-
			29,741,698	29,138,744
	Expenses			
	Regular Instruction		15,346,681	14,856,466
	Student Support Services		3,360,312	3,437,364
	Adult Learning Centres		-	-
	Community Education and Services		34,918	31,800
	Divisional Administration		923,091	847,153
	Instructional and Other Support Services		777,231	704,517
	Transportation of Pupils		2,386,941	2,543,941
	Operations and Maintenance		3,188,067	3,442,232
12	Fiscal	- Interest	427,531	435,476
		- Other	402,939	405,981
	Amortization		1,370,728	1,372,285
	Other Capital Items		15,059	-
	School Generated Funds		582,364	661,575
	Other Special Purpose Funds		-	-
			28,815,862	28,738,790
	Current Year Surplus (Deficit) before Non-vested Sick Leave		925,836	399,954
	Less: Non-vested Sick Leave Expense (Recovery)		3,443	18,507
	Net Current Year Surplus (Deficit)		922,393	381,447
	Opening Accumulated Surplus		7,035,488	6,654,041
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		7,035,488	6,654,041
	Closing Accumulated Surplus		7,957,881	7,035,488

See accompanying notes to the Financial Statements

Prairie Spirit School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	922,393	381,447
Amortization of Tangible Capital Assets	1,370,728	1,372,285
Acquisition of Tangible Capital Assets	(2,184,903)	(1,799,326)
(Gain) / Loss on Disposal of Tangible Capital Assets	(12,667)	(16,476)
Proceeds on Disposal of Tangible Capital Assets	13,250	36,502
	(813,592)	(407,015)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(8,592)	5,951
	(8,592)	5,951
(Increase)/Decrease in Net Debt	100,209	(19,617)
Net Debt at Beginning of Year	(5,809,356)	(5,789,739)
Adjustments Other than Tangible Cap. Assets	-	-
	(5,809,356)	(5,789,739)
Net Debt at End of Year	(5,709,147)	(5,809,356)

Prairie Spirit School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	922,393	381,447
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,370,728	1,372,285
(Gain)/Loss on Disposal of Tangible Capital Assets	(12,667)	(16,476)
Employee Future Benefits Increase/(Decrease)	93,598	(172,280)
Due from Other Organizations (Increase)/Decrease	639,374	(1,428,593)
Accounts Receivable & Accrued Income (Increase)/Decrease	(2,936)	(2,835)
Inventories and Prepaid Expenses - (Increase)/Decrease	(8,592)	5,951
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,056,801	(669,548)
Deferred Revenue Increase/(Decrease)	(206)	(127,676)
School Generated Funds Liability Increase/(Decrease)	(13,127)	4,321
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	4,045,366	(653,404)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,184,903)	(1,799,326)
Proceeds on Disposal of Tangible Capital Assets	13,250	36,502
Cash Provided by (Applied to) Capital Transactions	(2,171,653)	(1,762,824)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(529,523)	330,830
Other Borrowings Increase/(Decrease)	266,667	(300,000)
Cash Provided by (Applied to) Financing Transactions	(262,856)	30,830
Cash and Bank / Overdraft (Increase)/Decrease	1,610,857	(2,385,398)
Cash and Bank (Overdraft) at Beginning of Year	(2,462,680)	(77,282)
Cash and Bank (Overdraft) at End of Year	(851,823)	(2,462,680)

Prairie Spirit School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	25,176,835	668,144	6,022,162	189,384	764,836	4,182,254	56,674	-	259,420	37,319,709	36,911,138
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	25,176,835	668,144	6,022,162	189,384	764,836	4,182,254	56,674	-	259,420	37,319,709	36,911,138
Add: Additions during the year	210,622	1,768,946	384,203	56,578	18,098	-	-	-	(253,544)	2,184,903	1,799,326
Less: Disposals and write downs	-	-	145,719	-	-	-	583	-	-	146,302	1,390,755
Closing Cost	25,387,457	2,437,090	6,260,646	245,962	782,934	4,182,254	56,091	-	5,876	39,358,310	37,319,709
Accumulated Amortization											
Opening, as previously reported	17,376,284	572,672	4,300,120	117,462	363,498	1,793,525		-		24,523,561	24,522,005
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	17,376,284	572,672	4,300,120	117,462	363,498	1,793,525		-		24,523,561	24,522,005
Add: Current period Amortization	581,217	36,411	326,993	24,101	64,641	337,365		-		1,370,728	1,372,285
Less: Accumulated Amortization on Disposals and Writedowns	-	-	145,719	-	-	-		-		145,719	1,370,729
Closing Accumulated Amortization	17,957,501	609,083	4,481,394	141,563	428,139	2,130,890		-		25,748,570	24,523,561
Net Tangible Capital Asset	7,429,956	1,828,007	1,779,252	104,399	354,795	2,051,364	56,091	-	5,876	13,609,740	12,796,148
Proceeds from Disposal of Capital Assets	-	-	7,850	900	-	-	4,500			13,250	36,502

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds and trust funds controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute. The trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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 student council funds, yearbook funds, graduation funds and specified sports and cultural funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) 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 - 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 and Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

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

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.

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.

However, the Division provides other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known. Effective with the 2009/2010 fiscal year, expected future payment of non vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

g) 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.

h) 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.

i) 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.

j) Contaminated sites

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

3. Overdraft

The Division had an authorized line of credit with the Royal Bank of Canada of $6,100,000 by way of overdrafts and is repayable on demand at prime less 0.75%; interest is paid monthly. $6,100,000 remains available on this line of credit. Overdrafts are secured by a temporary borrowing by-law.

4. Employee Future Benefits

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include vacation accrual, retirement payment, supplemental employment and sick leave benefits. As well, expected future payment of non vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

5. Deferred Revenue

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, principal and interest, in twenty equal yearly installments and maturing at various dates from 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.625% to 8.875%. Debenture interest expense payable as at June 30, 2015, 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 repayments in the next five years are as follows:

2016	$ 608,605
2017	621,115
2018	605,705
2019	598,475
2020	553,883
	$ 2,987,783

7. Capital Borrowing

The Division has the following self funded debentures (capital loans at Access Credit Union):

a) for constructing towers for the purpose of transmission of distance learning courses and distribution of high speed internet throughout the Division.
b) for constructing a bus garage facility.

Amount of Loan	Balance	Payment Schedule	Interest rate
a) 3,000,000	800,000	25,000 / month	Prime less .65%
b) 800,000	766,667	8,333 / month	Prime less .65%

Repayment of the loans is as stipulated plus any lump sum payment as determined by the Board of Trustees.

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 $57,287 ($70,414 in 2014).

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.

	Gross Amount	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Owned-tangible capital assets	$ 39,358,310	$25,748,570	$ 13,609,740	$ 12,796,148
Capital lease	-	-	-	-
	$ 39,358,310	$25,748,570	$ 13,609,740	$ 12,796,148

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 548,000	$ -
Undesignated Surplus	1,149,076	1,201,848
Non vested sick leave to date	(131,275)	(127,832)
	1,565,801	1,074,016
Capital Fund		
Reserve Accounts	560,840	1,341,720
Equity in Tangible Capital Assets	5,657,751	4,464,939
	6,218,591	5,806,659
Special Purpose Fund		
School Generated Funds	173,489	154,813
Other Special Purpose Funds	-	-
	173,489	154,813
Total Accumulated Surplus	$ 7,957,881	$ 7,035,488

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy.

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 moneys for school use, Scholarship Awards and donations for school projects.

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 2014 tax year and 57% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$10,012,405	$9,460,110
Receivable-Due from Municipal-Property Tax	$5,693,758	$5,378,936

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, 2015, the amount of this special levy was $749,563 (2014: $729,064). These amounts are not included in the Division's financial statements in 2015.

12. Interest Received and Paid

The Division received interest during the year of $13,687 (2014: $9,966); interest paid during the year was $427,531 (2014: $435,476).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 21,917	$ 16,824
Capital Fund		
Tower infrastructure capital loan	31,773	36,932
Debenture debt interest	373,841	381,720
	$ 427,531	$ 435,476

The accrual portion of debenture debt interest expense of $148,471 (2014: $164,397) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Budget 2015	Actual 2014
Salaries	$ 19,349,660	$ 19,834,100	$ 18,751,112
Employees benefits and allowances	1,664,268	1,562,500	1,792,289
Services	2,758,959	2,728,700	2,937,951
Supplies, materials and minor equipment	2,155,137	2,560,424	2,276,462
Interest	427,531	15,000	435,476
Bad debts	-	-	-
Payroll tax	402,939	528,000	405,981
Transfers	89,217	805,025	105,659
Amortization	1,370,728		1,372,285
Other capital services, supplies, and materials	15,059		
School generated funds	582,364		661,575
Other special purpose funds	-	-	-
	$ 28,815,862	$ 28,033,749	$ 28,738,790

14. Budget Figures and Non Financial Information

The 2015 budget figures, transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

15. Commitment

The Division has leased realty at an annual rental of $46,939 through October 31, 2021. The aggregate minimum lease payments to the expiry date are $297,280.

RED RIVER VALLEY SCHOOL DIVISION
DIVISION SCOLAIRE VALLÉE de la RIVIÈRE-ROUGE
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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Red River Valley School Division ("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 established by the Public Sector Accounting Board of Chartered Professional Accountants 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 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 BDO Canada LLP, independent external auditor, appointed by the Board of Trustees. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed
Secretary-Treasurer

October 20, 2015

BDO

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700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Chairperson and Board of Trustees of **Red River Valley School Division**

We have audited the accompanying consolidated financial statements of **Red River Valley School Division** ("Division"), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Red River Valley School Division** as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 20, 2015

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

Original Document Signed
Chairperson

Oct 20/15
Date

Red River Valley School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,744,672	3,326,895
	- Federal Government	78,562	97,654
	- Municipal Government	6,051,291	5,697,237
	- Other School Divisions	188,060	147,997
	- First Nations	-	-
	Accounts Receivable	51,603	68,688
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		8,114,188	9,338,471
	Liabilities		
*	Overdraft	4,840,026	6,195,173
	Accounts Payable	1,028,584	421,170
	Accrued Liabilities	242,325	253,595
*	Employee Future Benefits	157,886	146,690
	Accrued Interest Payable	218,687	244,669
	Due to - Provincial Government	14,818	12,407
	- Federal Government	12,464	8,554
	- Municipal Government	18,294	14,205
	- Other School Divisions	319,493	287,378
	- First Nations	-	-
*	Deferred Revenue	1,204,200	1,137,066
*	Debenture Debt	11,727,040	12,738,683
	Other Borrowings	-	9,782
	School Generated Funds Liability	21,114	15,248
		19,804,931	21,484,620
	Net Debt	(11,690,743)	(12,146,149)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	18,570,538	18,935,018
	Inventories	133,414	127,948
	Prepaid Expenses	77,461	85,402
		18,781,413	19,148,368
*	**Accumulated Surplus**	7,090,670	7,002,219

See accompanying notes to the Financial Statements

Red River Valley School Division

CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		17,712,568	17,360,228
	Federal Government		21,182	11,261
	Municipal Government	- Property Tax	10,113,494	9,503,985
		- Other	-	-
	Other School Divisions		865,959	672,837
	First Nations		-	-
	Private Organizations and Individuals		180,696	194,171
	Other Sources		118,712	120,277
	School Generated Funds		630,946	581,663
	Other Special Purpose Funds		-	-
			29,643,557	28,444,422
	Expenses			
	Regular Instruction		15,474,035	14,743,931
	Student Support Services		4,012,025	3,646,225
	Adult Learning Centres		-	-
	Community Education and Services		48,608	36,807
	Divisional Administration		1,041,383	967,767
	Instructional and Other Support Services		738,348	569,966
	Transportation of Pupils		2,471,277	2,455,591
	Operations and Maintenance		2,702,147	2,762,930
*	Fiscal	- Interest	676,493	669,126
		- Other	420,067	393,867
	Amortization		1,321,150	1,179,521
	Other Capital Items		-	54,402
	School Generated Funds		638,376	570,075
	Other Special Purpose Funds		-	-
			29,543,909	28,050,208
	Current Year Surplus (Deficit) before Non-vested Sick Leave		99,648	394,214
	Less: Non-vested Sick Leave Expense (Recovery)		11,197	34,924
	Net Current Year Surplus (Deficit)		88,451	359,290
	Opening Accumulated Surplus		7,002,219	6,642,929
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		7,002,219	6,642,929
	Closing Accumulated Surplus		7,090,670	7,002,219

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Red River Valley School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	88,451	359,290
Amortization of Tangible Capital Assets	1,321,150	1,179,521
Acquisition of Tangible Capital Assets	(948,768)	(3,226,082)
(Gain) / Loss on Disposal of Tangible Capital Assets	(15,363)	(18,865)
Proceeds on Disposal of Tangible Capital Assets	7,461	59,732
	364,480	(2,005,694)
Inventories (Increase)/Decrease	(5,466)	1,161
Prepaid Expenses (Increase)/Decrease	7,941	5,838
	2,475	6,999
(Increase)/Decrease in Net Debt	455,406	(1,639,405)
Net Debt at Beginning of Year	(12,146,149)	(10,506,744)
Adjustments Other than Tangible Cap. Assets	-	-
	(12,146,149)	(10,506,744)
Net Debt at End of Year	(11,690,743)	(12,146,149)

Red River Valley School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	88,451	359,290
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,321,150	1,179,521
(Gain)/Loss on Disposal of Tangible Capital Assets	(15,363)	(18,865)
Employee Future Benefits Increase/(Decrease)	11,196	34,924
Due from Other Organizations (Increase)/Decrease	1,207,198	(2,155,345)
Accounts Receivable & Accrued Income (Increase)/Decrease	17,085	(24,845)
Inventories and Prepaid Expenses - (Increase)/Decrease	2,475	6,999
Due to Other Organizations Increase/(Decrease)	42,525	38,286
Accounts Payable & Accrued Liabilities Increase/(Decrease)	570,162	(1,020,783)
Deferred Revenue Increase/(Decrease)	67,134	20,660
School Generated Funds Liability Increase/(Decrease)	5,866	(24,390)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,317,879	(1,604,548)
Capital Transactions		
Acquisition of Tangible Capital Assets	(948,768)	(3,226,082)
Proceeds on Disposal of Tangible Capital Assets	7,461	59,732
Cash Provided by (Applied to) Capital Transactions	(941,307)	(3,166,350)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,011,643)	2,050,975
Other Borrowings Increase/(Decrease)	(9,782)	(35,317)
Cash Provided by (Applied to) Financing Transactions	(1,021,425)	2,015,658
Cash and Bank / Overdraft (Increase)/Decrease	1,355,147	(2,755,240)
Cash and Bank (Overdraft) at Beginning of Year	(6,195,173)	(3,439,933)
Cash and Bank (Overdraft) at End of Year	(4,840,026)	(6,195,173)

Red River Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	26,266,166	1,236,802	4,754,758	227,129	1,325,613	409,711	563,070	138,563	2,199,654	37,121,466	34,120,035
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	26,266,166	1,236,802	4,754,758	227,129	1,325,613	409,711	563,070	138,563	2,199,654	37,121,466	34,120,035
Add: Additions during the year	1,815,771	-	298,715	14,248	52,234	-	-	-	(1,232,200)	948,768	3,226,082
Less: Disposals and write downs	-	-	181,098	22,515	54,995	-	-	-	-	258,608	224,651
Closing Cost	28,081,937	1,236,802	4,872,375	218,862	1,322,852	409,711	563,070	138,563	967,454	37,811,626	37,121,466
Accumulated Amortization											
Opening, as previously reported	13,540,986	645,201	2,833,126	184,498	678,687	271,307		32,643		18,186,448	17,190,711
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	13,540,986	645,201	2,833,126	184,498	678,687	271,307		32,643		18,186,448	17,190,711
Add: Current period Amortization	694,280	33,680	331,756	16,085	160,062	71,431		13,856		1,321,150	1,179,521
Less: Accumulated Amortization on Disposals and Writedowns	-	-	181,098	22,515	62,897	-		-		266,510	183,784
Closing Accumulated Amortization	14,235,266	678,881	2,983,784	178,068	775,852	342,738		46,499		19,241,088	18,186,448
Net Tangible Capital Asset	13,846,671	557,921	1,888,591	40,794	547,000	66,973	563,070	92,064	967,454	18,570,538	18,935,018
Proceeds from Disposal of Capital Assets	-	-	6,710	751	-	-				7,461	59,732

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Red River Valley 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada (CPA Canada).

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.

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (the Division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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.

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.

School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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.

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

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

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

With the exception of land acquired prior to June 30, 2006, 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.

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.

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 provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. The Division pays the employer portion of the defined contribution plan administered by the Manitoba School Boards Association (MSBA). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

For those defined benefit self-insured plans that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Adoption of New Accounting Standard – Liability for Contaminated Sites

Effective July 1, 2014, the Division has adopted PS3260 Liability for Contaminated Sites. The standard was applied on a prospective basis and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

4. Bank Overdraft

The Division has an authorized line of credit for its operations of $7,000,000 by way of overdrafts and is repayable on demand at prime less 0.65% (2.20% at June 30, 2015); interest is paid monthly. As at June 30, 2015, the Division's operating line of credit was utilized.

The Division also has an authorized line of credit, temporarily, for capital projects of $3,000,000 by way of overdrafts and is repayable on demand at prime less 0.65% (2.20% at June 30, 2015); interest is paid monthly. Overdrafts are secured by borrowing by-laws. As at June 30, 2015, the Division's line of credit was utilized.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the consolidated financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense which includes pension expense for the year of $316,739 ($313,793 in 2014).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave expense for the year is $11,197 ($34,924 in 2014).

6. Deferred Revenue

The deferral method of accounting is used for revenue 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, 2014	Additions in year	Revenue recognized in year	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ 819,412	2,123,333	2,093,412	849,333
Manitoba Text Book Bureau	-	118,368	116,426	1,942
Tax Incentive Grant	276,601	695,519	693,912	278,208
Other	41,053	67,327	33,663	74,717
	$ 1,137,066	3,004,547	2,937,413	1,204,200

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 years ending 2016 to 2034. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.625% to 8.625%. Debenture interest expense payable as at June 30, 2015, 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 total debenture principal and interest repayments in the next five fiscal years ending are as follows:

2016	$ 1,598,064
2017	1,514,996
2018	1,313,179
2019	1,278,288
2020	1,245,428

8. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds. At June 30, 2015, an amount equal to the liability or $21,114 ($15,248 at June 30, 2014) is included in overdraft on the Consolidated Statement of Financial Position.

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets on page 23 of the consolidated financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the year included in Assets under Construction was nil (previous year nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 529,749	617,010
Undesignated Surplus	508,413	585,290
Non-vested Sick Leave	(157,887)	(146,690)
	$ 880,275	1,055,610
Capital Fund		
Reserve Accounts	$ 217,150	86,298
Equity in Tangible Capital Assets	5,830,229	5,689,856
	$ 6,047,379	5,776,163
Special Purpose Fund		
School Generated Funds	$ 163,016	170,446
Other Special Purpose Funds	-	-
	$ 163,016	170,446
Total Accumulated Surplus	$ 7,090,670	7,002,219

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of Designated Surplus are disclosed on Page 5 of the consolidated financial statements.

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 consolidated financial statements.

	2015	2014
Bus Reserve	$ 57,150	22,781
Vocational Programming Reserve	-	63,517
New Building Reserve	160,000	-
Capital Reserve	$ 217,150	86,298

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; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$10,113,494	9,503,985
Receivable – Due from Municipal – Property Tax	$ 6,051,291	5,697,237

12. Interest Received and Paid

The Division received interest during the year of $7,051($3,156 in 2014); interest paid during the year was $676,493 ($669,126 in 2014).

Interest expense is included in fiscal expenses and is comprised of the following:

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 56,434	59,547
Capital Fund		
Debenture interest	620,017	608,896
Other interest	42	683
	$ 676,493	669,126

The accrual portion of debenture debt interest expense of $218,687 ($244,669 in 2014) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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:

	2015	2014
Salaries	$19,579,886	18,468,356
Employees benefits and allowances	1,638,160	1,552,143
Services	2,634,649	2,597,497
Supplies, materials and minor equipment	2,178,119	2,153,479
Interest	676,493	669,126
Payroll tax	418,591	393,867
Bad debt	1,476	-
Transfers	457,009	411,742
Amortization	1,321,150	1,179,521
Other Capital Items	-	54,402
School generated funds	638,376	570,075
	$29,543,909	28,050,208

14. Financial Instruments

There are no significant terms and conditions related to financial instruments 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.

15. Contingent Liability

Claims have been filed against the Division for incidents that arose in the ordinary course of operations. In the opinion of management, the outcomes of the claims, now pending, are not determinable. Claims are being defended in conjunction with the Division's insurers. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of River East Transcona School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Deloitte 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	Secretary-Treasurer
Colleen Carswell	Vince Mariani

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of River East Transcona School Division

We have audited the following financial statements of River East Transcona School Division (the "Division") as at June 30, 2015, and for the year then ended:

Consolidated – Statement of Financial Position
Consolidated – Statement of Revenue, Expenses and Accumulated Surplus
Consolidated – Statement of Change in Net Debt
Consolidated – Statement of Cash Flow
Operating Fund – Schedule of Financial Position
Operating Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Capital Fund – Schedule of Financial Position
Capital Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Schedule of Tangible Capital Assets
Schedule of Capital Reserve Accounts
Special Purpose Fund – Schedule of Financial Position
Special Purpose Fund – Schedule of Revenue, Expenses and Accumulated Surplus
Notes to the Consolidated Financial Statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the River East Transcona School Division as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the above listed financial statements taken as a whole. The current year's supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in, our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our opinion on these financial statements does not extend to any budget information contained therein.

Deloitte LLP

Chartered Accountants

Winnipeg, Manitoba
October 20, 2015

I hereby certify that the preceding report has been presented to members of the Board of the River East Transcona School Division

October 20, 2015

Original Document Signed

Chairperson of the Board

River East Transcona School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	5,577,786	-
	Due from - Provincial Government	4,378,025	18,555,838
	- Federal Government	371,202	363,290
	- Municipal Government	30,953,635	30,284,017
	- Other School Divisions	3,547	2,253
	- First Nations	7,000	21,400
	Accounts Receivable	121,752	163,541
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		41,412,947	49,390,339
	Liabilities		
	Overdraft	-	14,565,472
	Accounts Payable	1,701,431	1,806,204
	Accrued Liabilities	17,921,123	14,974,686
3	Employee Future Benefits	1,354,283	1,328,921
	Accrued Interest Payable	908,084	948,861
	Due to - Provincial Government	8,047	6,083
	- Federal Government	15,783	22,978
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
4	Deferred Revenue	10,215,142	1,551,636
6	Debenture Debt	36,714,647	35,983,405
7	Other Borrowings	3,293,842	3,639,779
	School Generated Funds Liability	1,487,013	1,310,037
		73,619,395	76,138,062
	Net Debt	(32,206,448)	(26,747,723)
	Non-Financial Assets		
2	Net Tangible Capital Assets (TCA Schedule)	65,005,179	62,675,299
	Inventories	-	-
	Prepaid Expenses	326,477	421,248
		65,331,656	63,096,547
9	**Accumulated Surplus**	33,125,208	36,348,824

See accompanying notes to the Financial Statements

River East Transcona School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		126,102,045	125,334,416
	Federal Government		466,671	400,235
	Municipal Government	- Property Tax	51,698,881	50,478,832
		- Other	-	-
	Other School Divisions		849,432	954,504
	First Nations		112,000	64,377
	Private Organizations and Individuals		2,005,561	2,079,360
	Other Sources		455,307	476,380
	School Generated Funds		761,885	696,629
	Other Special Purpose Funds		-	-
			182,451,782	180,484,733
	Expenses			
	Regular Instruction		99,935,656	96,663,840
	Student Support Services		33,121,988	32,357,156
	Adult Learning Centres		980,149	980,623
	Community Education and Services		1,455,300	1,386,702
	Divisional Administration		5,207,313	5,076,950
	Instructional and Other Support Services		7,313,026	7,055,147
	Transportation of Pupils		3,990,614	3,773,808
	Operations and Maintenance		20,325,067	21,689,487
11	Fiscal	- Interest	2,077,405	2,179,846
		- Other	2,973,546	2,902,994
	Amortization		6,100,925	6,302,933
	Other Capital Items		1,229,776	469,618
	School Generated Funds		768,450	753,462
	Other Special Purpose Funds		-	-
			185,479,215	181,592,566
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(3,027,433)	(1,107,833)
	Less: Non-vested Sick Leave Expense (Recovery)		196,183	128,458
	Net Current Year Surplus (Deficit)		(3,223,616)	(1,236,291)
	Opening Accumulated Surplus		36,348,824	37,585,115
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		36,348,824	37,585,115
	Closing Accumulated Surplus		33,125,208	36,348,824

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(3,223,616)	(1,236,291)
Amortization of Tangible Capital Assets	6,100,925	6,302,933
Acquisition of Tangible Capital Assets	(8,430,805)	(4,680,461)
(Gain) / Loss on Disposal of Tangible Capital Assets	(5,662)	(2,713)
Proceeds on Disposal of Tangible Capital Assets	5,662	2,713
	(2,329,880)	1,622,472
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	94,771	38,422
	94,771	38,422
(Increase)/Decrease in Net Debt	(5,458,725)	424,603
Net Debt at Beginning of Year	(26,747,723)	(27,172,326)
Adjustments Other than Tangible Cap. Assets	-	-
	(26,747,723)	(27,172,326)
Net Debt at End of Year	(32,206,448)	(26,747,723)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(3,223,616)	(1,236,291)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	6,100,925	6,302,933
(Gain)/Loss on Disposal of Tangible Capital Assets	(5,662)	(2,713)
Employee Future Benefits Increase/(Decrease)	25,362	306,692
Due from Other Organizations (Increase)/Decrease	13,513,389	(16,073,486)
Accounts Receivable & Accrued Income (Increase)/Decrease	41,789	(72,288)
Inventories and Prepaid Expenses - (Increase)/Decrease	94,771	38,422
Due to Other Organizations Increase/(Decrease)	(5,231)	194
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,800,887	1,072,837
Deferred Revenue Increase/(Decrease)	8,663,506	(8,452,193)
School Generated Funds Liability Increase/(Decrease)	176,976	(7,404)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	28,183,096	(18,123,297)
Capital Transactions		
Acquisition of Tangible Capital Assets	(8,430,805)	(4,680,461)
Proceeds on Disposal of Tangible Capital Assets	5,662	2,713
Cash Provided by (Applied to) Capital Transactions	(8,425,143)	(4,677,748)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	731,242	(821,165)
Other Borrowings Increase/(Decrease)	(345,937)	(903,157)
Cash Provided by (Applied to) Financing Transactions	385,305	(1,724,322)
Cash and Bank / Overdraft (Increase)/Decrease	20,143,258	(24,525,367)
Cash and Bank (Overdraft) at Beginning of Year	(14,565,472)	9,959,895
Cash and Bank (Overdraft) at End of Year	5,577,786	(14,565,472)

River East Transcona School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements										
	School	Non-School	School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	116,577,954	6,537,137	6,593,505	399,734	3,582,285	13,856,372	1,878,287	2,802,823	2,967,543	155,195,640	153,146,577
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	116,577,954	6,537,137	6,593,505	399,734	3,582,285	13,856,372	1,878,287	2,802,823	2,967,543	155,195,640	153,146,577
Add: Additions during the year	1,510,302	-	506,817	29,701	260,146	1,022,757		213,469	4,887,613	8,430,805	4,680,461
Less: Disposals and write downs	-	-	134,025	28,978	335,669	460,897	-	-	-	959,569	2,631,398
Closing Cost	118,088,256	6,537,137	6,966,297	400,457	3,506,762	14,418,232	1,878,287	3,016,292	7,855,156	162,666,876	155,195,640
Accumulated Amortization											
Opening, as previously reported	73,584,707	3,429,887	4,270,720	276,290	2,405,914	6,810,204		1,742,619		92,520,341	88,848,806
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	73,584,707	3,429,887	4,270,720	276,290	2,405,914	6,810,204		1,742,619		92,520,341	88,848,806
Add: Current period Amortization	2,768,479	219,093	478,232	45,917	370,569	1,927,679		290,956		6,100,925	6,302,933
Less: Accumulated Amortization on Disposals and Writedowns	-	-	134,025	28,978	335,669	460,897		-		959,569	2,631,398
Closing Accumulated Amortization	76,353,186	3,648,980	4,614,927	293,229	2,440,814	8,276,986		2,033,575		97,661,697	92,520,341
Net Tangible Capital Asset	41,735,070	2,888,157	2,351,370	107,228	1,065,948	6,141,246	1,878,287	982,717	7,855,156	65,005,179	62,675,299
Proceeds from Disposal of Capital Assets	-	-	1,967	3,695	-	-				5,662	2,713

* Includes network infrastructure.

1. NATURE OF ORGANIZATION AND ECONOMIC DEPENDENCE

The River East Transcona 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 and is a registered charity under the Income Tax Act.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) *Reporting Entity and Consolidation*

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) *Basis of Accounting*

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Fund Accounting*

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by FRAME in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) *School Generated Funds*

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) *Tangible Capital Assets (continued)*

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 at their estimated fair market value at the time of acquisition.

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset Description	Estimated Useful Life (Years)
Land Improvements	10
Building - Brick, Mortar and Steel	40
Buildings - Wood Frame	25
School Buses	10
Vehicles	5
Equipment	5
Network Infrastructure	10
Computer Hardware, Servers & Peripherals	4
Computer Software	4
Furniture & Fixtures	10
Leasehold Improvements	Over term of lease

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 on a straight line basis 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employee Future Benefits (continued)

Under the Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba, the Division's contribution equals the employee's contributions to the plan. No responsibility is assumed by the Division to make any further contributions.

For non-vesting accumulated sick days, the benefit costs are recognized, if deemed material, based on a projection of expected future utilization of sick time, discounted using not present value techniques.

An employee future benefit liability is accrued for maternity and parental leave top up payments, a self insured benefit obligation that is event driven. The benefit costs are recognized and recorded only in the period the event occurred.

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. Actual results could differ from the estimates. Changes in estimates are recorded in the accounting period in which these changes are determined.

j) Financial Instruments

The Division's financial instruments include cash, accounts receivable, due to/from governments, other schools and First Nations, accounts payable, accrued liabilities and long-term debt.

All financial instruments are initially recognized at fair value when the Division becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

3. EMPLOYEE FUTURE BENEFITS

An employee future benefit liability of $169,275 (2014 - $340,096) has been accrued as at June 30, 2015 relating to maternity and parental leave top up payments. The employee future benefit expense is a part of the Employee Benefits and Allowances expense account.

Non-vested accumulated sick leave benefits are measured using net present value techniques of 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 is $1,185,008 (2014 - $988,825).

During the year ended June 30, 2015, the employer contributions to the Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba amounted to $1,855,439 (2014 - $1,848,728). This amount has been expensed in the Division's financial statements for the year ended June 30, 2015.

4. 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, 2014	Additions in the period	Revenue Recognized in the period	Balance as at June 30, 2015
Province of MB – EPTC*	$ -	$ 8,708,171	$ -	**$ 8,708,171**
Province of MB – Other	136,210	266,222	258,568	**143,864**
Tuition Fees	652,062	660,954	652,061	**660,955**
Donated Capital Asset	646,834	71,953	128,740	**590,047**
Miscellaneous	116,530	234,595	239,020	**112,105**
	$ 1,551,636	$ 9,941,895	$ 1,278,389	**$10,215,142**

*EPTC = Education Property Tax Credit

5. 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 $1,487,013 (2014 - $1,310,037).

6. DEBENTURE DEBT

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in equal yearly installments and maturing at various dates from 2015 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.625% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	$ 2,807,124	$ 1,879,694	$ 4,686,818
2017	2,779,538	1,715,284	4,494,822
2018	2,841,079	1,557,490	4,398,569
2019	2,893,121	1,398,073	4,291,194
2020	2,613,292	1,236,149	3,849,441
	$ 13,934,154	$ 7,786,690	$ 21,720,844

7. OTHER BORROWINGS

Other borrowings are debts other than overdrafts and includes obligations related to capital leases and debentures for self-funded capital projects.

Capital lease loans have interest rates ranging from 1.56% to 3.87% per annum and have lease terms that expire between 2016 to 2019. These loans are secured by the assets to which the leases relate.

Principal and interest repayments related to obligations under capital leases are as follows:

	Principal	Interest	Total
2016	$ 1,048,250	$ 60,413	$ 1,108,663
2017	638,325	29,753	668,078
2018	196,138	10,869	207,007
2019	122,692	4,740	127,432
2020	23,480	754	24,234
	$ 2,028,885	$ 106,529	$ 2,135,414

7. OTHER BORROWINGS (continued)

The debentures for self-funded capital projects are in the form of twenty year debt payable, principal and interest in equal yearly installments and maturing in 2022. These self-funded debentures carry interest rates of 6.875%. The principal and interest repayments for the debentures in the next five years are:

	Principal	Interest	Total
2016	$ 146,729	$ 86,966	$ 233,695
2017	156,816	76,879	233,695
2018	167,598	66,097	233,695
2019	179,120	54,575	233,695
2020	191,435	42,260	233,695
	$ 841,698	$ 326,777	$ 1,168,475

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 asset class. The amount of interest capitalized in the period included in Assets under Construction was $5,865 (2014 - $8,725). Included in net tangible capital assets are assets relating to obligations under capital lease for the gross amount, accumulated amortization and net book value at June 30, 2015 are $8,309,592, $5,799,263 and $2,510,329 respectively.

9. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	**$ 2,334,449**	$ 3,925,308
Undesignated Surplus	**4,037,284**	4,006,194
Non-Vested Sick Leave	**(1,185,008)**	(988,825)
	$ 5,186,725	$ 6,942,677
Capital Fund		
Reserve Accounts	**$ 4,852,675**	$ 7,846,001
Equity in Tangible Capital Assets	**22,753,340**	21,221,113
	$ 27,606,015	$ 29,067,114
Special Purpose Fund		
School Generated Funds	**$ 332,468**	$ 339,033
Total Accumulated Surplus	**$ 33,125,208**	$ 36,348,824

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a detailed breakdown of the Designated Surplus.

9. ACCUMULATED SURPLUS (continued)

	2015	2014
Board approved appropriation by motion	**$ 1,193,248**	$ 2,905,774
School budget carryovers by board policy	**1,141,201**	1,019,534
Designated surplus	**$ 2,334,449**	$ 3,925,308

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 pages 24 and 24A of the audited financial statements.

	2015	2014
Bus reserve	**$ 93,313**	$ 115,406
Other reserve	**4,759,363**	7,730,595
Capital reserve	**$ 4,852,676**	$ 7,846,001

School Generated Funds and Other Special Purpose Funds are externally restricted monies for school use.

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 student's 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% from 2013 tax year and 60% from 2014 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	**$ 51,698,881**	$ 50,478,832
Receivable-Due from Municipal Government-Property Tax	**$ 30,953,635**	$ 30,284,017

11. INTEREST RECEIVED AND PAID

The Division received interest during the year of $147,164 (2014 - $166,099).

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

	2015	2014
Operating Fund		
Fiscal-Short Term Loan, Interest and Bank Charges	**$ 27,211**	$ 20,842
Capital Fund		
Debenture Debt Interest	**$ 1,987,227**	$ 2,081,334
Interest on Obligation under Capital Lease	**61,933**	76,058
Other Interest	**1,034**	1,612
	$ 2,050,194	$ 2,159,004
Total Fiscal – Interest	**$ 2,077,405**	$ 2,179,846

The accrued portion of debenture debt interest expense at June 30, 2015 of $908,084 (2014-$948,861) 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 2015	Budget 2015	Actual 2014
Salaries	**$ 139,583,385**	$137,740,032	$136,220,793
Employees benefits & allowances	**10,376,000**	10,025,000	9,980,497
Services	**13,665,279**	13,127,522	13,696,377
Supplies, materials, minor equipment	**8,127,545**	6,530,136	8,492,938
Interest	**2,077,405**	31,000	2,179,846
School Divisions	**527,296**	-	548,218
Other operating expenses	**49,608**	37,300	44,890
Payroll tax	**2,973,546**	3,000,000	2,902,994
Amortization	**6,100,925**	-	6,302,933
Other capital items	**1,229,776**	-	469,618
School generated funds	**768,450**	-	753,462
	$ 185,479,215	$170,490,990	$181,592,566

13. 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 la Division scolaire franco-manitobaine. As at June 30, 2015, the amount of this special levy was $1,114,510 (2014 - $1,009,942). These amounts are not included in the Division's consolidated financial statements.

14. TRUST FUND

The Division administers the following trust funds, which are not reflected in the financial statements:

	2015	2014
Scholarship Funds		
Balance, beginning of year	**$ 289,929**	$ 296,757
Cash contributions received during the year	**16,004**	11,165
Interest income	**2,817**	3,047
Scholarships awarded	**(23,968)**	(21,040)
Balance, end of year	**$ 284,782**	$ 289,929
Assets		
Cash and investments	**$ 284,782**	$ 289,929

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Division is exposed to credit, liquidity and interest rate risks in respect of its use of financial instruments.

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to the counter party. The financial instruments that potentially subject the Division to credit risk consist principally of accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Division's maximum possible exposure to credit risk is as follows:

	2015	2014
Cash	**$ 5,577,786**	$ -
Due from – Provincial Government	**4,378,025**	18,555,838
– Federal Government	**371,202**	363,290
– Municipal Government	**30,953,635**	30,284,017
– Other School Divisions	**3,547**	2,253
– First Nations	**7,000**	21,400
Accounts Receivable	**121,752**	163,541

The Division's accounts receivable consist largely of the grants and revenues to be received from local, provincial, and federal governments. The Division is not exposed to significant credit risk as payments in full are typically collected when due.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk relates to the Division's ability to access sufficient funds to meet its financial commitments. The following table details the Fund's remaining contractual maturities for its financial liabilities.

	Due < 1 year	Due > 1 year, < 2 years	Due > 2 years, < 3 years	Due > 3 years, <4 years	Due > 4 years, < 5 years	Due > 5 years
	$	$ -	$ -	$ -	$ -	$ -
Accounts Payable	1,701,431	-	-	-	-	-
Accrued Liabilities	17,921,123	-	-	-	-	-
Due to Governments	23,830	-	-	-	-	-
Debenture Debt	2,807,124	2,779,538	2,841,079	2,893,121	2,613,292	22,780,493
Other Borrowings	1,227,370	805,923	352,954	269,420	214,915	423,260

The Division's primary liquidity risk relates to its liability for debenture debt. The Division does not have material liabilities that can be called unexpectedly at the demand of a lender, and has no material commitments for capital expenditures, or need for same, in the normal course of business. As payment of principal and interest is funded entirely by grants from the Province of Manitoba, the Division is not exposed to significant liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to debenture debt.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Rolling River 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 the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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
Chairperson

Original Document Signed
Secretary-Treasurer

November 10, 2015

Independent Auditors' Report

To the Board of Trustees of Rolling River School Division

We have audited the accompanying consolidated financial statements of Rolling River School Division, which comprise the consolidated statement of financial position as at June 30, 2015 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rolling River School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

MNP LLP
Chartered Accountants

Brandon, Manitoba
November 10, 2015

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Rolling River School Division.

Original Document Signed
Chairperson of the Board

Date

MNP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,051,910	2,024,458
	- Federal Government	64,082	79,098
9	- Municipal Government	4,360,260	4,402,970
	- Other School Divisions	-	-
	- First Nations	376,565	358,755
	Accounts Receivable	125,856	91,804
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		5,978,673	6,957,085
	Liabilities		
3	Overdraft	2,776,385	3,391,802
	Accounts Payable	391,415	841,114
	Accrued Liabilities	315,476	257,027
4	Employee Future Benefits	112,328	62,021
	Accrued Interest Payable	123,100	146,679
	Due to - Provincial Government	8,250	1,777
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Deferred Revenue	-	-
6	Debenture Debt	6,215,085	6,406,100
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		9,942,039	11,106,520
	Net Debt	(3,963,366)	(4,149,435)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	10,560,527	10,254,415
	Inventories	-	-
	Prepaid Expenses	923,299	695,816
		11,483,826	10,950,231
8	**Accumulated Surplus**	7,520,460	6,800,796

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		14,948,182	14,651,470
	Federal Government		78,583	29,315
	Municipal Government	- Property Tax	7,573,002	7,649,650
		- Other	-	-
	Other School Divisions		93,038	72,605
	First Nations		1,278,713	1,172,444
	Private Organizations and Individuals		32,007	39,415
	Other Sources		110,022	149,389
	School Generated Funds		588,037	594,268
	Other Special Purpose Funds		-	-
			24,701,584	24,358,556
	Expenses			
	Regular Instruction		13,086,582	12,780,991
	Student Support Services		2,761,106	2,762,483
	Adult Learning Centres		117,092	115,224
	Community Education and Services		35,539	31,932
	Divisional Administration		923,112	894,874
	Instructional and Other Support Services		753,335	715,010
	Transportation of Pupils		1,509,700	1,530,328
	Operations and Maintenance		2,467,493	2,414,851
10	Fiscal	- Interest	369,742	369,884
		- Other	352,869	370,587
	Amortization		969,573	847,011
	Other Capital Items		-	24,760
	School Generated Funds		585,470	567,527
	Other Special Purpose Funds		-	-
			23,931,613	23,425,462
	Current Year Surplus (Deficit) before Non-vested Sick Leave		769,971	933,094
	Less: Non-vested Sick Leave Expense (Recovery)		50,307	7,757
	Net Current Year Surplus (Deficit)		719,664	925,337
	Opening Accumulated Surplus		6,800,796	5,875,459
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		6,800,796	5,875,459
	Closing Accumulated Surplus		7,520,460	6,800,796

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	719,664	925,337
Amortization of Tangible Capital Assets	969,573	847,011
Acquisition of Tangible Capital Assets	(1,275,685)	(2,243,056)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(306,112)	(1,396,045)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(227,483)	213,769
	(227,483)	213,769
(Increase)/Decrease in Net Debt	186,069	(256,939)
Net Debt at Beginning of Year	(4,149,435)	(3,892,496)
Adjustments Other than Tangible Cap. Assets	-	-
	(4,149,435)	(3,892,496)
Net Debt at End of Year	(3,963,366)	(4,149,435)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	719,664	925,337
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	969,573	847,011
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	50,307	7,757
Due from Other Organizations (Increase)/Decrease	1,012,464	(1,569,893)
Accounts Receivable & Accrued Income (Increase)/Decrease	(34,052)	62,133
Inventories and Prepaid Expenses - (Increase)/Decrease	(227,483)	213,769
Due to Other Organizations Increase/(Decrease)	6,473	(412)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(414,829)	(1,409,171)
Deferred Revenue Increase/(Decrease)	-	(289,906)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,082,117	(1,213,375)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,275,685)	(2,243,056)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(1,275,685)	(2,243,056)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(191,015)	(18,781)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(191,015)	(18,781)
Cash and Bank / Overdraft (Increase)/Decrease	615,417	(3,475,212)
Cash and Bank (Overdraft) at Beginning of Year	(3,391,802)	83,410
Cash and Bank (Overdraft) at End of Year	(2,776,385)	(3,391,802)

Rolling River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	20,024,177	1,022,730	3,556,949	430,683	274,986	77,373	153,468	-	480,197	26,020,563	23,777,507
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	20,024,177	1,022,730	3,556,949	430,683	274,986	77,373	153,468	-	480,197	26,020,563	23,777,507
Add:											
Additions during the year	683,794	-	301,224	41,160	352,800	330,303	-	-	(433,596)	1,275,685	2,243,056
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-		-	-
Closing Cost	20,707,971	1,022,730	3,858,173	471,843	627,786	407,676	153,468	-	46,601	27,296,248	26,020,563
Accumulated Amortization											
Opening, as previously reported	12,862,432	98,460	2,230,875	338,615	194,786	40,980		-		15,766,148	14,919,137
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	12,862,432	98,460	2,230,875	338,615	194,786	40,980		-		15,766,148	14,919,137
Add:											
Current period Amortization	545,817	25,568	244,352	31,484	61,722	60,630		-		969,573	847,011
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	13,408,249	124,028	2,475,227	370,099	256,508	101,610		-		16,735,721	15,766,148
Net Tangible Capital Asset	7,299,722	898,702	1,382,946	101,744	371,278	306,066	153,468	-	46,601	10,560,527	10,254,415
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

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

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.

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	N/A	N/A
Land Improvements **(1)**	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles **(2)**	10,000	5
Equipment **(3)**	10,000	5
Network Infrastructure **(4)**	25,000	10
Computer Hardware, Servers & Peripherals **(5)**	5,000	4
Computer Software **(6)**	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 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.

However, the Division provides other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known. Effective with the 2009/2010 fiscal year, expected future payment of non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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, investments, and 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 line of credit with Minnedosa Credit Union of $6,500,000 by way of overdrafts and is repayable on demand at prime less 0.75%, interest is paid monthly. Overdrafts are secured by borrowing by law.

4. Employee Future Benefits

Employee future benefits are benefits earned by employees in the current period, but will not be paid out until future periods. Expected future payment of non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefit.

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 benefits cost for 2014/15 is an increase of the liability in the amount of $50,307.

The Division sponsors a defined contribution pension plan. The defined contribution plan is provided to support employees based on their length of service and rates of pay. Eligible employees contribute 10.65% to 12.65% of their earnings to the plan. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

Long term disability benefits are covered by an insured plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution and amortized actuarial gains for the period. Any related pension interest expense is recorded under the Interest and Bank Charges account of the Operating Fund.

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, 2014	Additions in the period	Recognized in the period	Balance as at June 30, 2015
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
General Support Grant	-		-	-
Education Property Tax Credit	-	-	-	-
	$ -	$ -	$ -	$ -

6. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.38 % to 8.38 %. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest
2015/16	$ 528,570	$ 308,270
2016/17	560,234	276,606
2017/18	539,775	242,984
2018/19	545,650	211,662
2019/20	474,529	180,173
	$ 2,648,758	$ 1,219,695

7. 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. The amount of interest capitalized in the period included in Assets under Construction was nil.

	Gross Amount	Accumulated Amortization	2015 Net Book Value
Owned-tangible capital assets	$ 27,296,248	$ 16,735,721	$ 10,560,527
Capital lease	-	-	-
	$ 27,296,248	$ 16,735,721	$ 10,560,527

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	-
Undesignated Surplus	823,811
Non-vested sick leave	(112,328)
	711,483
Capital Fund	
Reserve Accounts	2,342,665
Equity in Tangible Capital Assets	4,272,092
	6,614,757
Special Purpose Fund	
School Generated Funds	194,220
Other Special Purpose Funds	
	194,220
Total Accumulated Surplus	$ 7,520,460

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015
Board approved appropriation by motion	
School budget carryovers by board policy	-
Designated surplus	$ -

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 pages 24 and 24A of the audited financial statements.

	2015
Bus reserves	809,572
Other reserves	1,533,093
Division Office Development and Renvovations $789,270	
High School Water and Sewer Replacement $400,000	
Gym Floor Replacment $93,823	
Dust Collector $250,000	
Capital Reserve	$ 2,342,665

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2015
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

9. Municipal Government – Property Tax and related Due from Municipal

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students who reside in the division. The Municipal Government-Property Tax shown on the consolidated statement of revenue and expense is raised over the two calendar (tax) years; 42.3% from 2014 tax year and 57.7% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 7,573,002	$ 7,649,650
Receivable-Due from Municipal-Property Tax	$ 4,360,260	$ 4,402,970

10. Interest Received and Paid

The Division received interest during the year of $4,216 (previous year $15,928); interest paid during the year was $369,742 (previous year $369,884).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 38,047
Capital Fund	
Debenture debt interest	331,695
Other interest	-
	$ 369,742

The pension and other employee benefit interest expenses of $0 are included under the Operating Fund-Fiscal-short term loan, interest and bank charges.

The accrual portion of debenture debt interest expense of $123,100 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. Allowance for Doubtful Accounts

All receivables presented on the consolidated statement of financial position are net of an allowance for doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2015:

	2015
Allowance for doubtful accounts deducted from Receivable below:	
Due from First Nations	
Accounts Receivable	
	NIL
Bad debts expense (included in fiscal-Other)	NIL

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 2015	Budget 2015	Actual 2014
Salaries	$ 16,663,625	$ 16,824,150	$ 15,847,663
Employees benefits & allowances	1,230,861	1,272,770	1,248,911
Services	1,766,950	1,964,055	1,894,512
Supplies, materials & minor equipment	1,783,254	1,645,100	2,016,269
Interest	369,742	50,000	369,884
Transfers	209,269	278,250	238,338
Payroll tax	352,869	355,000	370,587
Amortization	969,573		847,011
Other capital items			24,760
School generated funds	585,470		567,527
Other special purpose funds			
	$ 23,931,613	$ 22,389,325	$ 23,425,462

13. Non Financial Information

The 2015 figures for transportation statistics, full time equivalent personnel and senior staff allocations are unaudited and have been presented for information purposes only.

14. 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, 2015, the amount of this special levy was $34,624 (previous year $40,257). These amounts are not included in the Division's consolidated financial statements.

15. High Speed Connectivity Agreement

The Division has entered into a long term service agreement with Westman Communications Group to provide high speed internet and wide area network service for the majority of schools and the Division Offices in the division. The initial term of the agreement is from 10 years and there are two options to renew for a further five years each. The Division Offices and all schools except Hutterite Colony Schools and Oak River Elementary School are covered by the agreement and will utilize fiber optic cable technology. Hutterite Colony Schools and Oak River Elementary schools are not included in the agreement. The Division has paid $1,250,000 net of taxes for this service to cover the initial 10 year service period.

16. Adoption of New Accounting Policy

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

Rivière Seine River

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Seine River School Division ("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 established by the Public Sector Accounting Board of Chartered Professional Accountants 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 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 BDO Canada LLP, independent external auditor, appointed by the Board of Trustees. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed

Paul Ilchena, CPA, CGA
Secretary-Treasurer

October 27, 2015

BDO

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Independent Auditor's Report

To the Chairperson and Board of Trustees of Seine River School Division

We have audited the accompanying consolidated financial statements of Seine River School Division ("Division"), which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Seine River School Division as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 27, 2015

I hereby certify that this report and the statements, schedules and reports referenced herein have been presented to the Members of the Board of Trustees of the above-mentioned Division.

Oct 27/15
Date

Original Document Signed
Chairperson

Seine River School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,171,338	3,717,444
	- Federal Government	139,514	139,527
	- Municipal Government	8,399,761	7,529,651
	- Other School Divisions	281	-
	- First Nations	-	-
	Accounts Receivable	54,859	85,465
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		9,765,753	11,472,087
	Liabilities		
4	Overdraft	3,067,392	6,588,006
	Accounts Payable	1,481,581	1,837,599
	Accrued Liabilities	625,606	398,389
5	Employee Future Benefits	182,334	208,826
	Accrued Interest Payable	570,118	589,310
	Due to - Provincial Government	149,570	142,106
	- Federal Government	1,858,697	2,068,828
	- Municipal Government	69,575	69,816
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	1,463,080	4,398
7	Debenture Debt	27,524,152	27,907,861
	Other Borrowings	-	-
	School Generated Funds Liability	45,977	28,801
		37,038,082	39,843,940
	Net Debt	(27,272,329)	(28,371,853)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	37,072,051	36,373,724
	Inventories	-	-
	Prepaid Expenses	43,868	712,906
		37,115,919	37,086,630
10	**Accumulated Surplus**	9,843,590	8,714,777

See accompanying notes to the Financial Statements

Seine River School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		37,044,569	35,613,332
	Federal Government		20,711	4,861
11	Municipal Government	- Property Tax	12,510,069	10,990,895
		- Other	-	-
	Other School Divisions		263,994	288,980
	First Nations		41,964	55,640
	Private Organizations and Individuals		45,098	43,450
	Other Sources		138,523	77,705
	School Generated Funds		780,634	1,035,646
	Other Special Purpose Funds		-	-
			50,845,562	48,110,509
13	**Expenses**			
	Regular Instruction		26,027,136	23,939,690
	Student Support Services		7,572,025	7,711,600
	Adult Learning Centres		296,541	293,136
	Community Education and Services		197,053	179,371
	Divisional Administration		1,622,228	1,411,835
	Instructional and Other Support Services		1,531,610	1,416,595
	Transportation of Pupils		3,002,112	2,967,277
	Operations and Maintenance		4,618,770	4,359,874
12	Fiscal	- Interest	1,377,545	1,415,268
		- Other	737,279	705,614
	Amortization		2,020,019	1,906,023
	Other Capital Items		-	-
8	School Generated Funds		740,923	1,035,045
	Other Special Purpose Funds		-	-
			49,743,241	47,341,328
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,102,321	769,181
5	Less: Non-vested Sick Leave Expense (Recovery)		(26,492)	76,850
	Net Current Year Surplus (Deficit)		1,128,813	692,331
	Opening Accumulated Surplus		8,714,777	8,022,446
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		8,714,777	8,022,446
10	**Closing Accumulated Surplus**		9,843,590	8,714,777

See accompanying notes to the Financial Statements

Seine River School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	1,128,813	692,331
Amortization of Tangible Capital Assets	2,020,019	1,906,023
Acquisition of Tangible Capital Assets	(2,730,617)	(2,465,893)
(Gain) / Loss on Disposal of Tangible Capital Assets	7,771	(8,400)
Proceeds on Disposal of Tangible Capital Assets	4,500	8,400
	(698,327)	(559,870)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	669,038	(590,395)
	669,038	(590,395)
(Increase)/Decrease in Net Debt	1,099,524	(457,934)
Net Debt at Beginning of Year	(28,371,853)	(27,913,919)
Adjustments Other than Tangible Cap. Assets	-	-
	(28,371,853)	(27,913,919)
Net Debt at End of Year	(27,272,329)	(28,371,853)

Seine River School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	1,128,813	692,331
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,020,019	1,906,023
(Gain)/Loss on Disposal of Tangible Capital Assets	7,771	(8,400)
Employee Future Benefits Increase/(Decrease)	(26,492)	76,850
Due from Other Organizations (Increase)/Decrease	1,675,728	(2,991,899)
Accounts Receivable & Accrued Income (Increase)/Decrease	30,606	(14,474)
Inventories and Prepaid Expenses - (Increase)/Decrease	669,038	(590,395)
Due to Other Organizations Increase/(Decrease)	(202,908)	130,248
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(147,993)	580,244
Deferred Revenue Increase/(Decrease)	1,458,682	(1,786,332)
School Generated Funds Liability Increase/(Decrease)	17,176	13,242
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	6,630,440	(1,992,562)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,730,617)	(2,465,893)
Proceeds on Disposal of Tangible Capital Assets	4,500	8,400
Cash Provided by (Applied to) Capital Transactions	(2,726,117)	(2,457,493)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(383,709)	(459,477)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(383,709)	(459,477)
Cash and Bank / Overdraft (Increase)/Decrease	3,520,614	(4,909,532)
Cash and Bank (Overdraft) at Beginning of Year	(6,588,006)	(1,678,474)
Cash and Bank (Overdraft) at End of Year	(3,067,392)	(6,588,006)

Seine River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	50,867,705	3,062,701	5,822,240	163,792	817,076	450,051	451,886	40,533	510,297	62,186,281	59,995,630
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	50,867,705	3,062,701	5,822,240	163,792	817,076	450,051	451,886	40,533	510,297	62,186,281	59,995,630
Add: Additions during the year	1,528,835	-	419,412	29,175	-	1,016,808	-	108,174	(371,787)	2,730,617	2,465,893
Less: Disposals and write downs	-	-	-	24,543	-	-	-	-		24,543	275,242
Closing Cost	52,396,540	3,062,701	6,241,652	168,424	817,076	1,466,859	451,886	148,707	138,510	64,892,355	62,186,281
Accumulated Amortization											
Opening, as previously reported	20,268,181	905,734	3,530,528	122,028	598,852	385,207		2,027		25,812,557	24,181,776
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	20,268,181	905,734	3,530,528	122,028	598,852	385,207		2,027		25,812,557	24,181,776
Add: Current period Amortization	1,368,933	96,511	383,981	11,154	55,100	94,878		9,462		2,020,019	1,906,023
Less: Accumulated Amortization on Disposals and Writedowns	-		-	12,272	-	-		-		12,272	275,242
Closing Accumulated Amortization	21,637,114	1,002,245	3,914,509	120,910	653,952	480,085		11,489		27,820,304	25,812,557
Net Tangible Capital Asset	30,759,426	2,060,456	2,327,143	47,514	163,124	986,774	451,886	137,218	138,510	37,072,051	36,373,724
Proceeds from Disposal of Capital Assets	-	-	-	4,500	-	-				4,500	8,400

* Includes network infrastructure.

Nature of Organization and Economic Dependence

The Seine River 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 and is a registered charity under the Income Tax Act.

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

1. **Significant Accounting Policies**

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada (CPA Canada).

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.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

School Generated Funds

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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.

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

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

All land acquired prior to June 30, 2006 has been valued by the Crown Lands and Property Agency.

With the exception of land acquired prior to June 30, 2006, 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.

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.

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 provides parental leave benefits to all certified teachers of the Division.

The Division provides retirement and other future benefits to its administrative employees. These benefits include defined contribution pension and parental leave. The Division adopted the following policy with respect to accounting for these employee future benefits:

Defined Contribution Pension Plan

The Division pays the employer portion of a defined contribution plan handled by the Manitoba School Boards Association (MSBA) for administrative employees. Under this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Defined Benefit/Self-Insured Employee Future Benefit Plans

For those defined benefit self-insured plans that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. Adoption of New Accounting Standard – Liability for Contaminated Sites

Effective July 1, 2014, the Division has adopted PS3260 Liability for Contaminated Sites. The standard was applied on a prospective and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

3. Bank Overdraft

The Division has an authorized line of credit for a maximum of $10,000,000 by way of overdrafts and is repayable on demand at prime less 0.75% (effective rate of 2.10% at June 30, 2015); interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account, which includes pension expense for the year of $395,459 ($391,214 in 2014).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave recovery for the year is $26,492 ($76,850 expense in 2014).

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, 2014	Additions in year	Revenue recognized in year	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ -	6,011,868	4,556,721	1,455,147
Other	4,398	7,070	3,535	7,933
	$ 4,398	6,018,938	4,560,256	1,463,080

6. 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 2015 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.38% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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 total debenture principal and interest repayments in the next five fiscal years ending are as follows:

2016	$ 3,316,745
2017	3,123,085
2018	2,964,297
2019	2,726,613
2020	2,389,698

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds. At June 30, 2015, an amount equal to the liability or $45,977 ($28,801 at June 30, 2014) is included in overdraft on the Consolidated Statement of Financial Position.

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the consolidated financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was nil (nil in 2014).

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ 317,181	214,922
Undesignated	1,419,147	1,424,811
Non-vested Sick Leave	(182,334)	(208,826)
	1,553,994	1,430,907
Capital Fund		
Reserve Accounts	82,045	79,506
Equity in Tangible Capital Assets	7,878,179	6,914,703
	7,960,224	6,994,209
Special Purpose Fund		
School Generated Funds	329,372	289,661
Other School Generated Funds	-	-
	329,372	289,661
Total Accumulated Surplus	$ 9,843,590	8,714,777

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of the Designated Surplus as disclosed at page 5 of the consolidated financial statements are as follows:

	2015	2014
School budget carryovers	$ 157,911	79,476
Grounds improvement	159,270	135,446
Designated Surplus	$ 317,181	214,922

10. Accumulated Surplus (continued)

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 consolidated financial statements.

	2015	2014
Bus Reserve	$ 28,992	26,453
Board Office Roof Replacement Reserve	53,053	53,053
Capital Reserve	$ 82,045	79,506

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; 42% from 2014 tax year and 58% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 12,510,069	10,990,895
Receivable – Due from Municipal – Property Tax	$ 8,399,761	7,529,651

12. Interest Received and Paid

The Division received interest during the year of $1,657 ($3,651 in 2014); interest paid during the year was $1,377,545 ($1,415,268 in 2014).

Interest expense for the year ended June 30, 2015 is comprised of the following:

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 53,531	38,623
Capital Fund		
Debenture interest	1,324,014	1,376,645
	$ 1,377,545	1,415,268

The accrual portion of debenture debt interest expense of $570,118 ($589,310 in 2014) included under the Capital Fund - Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba of $570,118 as at June 30, 2015 ($589,310 in 2014).

13. 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:

	2015	2014
Salaries	$ 34,700,030	32,489,636
Employees benefits and allowances	2,594,027	2,805,076
Services	3,926,458	3,510,176
Supplies, materials and minor equipment	3,062,278	2,817,884
Interest	1,377,545	1,415,268
Payroll tax	737,279	705,614
Amortization	2,020,019	1,906,023
Transfers	584,682	656,606
School generated funds	740,923	1,035,045
Non-vested sick leave expense (recovery)	(26,492)	76,850
	$ 49,716,749	47,418,178

14. Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, 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.

15. Commitments

The Division has equipment lease agreements with future annual payments as follows for the fiscal years ending:

2016	$ 359,905
2017	231,420
2018	196,149
2019	128,248

The overdraft balance presented on the consolidated statement of financial position includes an amount of $446,473 relating to the purchase and establishment of the Bus/Maintenance Facility acquired in fiscal year end 2009, an amount of $232,610 relating to the Energy Savings Retrofit project completed in fiscal year end 2011, and $703,807 relating to the LAN upgrade project completed in fiscal year end 2015. These amounts will be recovered from future operating budget appropriations by transfers from the Operating Fund to the Capital Fund. The planned annual appropriation is $75,000 for the Bus/Maintenance Facility, $39,000 for the Energy Savings Retrofit project, and $138,000 for the LAN upgrade project until the entire balance has been recovered. The annual appropriations may change in the future based on available funding.

16. Trust Funds

The school division does not administer trust funds. As such, a separate schedule has not been attached to the notes to financial statements.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Seven Oaks School Division are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. 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	Secretary-Treasurer

October 26, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

We have audited the accompanying consolidated financial statements of Seven Oaks School Division, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These consolidated financial statements have been prepared to comply with the Public Schools Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Seven Oaks School Division as at June 30, 2015, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Professional Accountants

October 26, 2015

Winnipeg, Canada

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Seven Oaks School Division.

Original Document Signed	Oct. 29 2015
Chairperson of the Board	Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	6,186,735	13,372,562
	- Federal Government	425,585	502,822
	- Municipal Government	20,078,619	18,692,622
	- Other School Divisions	5,401	394
	- First Nations	482,400	434,300
	Accounts Receivable	485,823	630,478
	Accrued Investment Income	-	-
	Portfolio Investments	461,250	-
		28,125,813	33,633,178
	Liabilities		
3	Overdraft	16,710,637	21,998,755
	Accounts Payable	4,776,321	7,065,029
	Accrued Liabilities	1,669,944	1,185,075
4	Employee Future Benefits	480,708	422,895
	Accrued Interest Payable	1,299,112	1,137,286
	Due to - Provincial Government	402,880	384,534
	- Federal Government	4,593,069	265,068
	- Municipal Government	86,963	96,334
	- Other School Divisions	13,497	68,842
	- First Nations	-	-
6	Deferred Revenue	5,101,184	138,040
8	Debenture Debt	68,000,158	57,301,488
9	Other Borrowings	9,105,939	9,603,813
	School Generated Funds Liability	412,927	461,699
		112,653,339	100,128,858
	Net Debt	(84,527,526)	(66,495,680)
	Non-Financial Assets		
10	Net Tangible Capital Assets (TCA Schedule)	126,827,968	108,538,206
	Inventories	766	-
	Prepaid Expenses	270,640	182,169
		127,099,374	108,720,375
	Accumulated Surplus	42,571,848	42,224,695

See accompanying notes to the Financial Statements

Seven Oaks School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		94,690,804	90,960,045
	Federal Government		837,583	628,944
	Municipal Government	- Property Tax	33,516,763	31,216,201
		- Other	494	-
	Other School Divisions		1,080,548	1,108,396
	First Nations		648,800	525,200
	Private Organizations and Individuals		1,121,809	1,095,425
	Other Sources		187,097	357,720
	School Generated Funds		70,791	118,196
	Other Special Purpose Funds		-	-
			132,154,689	126,010,127
	Expenses			
	Regular Instruction		72,904,555	69,063,996
	Student Support Services		22,188,756	20,726,279
	Adult Learning Centres		748,478	820,718
	Community Education and Services		1,776,701	1,443,237
	Divisional Administration		3,615,834	3,249,964
	Instructional and Other Support Services		4,602,622	4,595,347
	Transportation of Pupils		3,791,253	3,560,924
	Operations and Maintenance		11,551,194	10,869,061
13	Fiscal	- Interest	3,526,129	2,885,199
		- Other	2,005,481	1,922,514
	Amortization		4,721,537	3,964,266
	Other Capital Items		284,680	51,054
	School Generated Funds		32,503	115,649
	Other Special Purpose Funds		-	-
			131,749,723	123,268,208
	Current Year Surplus (Deficit) before Non-vested Sick Leave		404,966	2,741,919
	Less: Non-vested Sick Leave Expense (Recovery)		57,813	(126,676)
	Net Current Year Surplus (Deficit)		347,153	2,868,595
	Opening Accumulated Surplus		42,224,695	39,356,100
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		42,224,695	39,356,100
	Closing Accumulated Surplus		42,571,848	42,224,695

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	347,153	2,868,595
Amortization of Tangible Capital Assets	4,721,537	3,964,266
Acquisition of Tangible Capital Assets	(23,011,299)	(25,833,303)
(Gain) / Loss on Disposal of Tangible Capital Assets	(6,000)	(176,296)
Proceeds on Disposal of Tangible Capital Assets	6,000	15,339
	(18,289,762)	(22,029,994)
Inventories (Increase)/Decrease	(766)	-
Prepaid Expenses (Increase)/Decrease	(88,471)	85,366
	(89,237)	85,366
(Increase)/Decrease in Net Debt	(18,031,846)	(19,076,033)
Net Debt at Beginning of Year	(66,495,680)	(47,419,647)
Adjustments Other than Tangible Cap. Assets	-	-
	(66,495,680)	(47,419,647)
Net Debt at End of Year	(84,527,526)	(66,495,680)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	347,153	2,868,595
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	4,721,537	3,964,266
(Gain)/Loss on Disposal of Tangible Capital Assets	(6,000)	(176,296)
Employee Future Benefits Increase/(Decrease)	57,813	(126,676)
Due from Other Organizations (Increase)/Decrease	5,823,960	(8,434,536)
Accounts Receivable & Accrued Income (Increase)/Decrease	144,655	(469,208)
Inventories and Prepaid Expenses - (Increase)/Decrease	(89,237)	85,366
Due to Other Organizations Increase/(Decrease)	4,281,631	(25,621)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,642,013)	617,409
Deferred Revenue Increase/(Decrease)	4,963,144	(4,898,417)
School Generated Funds Liability Increase/(Decrease)	(48,772)	4,398
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	18,553,871	(6,590,720)
Capital Transactions		
Acquisition of Tangible Capital Assets	(23,011,299)	(25,833,303)
Proceeds on Disposal of Tangible Capital Assets	6,000	15,339
Cash Provided by (Applied to) Capital Transactions	(23,005,299)	(25,817,964)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(461,250)	-
Cash Provided by (Applied to) Investing Transactions	(461,250)	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	10,698,670	15,003,303
Other Borrowings Increase/(Decrease)	(497,874)	1,471,817
Cash Provided by (Applied to) Financing Transactions	10,200,796	16,475,120
Cash and Bank / Overdraft (Increase)/Decrease	5,288,118	(15,933,564)
Cash and Bank (Overdraft) at Beginning of Year	(21,998,755)	(6,065,191)
Cash and Bank (Overdraft) at End of Year	(16,710,637)	(21,998,755)

Seven Oaks School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	106,428,909	2,177,320	4,635,394	398,086	1,608,040	3,456,232	13,065,220	886,397	25,694,383	158,349,981	132,912,085
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	106,428,909	2,177,320	4,635,394	398,086	1,608,040	3,456,232	13,065,220	886,397	25,694,383	158,349,981	132,912,085
Add: Additions during the year	38,902,212	-	476,850	17,536	279,330	173,304	3,051,085	31,238	(19,920,256)	23,011,299	26,489,743
Less: Disposals and write downs	-	-	464,899	-	-	32,944	-	-	-	497,843	1,051,847
Closing Cost	145,331,121	2,177,320	4,647,345	415,622	1,887,370	3,596,592	16,116,305	917,635	5,774,127	180,863,437	158,349,981
Accumulated Amortization											
Opening, as previously reported	42,996,859	1,610,931	2,830,788	270,196	1,162,174	804,476		136,351		49,811,775	46,403,873
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	42,996,859	1,610,931	2,830,788	270,196	1,162,174	804,476		136,351		49,811,775	46,403,873
Add: Current period Amortization	3,563,496	48,487	361,640	53,463	159,625	444,624		90,202		4,721,537	3,964,266
Less: Accumulated Amortization on Disposals and Writedowns	-	-	464,899	-	-	32,944		-		497,843	556,364
Closing Accumulated Amortization	46,560,355	1,659,418	2,727,529	323,659	1,321,799	1,216,156		226,553		54,035,469	49,811,775
Net Tangible Capital Asset	98,770,766	517,902	1,919,816	91,963	565,571	2,380,436	16,116,305	691,082	5,774,127	126,827,968	108,538,206
Proceeds from Disposal of Capital Assets	-	-	6,000	-	-	-				6,000	15,339

* Includes network infrastructure.

1. Nature of organization and economic dependence:

Seven Oaks School Division (the Division), is a public corporate body that provides educational programming to residents within its geographic location. The Division is funded mainly by grants from the Province of Manitoba (the Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax under the *Income Tax Act*.

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

2. 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 and school generated funds.

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

(b) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (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 whether or not payment has been made or invoices received.

2. Significant accounting policies (continued):

(c) 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.

The Division holds funds in trust (amounts contributed in trust) for the following organizations:

Maples Youth Activity Centre	$	2,745
Kildonan Youth Activity Centre		15,153
Seven Oaks Parents in Support of Aboriginal Education		(20)
Elwick Village & Resource Centre Inc.		24,507
	$	42,385

The amounts contributed by the Division will be reimbursed by these organizations.

(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 controlled by the Division.

(e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs 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 policies (continued):

(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
Building - 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, services and peripherals	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10
Leasehold improvements	25,000	Over term of the lease

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

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.

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 policies (continued):**

(g) 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.

(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 as detailed on page 24 of the consolidated financial statements. 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) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to estimates include the carrying amount of capital assets. Actual results could differ from those estimates.

(k) Financial instruments:

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division's exposure to credit risk from the potential non-payment of accounts receivable is minimal as the majority of receivables are from local, provincial and federal governments. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

2. Significant accounting policies (continued):

(l) Adoption of new accounting policy:

Effective July 1, 2014, the Division has adopted the new Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS 3260. 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.

(m) Future accounting pronouncements:

In March 2011, PSAB approved two new standards, Section PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Sections PS 1200 and 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for the fiscal years beginning on or after April 1, 2016.

The Division intends to adopt PS 3450 and PS 2601 in its financial statements for the annual period beginning July 1, 2016. The impact of the adoption of these standards are being evaluated and is not known or reasonably estimable at this time.

3. Overdraft:

The Division has authorized revolving lines of credit with the Royal Bank of Canada (RBC) of $20,000,000 by way of overdrafts and letters of guarantee. The Division also has a $2,000,000 revolving lease line of credit, by way of leases. The loans are repayable on demand at RBC prime less 0.25 percent. Interest is paid monthly.

4. 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 earner per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for the year ended June 30, 2015 is an increase of $57,813 (2014 - decrease of $126,676). At June 30, 2015, the Division has recorded an estimated liability of $480,708 (2014 - $422,895) in respect of these benefits.

The significant assumptions adopted in measuring the non-vested accumulated sick leave benefit liability include a discount rate of 4 percent (2014 - 5 percent) and a rate of salary increase of 2 percent (2014 - 2 percent to 3 percent).

5. Commitments:

On May 15, 2014 the Division received approval from the Province of Manitoba for the construction of a new French Immersion School to be named École Rivière-Rouge School. The projected completion date of construction is September, 2016, and is projected to cost $19,000,000.

In July, 2015 the Public Schools Finance Board approved the construction of a new stand-alone childcare facility at the R.F. Morrison school site. The project is in the design stage.

6. Deferred revenue:

	Balance, June 30, 2014	Additions in the period	Revenue recognized in the period	Balance, June 30, 2015
Education property tax credit	$ –	$ 17,397,766	$ 12,411,770	$ 4,985,996
Bus pass fees	32,425	369,338	373,911	27,852
Other special purpose funds:				
Wayfinders - grants	25,260	34,739	37,437	22,562
My Camp	23,475	23,482	22,807	24,150
Summer school fees	15,700	28,605	26,185	18,120
LIFT Grant	2,138	–	1,968	170
School Grants	13,686	2,937	8,623	8,000
CVE Fees	3,900	12,450	15,450	900
Employment Grant	5,456	6,256	6,278	5,434
Non-resident Fee	16,000	16,000	24,000	8,000
	$ 138,040	$ 17,891,573	$ 12,928,429	$ 5,101,184

7. 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, 2015, school funds held in the Special Purpose Fund totaled $622,447 (2014 - $632,931).

The school generated funds liability of $412,927 at June 30, 2015 (2014 - $461,699) comprises the portion of the school generated funds that are not controlled.

8. 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 fiscal 2016 to fiscal 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.5 percent to 10.5 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2016	$ 3,550,814	$ 3,122,522	$ 6,673,336
2017	3,490,316	2,937,709	6,428,025
2018	3,521,624	2,763,673	6,285,297
2019	3,641,251	2,591,119	6,232,370
2019	3,754,461	2,413,291	6,167,752
Thereafter	50,041,692	15,031,986	65,073,678
	$ 68,000,158	$ 28,860,300	$ 96,860,458

During 2015, the Division had submitted claims for capital projects to the Public Schools Finance Board totaling $13,838,000 (2014 - $17,446,200) and received debenture proceeds of this amount in 2015.

9. Other borrowings:

(a) Garden City Collegiate Link Loan, Fiber Network Loan, and Cisco Systems:

The Garden City Collegiate Link loan is a 5.20 percent fixed rate term loan from RBC Life Insurance Company which is repayable over 20 years. The purpose of the loan was to fund the construction of the Garden City Collegiate Link and Garden City Collegiate renovation project.

The Fiber Network loan is a 3.63 percent fixed rate term loan from RBC Life Insurance Company which is repayable over 10 years. The purpose of the loan was to fund the construction of a divisional fiber network.

9. Other borrowings:

The Cisco Systems loan is a 0 percent loan repayable over 3 years. The purpose of the loan was to purchase servers and phone equipment for a VOIP system.

Principal and interest payments in the next five years and thereafter are as follows:

	Principal	Interest	Total
2016	$ 536,901	$ 433,699	$ 970,600
2017	561,790	408,810	970,600
2018	576,218	382,699	958,917
2019	597,772	355,303	953,075
2020	626,517	326,558	953,075
Thereafter	6,206,741	1,515,510	7,722,251
	$ 9,105,939	$ 3,422,579	$ 12,528,518

10. Net tangible capital assets:

The schedule of tangible capital assets, 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	$ 179,168,069	$ 52,517,519	$ 126,650,550
Capital leases	1,695,368	1,517,950	177,418
	$ 180,863,437	$ 54,035,469	$ 126,827,968

11. Expenditures by type:

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

12. Related party transactions:

The Seven Oaks Education Foundation Inc. (the Foundation) was incorporated on July 17, 2001 to assist students to further their education beyond the high school level. Currently, there are no trustees of the Division sitting on the Foundation's Board.

During fiscal 2015, the Division provided a grant to the Foundation in the amount of $31,000 (2014 - $21,000).

13. Interest paid:

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

	2015	2014
Operating Fund:		
Overdraft interest	$ 80,749	$ 40,031
Capital Fund:		
Debenture debt interest - PSFB funded	2,990,463	2,408,645
Lease interest	–	4,195
Loan interest	454,917	432,328
	$ 3,526,129	$ 2,885,199

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Southwest Horizon School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 14, 2015

Independent Auditors' Report

To the Board of Trustees of Southwest Horizon School Division:

We have audited the accompanying consolidated financial statements of Southwest Horizon School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Southwest Horizon School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 14, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Southwest Horizon School Division.

Original Document Signed
Chairperson of the Board

Oct 14/15.
Date

Southwest Horizon School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,661,558	1,815,467
	- Federal Government	141,817	162,269
	- Municipal Government	4,869,760	4,796,089
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	66,297	81,583
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		6,739,432	6,855,408
	Liabilities		
4	Overdraft	3,666,234	5,128,795
	Accounts Payable	774,930	902,598
	Accrued Liabilities	574,479	259,721
	Employee Future Benefits	-	-
	Accrued Interest Payable	336,774	354,552
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	136,005	9,696
6	Debenture Debt	15,413,420	15,233,405
7	Other Borrowings	1,257,082	1,419,270
	School Generated Funds Liability	-	-
		22,158,924	23,308,037
	Net Debt	(15,419,492)	(16,452,629)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	18,955,125	18,865,874
	Inventories	162,240	156,008
	Prepaid Expenses	848,549	1,194,305
		19,965,914	20,216,187
9	**Accumulated Surplus**	4,546,422	3,763,558

See accompanying notes to the Financial Statements

Southwest Horizon School Division

CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		13,958,845	13,939,134
	Federal Government		-	-
	Municipal Government	- Property Tax	9,022,933	8,885,809
		- Other	-	10,912
	Other School Divisions		105,370	101,650
	First Nations		-	-
	Private Organizations and Individuals		-	560
	Other Sources		85,051	87,867
	School Generated Funds		513,579	468,886
	Other Special Purpose Funds		-	-
			23,685,778	23,494,818
	Expenses			
	Regular Instruction		11,758,289	11,368,865
	Student Support Services		2,606,863	2,620,034
	Adult Learning Centres		-	-
	Community Education and Services		148,637	59,767
	Divisional Administration		831,823	827,273
	Instructional and Other Support Services		539,039	696,584
	Transportation of Pupils		1,935,216	1,998,065
	Operations and Maintenance		2,103,424	2,407,510
11	Fiscal	- Interest	884,779	931,450
		- Other	314,385	315,991
	Amortization		1,317,030	1,229,402
	Other Capital Items		-	-
	School Generated Funds		476,928	472,452
	Other Special Purpose Funds		-	-
			22,916,413	22,927,393
	Current Year Surplus (Deficit) before Non-vested Sick Leave		769,365	567,425
	Less: Non-vested Sick Leave Expense (Recovery)		(13,499)	(3,258)
	Net Current Year Surplus (Deficit)		782,864	570,683
	Opening Accumulated Surplus		3,763,558	3,243,443
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	(50,568)
	Opening Accumulated Surplus, as adjusted		3,763,558	3,192,875
	Closing Accumulated Surplus		4,546,422	3,763,558

See accompanying notes to the Financial Statements

Southwest Horizon School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	782,864	570,683
Amortization of Tangible Capital Assets	1,317,030	1,229,402
Acquisition of Tangible Capital Assets	(1,406,281)	(1,367,902)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(5,000)
Proceeds on Disposal of Tangible Capital Assets	-	5,000
	(89,251)	(138,500)
Inventories (Increase)/Decrease	(6,232)	(29,792)
Prepaid Expenses (Increase)/Decrease	345,756	(87,692)
	339,524	(117,484)
(Increase)/Decrease in Net Debt	1,033,137	314,699
Net Debt at Beginning of Year	(16,452,629)	(16,716,760)
Adjustments Other than Tangible Cap. Assets	-	(50,568)
	(16,452,629)	(16,767,328)
Net Debt at End of Year	(15,419,492)	(16,452,629)

Southwest Horizon School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	782,864	570,683
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,317,030	1,229,402
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(5,000)
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	100,690	(739,276)
Accounts Receivable & Accrued Income (Increase)/Decrease	15,286	258,145
Inventories and Prepaid Expenses - (Increase)/Decrease	339,524	(117,484)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	169,312	31,676
Deferred Revenue Increase/(Decrease)	126,309	(392,575)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	(50,568)
Cash Provided by (Applied to) Operating Transactions	2,851,015	785,003
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,406,281)	(1,367,902)
Proceeds on Disposal of Tangible Capital Assets	-	5,000
Cash Provided by (Applied to) Capital Transactions	(1,406,281)	(1,362,902)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	180,015	(427,993)
Other Borrowings Increase/(Decrease)	(162,188)	319,306
Cash Provided by (Applied to) Financing Transactions	17,827	(108,687)
Cash and Bank / Overdraft (Increase)/Decrease	1,462,561	(686,586)
Cash and Bank (Overdraft) at Beginning of Year	(5,128,795)	(4,442,209)
Cash and Bank (Overdraft) at End of Year	(3,666,234)	(5,128,795)

Southwest Horizon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	28,398,427	1,246,273	4,257,926	172,929	1,224,130	148,935	308,940	-	407,166	36,164,726	34,829,324
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	28,398,427	1,246,273	4,257,926	172,929	1,224,130	148,935	308,940	-	407,166	36,164,726	34,829,324
Add:											
Additions during the year	233,358	1,018,784	185,381	-	9,562	49,339	-	-	(90,143)	1,406,281	1,367,902
Less:											
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	32,500
Closing Cost	28,631,785	2,265,057	4,443,307	172,929	1,233,692	198,274	308,940	-	317,023	37,571,007	36,164,726
Accumulated Amortization											
Opening, as previously reported	12,714,270	708,764	2,995,218	110,821	687,046	82,733		-		17,298,852	16,101,950
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	12,714,270	708,764	2,995,218	110,821	687,046	82,733		-		17,298,852	16,101,950
Add:											
Current period Amortization	811,495	42,387	262,811	20,106	153,151	27,080		-		1,317,030	1,229,402
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	32,500
Closing Accumulated Amortization	13,525,765	751,151	3,258,029	130,927	840,197	109,813		-		18,615,882	17,298,852
Net Tangible Capital Asset	15,106,020	1,513,906	1,185,278	42,002	393,495	88,461	308,940	-	317,023	18,955,125	18,865,874
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	5,000

* Includes network infrastructure.

SOUTHWEST HORIZON SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

1. Nature of Organization and Economic Dependence

The School 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, and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds controlled by the Division.

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

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

c) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

d) Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

e) School Generated Funds

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

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.

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	N/A	N/A
Land Improvements	25,000	10
Buildings - brick, mortar, 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.

g) 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.

h) 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.

i) 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.

j) Employee Future Benefits

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

However, the Division provides other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include vacation accrual, supplemental employment and sick leave 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 maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for 2014-2015 is a recovery of $13,499.

3. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB

The following changes were implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. Overdraft

The Division has an authorized line of credit and bankers' acceptance note with Royal Bank of Canada of $6,500,000 by way of overdrafts and is repayable at prime less .75% interest paid monthly. Included in the overdraft are capital projects totaling approximately $213,638 which will be submitted to PSFB for debenture funding. Overdrafts are secured by borrowing by-laws.

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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Summer Literacy	$9,196	$13,401	$9,196	$13,401
Waskada Fitness Centre Rent	500	400	500	400
Provincial Education Property Tax Credit	0	122,204	0	122,204
	$9,696	$136,005	$9,696	$136,005

6. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.0% to 8.38%. Debenture interest expense payable as at June 30, 2015, 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:

Year	Principal	Interest	Total
2016	$1,167,802	$702,603	$1,870,405
2017	1,202,707	639,378	1,842,085
2018	1,263,062	572,913	1,835,975
2019	1,333,349	502,626	1,835,975
2020	1,340,227	432,227	1,777,454
	$6,312,147	**$2,849,747**	**$9,161,894**

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to install and implement a private fully managed wide area network and for the construction of a division office in Souris, Manitoba.

The wide-area network loan is a 10 year loan, bears an interest rate of prime less .75%, and has annual principal payments of $110,004. The payments to the end of the term are:

	Principal Payments	Estimated Interest	Total
2016	$110,004	$17,944	$127,948
2017	110,004	15,468	125,472
2018	110,004	12,993	122,997
2019	110,004	10,518	120,522
2020	110,004	8,043	118,047
2021	110,004	5,568	115,572
2022	110,004	3,093	113,097
2023	27,461	618	28,079
	$797,489	$74,245	$871,734

The loan for the construction of the division office in Souris, Manitoba is a 10 year loan in the amount of $550,000, bears an interest rate of prime less .75%, and has annual blended payments of principal and interest of $62,923. The payments to the end of the term are:

	Principal Payments	Estimated Interest	Total
2016	52,582	10,341	$62,923
2017	53,765	9,158	62,923
2018	54,975	7,948	62,923
2019	56,212	6,711	62,923
2020	57,477	5,446	62,923
Thereafter	184,582	8,559	193,141
	$459,593	$48,163	$507,756

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	2015 Net Book Value
Owned Tangible Capital Assets	$37,571,007	$18,615,882	$18,955,125
Capital Lease	-	-	-
	$37,571,007	$18,615,882	$18,955,125

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	-
Undesignated Surplus	$769,122
	$769,122
Capital Fund	
Reserve Accounts	$618,752
Equity in Tangible Capital Assets	2,939,361
	$3,558,113
Special Purpose Fund	
School Generated Funds	$219,187
Other Special Purpose Funds	-
	$219,187
Total Accumulated Surplus	$4,546,422

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.

	2015
Bus Reserve	$318,752
School Building Reserve	150,000
Non-School Building Reserve	75,000
Computer Reserve	75,000
Capital Reserve	$618,752

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use. School Generated Funds includes the controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $219,187

	2015
Foundation - Scholarship	$0
Other – School Funds	219,187
Other Special Purpose Funds	$219,187

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 student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense statement is raised over the two calendar (tax) years; 46% from 2014 tax year and 54% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 9,022,933	$ 8,885,809
Receivable-Due from Municipal-Property Tax	$ 4,869,760	$ 4,796,089

11. Interest Received and Paid

The Division received interest during the year of $83, (previous year $168); interest paid during the year was $902,557, (previous year $931,450).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$93,764
Capital Fund	
Debenture debt interest	791,015
Other interest	
	$884,779

The accrual portion of debenture debt interest expense of $336,774 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 2015	Budget 2015	Actual 2014
Salaries	$14,788,937	$15,132,550	$14,514,705
Employees benefits & allowances	1,196,770	1,199,000	1,159,475
Services	2,012,161	2,120,720	2,322,833
Supplies, materials & minor equipment	1,784,197	1,970,802	1,831,883
Interest	884,779	125,000	931,450
Transfers	141,226	107,000	149,202
Payroll tax	314,385	310,000	315,991
Amortization	1,317,030	-	1,229,402
Other capital items		-	
School generated funds	476,928	-	472,452
Other special purpose funds		-	-
	$22,916,413	$20,965,072	$22,927,393

13. Adoption of New Accounting Policy

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

pwc

October 13, 2015

Independent Auditor's Report

To the Board of Trustees of
St. James-Assiniboia School Division

We have audited the accompanying financial statements of St. James-Assiniboia School Division, which comprise the statement of financial position as at June 30, 2015 and the statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of St. James-Assiniboia School Division as at June 30, 2015 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Accountants

I hereby certify that the preceding report has been presented to the members of the Board of St. James-Assiniboia School Division.

Oct 20/2015 Original Document Signed

Date Chairperson

PricewaterhouseCoopers LLP
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	4,847,057	-
	Due from - Provincial Government	3,211,543	10,199,062
	- Federal Government	91,482	114,393
	- Municipal Government	20,822,302	20,137,090
	- Other School Divisions	-	-
	- First Nations	36,770	27,847
	Accounts Receivable	85,520	76,785
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		29,094,674	30,555,177
	Liabilities		
	Overdraft	-	6,815,702
	Accounts Payable	7,248,114	7,759,228
	Accrued Liabilities	4,694,642	5,110,549
*	Employee Future Benefits	1,808,689	1,911,238
	Accrued Interest Payable	305,409	252,471
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	6,943,121	911,759
*	Debenture Debt	20,212,918	16,273,454
	Other Borrowings	-	-
	School Generated Funds Liability	157,795	189,925
		41,370,688	39,224,326
	Net Debt	(12,276,014)	(8,669,149)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	47,476,879	43,207,074
	Inventories	-	-
	Prepaid Expenses	359,589	445,944
		47,836,468	43,653,018
*	**Accumulated Surplus**	35,560,454	34,983,869

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		59,960,073	59,088,346
	Federal Government		-	-
	Municipal Government	- Property Tax	38,285,489	37,045,033
		- Other	-	-
	Other School Divisions		722,612	755,777
	First Nations		200,087	147,984
	Private Organizations and Individuals		2,573,850	2,412,949
	Other Sources		983,270	891,610
	School Generated Funds		815,775	778,572
	Other Special Purpose Funds		-	-
			103,541,156	101,120,271
	Expenses			
	Regular Instruction		55,706,675	54,648,215
	Student Support Services		20,264,480	19,841,412
	Adult Learning Centres		-	-
	Community Education and Services		1,074,065	1,100,013
	Divisional Administration		3,769,210	3,260,459
	Instructional and Other Support Services		3,558,897	3,396,556
	Transportation of Pupils		1,991,278	1,861,222
	Operations and Maintenance		10,195,050	9,885,730
*	Fiscal	- Interest	940,750	836,451
		- Other	1,633,300	1,600,638
	Amortization		3,131,621	3,033,237
	Other Capital Items		-	84,467
	School Generated Funds		762,135	719,086
	Other Special Purpose Funds		-	-
			103,027,461	100,267,486
	Current Year Surplus (Deficit) before Non-vested Sick Leave		513,695	852,785
	Less: Non-vested Sick Leave Expense (Recovery)		(62,890)	172,657
	Net Current Year Surplus (Deficit)		576,585	680,128
	Opening Accumulated Surplus		34,983,869	34,303,741
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		34,983,869	34,303,741
	Closing Accumulated Surplus		35,560,454	34,983,869

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	576,585	680,128
Amortization of Tangible Capital Assets	3,131,621	3,033,237
Acquisition of Tangible Capital Assets	(7,403,374)	(5,714,816)
(Gain) / Loss on Disposal of Tangible Capital Assets	(2,444)	4,109
Proceeds on Disposal of Tangible Capital Assets	4,392	10,691
	(4,269,805)	(2,666,779)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	86,355	(18,415)
	86,355	(18,415)
(Increase)/Decrease in Net Debt	(3,606,865)	(2,005,066)
Net Debt at Beginning of Year	(8,669,149)	(6,664,083)
Adjustments Other than Tangible Cap. Assets	-	-
	(8,669,149)	(6,664,083)
Net Debt at End of Year	(12,276,014)	(8,669,149)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	576,585	680,128
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,131,621	3,033,237
(Gain)/Loss on Disposal of Tangible Capital Assets	(2,444)	4,109
Employee Future Benefits Increase/(Decrease)	(102,549)	185,314
Due from Other Organizations (Increase)/Decrease	6,316,295	(8,281,713)
Accounts Receivable & Accrued Income (Increase)/Decrease	(8,735)	301,202
Inventories and Prepaid Expenses - (Increase)/Decrease	86,355	(18,415)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(874,083)	3,100,304
Deferred Revenue Increase/(Decrease)	6,031,362	(5,814,689)
School Generated Funds Liability Increase/(Decrease)	(32,130)	5,713
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	15,122,277	(6,804,810)
Capital Transactions		
Acquisition of Tangible Capital Assets	(7,403,374)	(5,714,816)
Proceeds on Disposal of Tangible Capital Assets	4,392	10,691
Cash Provided by (Applied to) Capital Transactions	(7,398,982)	(5,704,125)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	3,939,464	2,012,050
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	3,939,464	2,012,050
Cash and Bank / Overdraft (Increase)/Decrease	11,662,759	(10,496,885)
Cash and Bank (Overdraft) at Beginning of Year	(6,815,702)	3,681,183
Cash and Bank (Overdraft) at End of Year	4,847,057	(6,815,702)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	64,601,199	4,155,695	838,588	680,816	3,681,389	3,764,768	7,025,776	4,813,685	3,547,593	93,109,509	87,817,421
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	64,601,199	4,155,695	838,588	680,816	3,681,389	3,764,768	7,025,776	4,813,685	3,547,593	93,109,509	87,817,421
Add: Additions during the year	6,497,527	168,503	-	69,727	252,171	20,012	-	999,109	(603,675)	7,403,374	5,714,816
Less: Disposals and write downs	-	-	-	28,832	80,953	-	-	-	-	109,785	422,728
Closing Cost	71,098,726	4,324,198	838,588	721,711	3,852,607	3,784,780	7,025,776	5,812,794	2,943,918	100,403,098	93,109,509
Accumulated Amortization											
Opening, as previously reported	39,249,072	2,783,364	489,508	589,168	2,968,087	1,647,631		2,175,605		49,902,435	47,277,126
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	39,249,072	2,783,364	489,508	589,168	2,968,087	1,647,631		2,175,605		49,902,435	47,277,126
Add: Current period Amortization	1,695,076	84,901	59,254	37,743	289,373	449,097		516,177		3,131,621	3,033,237
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	28,832	79,005	-		-		107,837	407,928
Closing Accumulated Amortization	40,944,148	2,868,265	548,762	598,079	3,178,455	2,096,728		2,691,782		52,926,219	49,902,435
Net Tangible Capital Asset	30,154,578	1,455,933	289,826	123,632	674,152	1,688,052	7,025,776	3,121,012	2,943,918	47,476,879	43,207,074
Proceeds from Disposal of Capital Assets	-	-	-	2,192	2,200	-				4,392	10,691

* Includes network infrastructure.

1 Nature of organization and economic dependence

St. James-Assiniboia School Division (the 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 (the Province), and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

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

2 Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

a) Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses of the Operating Fund, Capital Fund, and Special Purpose Fund of the Division. The Division's reporting entity includes school generated funds controlled by the Division.

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.

All inter-fund accounts and transactions are eliminated in the Division's financial statements.

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) School generated funds

School generated funds are monies raised by the school, or under the auspices of the school, through extracurricular 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 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 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 financial statements.

d) 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 year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment, computers 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 follows:

Asset description	Capitalization threshold $	Estimated useful life (years)
Land improvements	25,000	10
Buildings (school and non-school)		
Bricks, mortar and steel	25,000	15 - 40
Wood frame	25,000	15 - 25
School buses	20,000	10
Other vehicles	10,000	5
Equipment	10,000	5
Network infrastructure	25,000	10
Computer hardware	5,000	4
Computer software	10,000	4
Furniture and fixtures	5,000	10

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

With the exception of land and donated capital assets, all tangible capital assets are recorded at historical cost. Cost includes the 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 historical cost was not known, buildings have been recorded based on the replacement value for insurance purposes as at June 30, 2005 regressed to the date of acquisition using a regression index based on Southam and CanaData construction cost indices.

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 is recognized as revenue on the same basis that the related asset is amortized.

Land is recorded at historical cost when known. For land acquired prior to June 30, 2006, where historical cost was not known, land has been recorded based on values determined by the Crown Lands and Property Agency.

All tangible capital assets, except for land and assets under construction, are amortized on a straight-line basis over their estimated useful lives. 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.

e) Employee future benefits

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

However, the Division provides retirement and other future benefits to its employees. These benefits include a defined benefit pension plan for non-teacher employees, vacation pay and parental leave benefits. The Division adopted the following policies with respect to accounting for these employee future benefits:

i) Defined benefit pension plan

Under this plan, benefits to be received by employees or the method for determining those benefits have been specified by the Division. The actuarial risk (with respect to the amount of the benefit that each employee will receive) and the investment risk (with respect to the investment returns on any assets set aside to pay for the cost of these benefits) are assumed by the Division. An accrued benefit asset is presented net of any valuation allowance.

A market discount rate is used to measure the benefit obligations. The expected return on pension plan assets is calculated on the market related value of the assets. The cost of the plan is actuarially determined using the projected benefit method pro-rated on years of employee service, final average salary levels during specified years of employment, retirement ages of employees and other actuarial factors, together with the expected rate of return on pension plan assets. Current service costs and interest costs on the benefit obligation are charged to income as they accrue. Actuarial gains and losses are amortized to earnings on a straight-line basis over the expected average remaining service lives (12 years) of active plan members.

ii) Other future benefits

For those benefit obligations that are event driven (vacation pay and parental leave), the benefit costs are recognized and recorded when earned.

The employee future benefits expense includes the Division's contribution for the period.

iii) Non-vested sick leave

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.

f) 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 Statement of Financial Position (note 9).

g) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles established by the public sector accounting board of the CICA 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 revenue and expenses during the reporting period.

3 Overdraft

The Division has an authorized line of credit with The Royal Bank of Canada of $15,000,000 by way of overdrafts and is repayable on demand at prime less 0.25%; interest is paid monthly.

4 Employee future benefits

Employee future benefits are benefits earned by employees, but will not be paid out until future years.

	2015 $	2014 $
Employee future benefit liabilities		
Defined benefit pension plan - accrued benefit asset	-	-
Maternity leave earned	422,846	440,603
Vacation payable	691,540	713,442
Non-vested accumulated sick leave (note 9)	694,303	757,193
Total employee future benefit liability	1,808,689	1,911,238

The Division sponsors a defined benefit plan for non-teaching employees that is actuarially valued every three years using a number of assumptions about future events, including inflation rate (2%), wage and salary increases (3%), and employee turnover and mortality to determine the accrued benefit obligation. The most recent actuarial report was prepared as at December 31, 2014. The expected average remaining service life of the related employee groups is 12 years. Pension plan assets are valued at market related values and the expected rate of return is 5.5%.

As at June 30, 2015, there were 524 active members, 177 deferred benefit members and 266 pensioners receiving payments.

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 cost for 2015 is a recovery of $62,890 (2014 - an expense of $172,657).

	2015 $	2014 $
Change in accrued benefit obligation		
Balance - beginning of year	46,219,697	41,919,249
Current service cost		
Division	915,749	722,407
Employees	1,594,298	1,373,956
Interest cost	2,544,451	2,305,244
Benefits paid	(2,273,249)	(1,994,489)
Non-investment expenses paid	(150,698)	(113,330)
Actual experience loss	877,275	240,545
Actuarial assumption loss - CPM	-	1,766,115
Balance - end of year	49,727,523	46,219,697
Change in plan assets		
Market related value - beginning of year	44,177,652	39,914,031
Contributions		
Division	1,589,977	1,370,835
Employees	1,594,298	1,373,956
Expected return on plan assets	2,450,680	2,212,788
Experience gain	1,300,355	1,413,861
Benefits paid	(2,273,249)	(1,994,489)
Non-investment expenses paid	(150,698)	(113,330)
Market related value - end of year	48,689,015	44,177,652
Funded status		
Benefit obligation greater than plan assets	(1,038,508)	(2,042,045)
Unamortized net actuarial (gain) loss	(423,080)	592,799
Valuation allowance	1,461,588	1,449,246
Accrued benefit asset	-	-
Net benefit plan cost		
Current service cost - Division	915,749	722,407
Interest cost	2,544,451	2,305,244
Expected return on plan assets	(2,450,680)	(2,212,788)
Amortization of actuarial gains	1,015,879	35,368
Valuation allowance	(435,422)	520,604
Net benefit plan expense for the year	1,589,977	1,370,835

As at June 30, 2015, total additional contributions to the plan are $1,827,885 and these contributions may, at the Division's discretion, be used to reduce or eliminate future contribution requirements if and when the plan's assets are in a surplus position as determined by the actuary of the plan.

	2015 %	**2014** %
Plan assets in equities (includes real estate)	58.10	62.95
Plan assets in fixed income	41.90	37.05

	2015 %	**2014** %
Significant assumptions		
Accrued benefit obligation as at June 30		
Discount rate	5.50	5.50
Rate of compensation increase	3.00	3.00
Net benefit plan cost for the year ended June 30		
Discount rate	5.50	5.50
Expected return on plan assets	5.50	5.50
Rate of compensation increase	3.00	3.00
Expected Average Remaining Service Life (EARSL)	12 years	13 years

Maternity leave earned and vacation payable are defined benefits that are recognized and recorded when earned.

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, 2014 $	Additions in the year $	Revenue recognized in the year $	Balance as at June 30, 2015 $
Donated capital assets	292,458	-	35,549	256,909
Continuing Education	19,000	9,195	19,000	9,195
International student program fees	557,282	773,145	557,282	773,145
Province of MB Green Team Grant	9,725	7,826	9,725	7,826
Property tax	-	5,873,537	-	5,873,537
Lease revenue	12,459	12,459	12,459	12,459
Busing	400	-	400	-
MPIC School Bus	10,960	-	10,960	-
iPad Caution fees	9,475	9,550	9,475	9,550
MB Scientist Classroom Grant	-	500	-	500
	911,759	6,686,212	654,850	6,943,121

6 School generated funds liability

School generated funds liability includes the non-controlling portion of school generated funds consolidated in the cash balance in the amount of $157,795.

	2015 $	2014 $
Parent council funds	605	-
Student funds (including travel)	134,501	163,842
Other	22,689	26,083
	157,795	189,925

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 2016 to 2035 and is owing to the public schools finance board (PSFB). Payment of principal and interest is funded entirely by grants from the Province, except for the debenture debt on self-funded capital projects. There were no self-funded capital projects outstanding during the year. The debentures carry interest rates that range from 3.00% to 8.38%.

Debenture interest expense payable as at June 30, 2015, 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 as follows:

	Principal $	Interest $	Total $
2015 - 2016	1,189,263	980,651	2,169,914
2016 - 2017	1,218,047	916,093	2,134,140
2017 - 2018	1,264,866	850,738	2,115,604
2018 - 2019	1,298,697	783,191	2,081,888
2019 - 2020	1,367,924	713,963	2,081,887

8 Tangible capital assets

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

A summary is as follows:

			2015	2014
	Gross amount $	Accumulated amortization $	Net book value $	Net book value $
Tangible capital assets	100,403,098	52,926,219	47,476,879	43,207,074

9 Accumulated surplus

The accumulated surplus is comprised of the following:

	2015 $	2014 $
Operating Fund		
Designated surplus	94,395	122,714
Undesignated surplus	2,847,411	5,265,306
Non-vested sick leave	(694,303)	(757,193)
	2,247,503	4,630,827
Capital Fund		
Reserve accounts	7,826,072	5,626,072
Equity in tangible capital assets	25,098,524	24,392,255
	32,924,596	30,018,327
Special Purpose Fund		
School generated funds	388,355	334,715
Total accumulated surplus	35,560,454	34,983,869

The designated surplus under the Operating Fund represents internally restricted amounts appropriated by the Board or, in the case of school budget carryovers, by board policy.

	2015 $	2014 $
School budget carryovers by board policy	94,395	122,714
Designated surplus	94,395	122,714

Reserve accounts under the Capital Fund represent internally restricted reserves for specific projects approved by the Board of Trustees and the PSFB.

	2015 $	2014 $
Undesignated	1,379,487	1,379,487
Information technology	1,200,000	1,200,000
Equipment/vehicle	500,000	500,000
School building reserve	3,400,000	1,200,000
School bus reserve	827,000	827,000
Other reserves - Sturgeon Heights Reserve	19,585	19,585
Lease reserve	500,000	500,000
Capital reserve	7,826,072	5,626,072

School generated funds and other special purpose funds are externally restricted monies for school use.

10 Municipal Government - property tax and related due from Municipal Government

Education property taxes or special levies are raised as the Division's contributions to the cost of providing public education for the students resident in the Division. The Municipal Government-Property Tax shown on the revenue and expense is raised over the two calendar (tax) years; 45.6% from the 2014 tax year and 54.4% from the 2015 tax year. Below are the related revenue and receivable amounts:

	2015 $	2014 $
Municipal Government revenue earned in the current tax year	29,703,915	29,007,729
Less: Education property tax credit	(7,007,027)	(6,994,232)
Less: Tax Incentive Grant	(1,874,586)	(1,876,407)
Receivable due from Municipal Government - property tax	20,822,302	20,137,090

11 Interest received and paid

The Division received interest during the year of $124,464 (2014 - $127,127); interest paid during the year was $940,750 (2014 - $836,451).

Interest expense is included in Fiscal on the Statement of Revenue, Expenses and Accumulated Surplus and is comprised of the following:

	2015 $	2014 $
Operating Fund		
Fiscal short-term loan, interest and bank charges	33,097	23,927
Capital Fund		
Debenture debt interest	907,653	812,524
	940,750	836,451

The accrued portion of debenture debt interest expense of $305,409 (2014 - $252,471) is offset by an accrual of the debt servicing grant from the Province.

12 Expenses by object

Expenses in the Statement of Revenue, Expenses and Accumulated Surplus are reported by function. Below is the detail of expenses by object:

	Actual 2015 $	Actual 2014 $
Salaries	74,837,055	72,778,567
Employees' benefits and allowances	6,003,489	5,907,065
Services	9,804,489	9,571,339
Supplies, materials and minor equipment	5,462,127	5,271,144
Interest and bank charges	33,097	23,927
Interest - debenture	907,653	812,524
Payroll tax	1,633,300	1,600,638
Transfers	452,495	465,492
Amortization	3,131,621	3,033,237
School generated funds	762,135	719,086
Other capital items	-	84,467
	103,027,461	100,267,486

13 Contractual obligations

Agreements with respect to student transportation were entered into for terms ranging from one to five years. The specific costs for these services are approximately $1,298,783 for 2015 - 2016. As costs are based on student enrolment and transportation requirements, the service agreements do not contain predetermined costs for subsequent years.

14 Lease revenue

The Division recorded lease revenue of $513,162 from other sources relating to various unoccupied building space. Minimum payments under the lease terms over the next three years are as follows:

	$
2015 - 2016	182,748
2016 - 2017	101,664
2017 - 2018	103,580

15 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, 2015, the amount of this special levy was $560,292 (2014 - $488,176). These amounts are not included in the Division's financial statements.

16 Liability for contaminated sites

The Division recognized a liability of $65,404 (2014 - $nil) for remediation of one of the Division's schools. The nature of the liability is removal of contaminated liquid from an underground tank, removal of tank and backfill tank excavation site. The amount of estimated recoveries is $nil.

St. James-Assiniboia School Division

Schedule of Tangible Capital Assets

For the year ended June 30, 2015

	Buildings and Leasehold Improvements									2015	2014
	School $	Non-school $	School buses $	Other vehicles $	Furniture, fixtures and equipment $	Computer hardware and software* $	Land $	Land improvements $	Assets under construction $	Total $	Total $
Tangible capital asset cost											
Opening cost	64,601,199	4,155,695	838,588	680,816	3,681,389	3,764,768	7,025,776	4,813,685	3,547,593	93,109,509	87,817,4.
Add: Additions during the year	6,497,527	168,503	-	69,727	252,171	20,012	-	999,109	(603,675)	7,403,374	5,714,816
Less: Disposals and writedowns	-	-	-	(28,832)	(80,953)	-	-	-	-	(109,785)	(422,728)
Closing cost	71,098,726	4,324,198	838,588	721,711	3,852,607	3,784,780	7,025,776	5,812,794	2,943,918	100,403,098	93,109,509
Accumulated amortization											
Opening balance	39,249,072	2,783,364	489,508	589,168	2,968,087	1,647,631	-	2,172,605	-	49,902,435	47,277,126
Add: Current period amortization	1,695,076	84,901	59,254	37,743	289,373	449,097	-	516,177	-	3,131,621	3,033,237
Less: Accumulated amortization on disposals and writedowns	-	-	-	(28,832)	(79,005)	-	-	-	-	(107,837)	(407,928)
Closing accumulated amortization	40,944,148	2,868,265	548,762	598,079	3,178,455	2,096,728	-	2,688,782	-	52,926,219	49,902,435
Net tangible capital assets	30,154,578	1,455,933	289,826	123,632	674,152	1,688,052	7,025,776	3,124,012	2,943,918	47,476,879	43,207,074
Proceeds from disposal of capital assets	-	-	-	2,192	2,200	-	-	-	-	4,392	10,6

* Includes network infrastructure

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Sunrise 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 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.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors, appointed by the Board. The accompanying Independent Auditor's 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	Secretary-Treasurer

October 20, 2015

BDO

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Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Chairperson and Board of Trustees of Sunrise School Division

We have audited the accompanying consolidated financial statements of Sunrise School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sunrise School Division as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 20, 2015

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

Oct 24/15
Date

Original Document Signed
Chairperson

Sunrise School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	5,577,930	6,686,005
	- Federal Government	210,046	299,348
	- Municipal Government	13,216,090	12,423,278
	- Other School Divisions	187,366	29,120
	- First Nations	414,177	193,245
	Accounts Receivable	1,116,160	112,349
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		20,721,769	19,743,345
	Liabilities		
*	Overdraft	14,661,091	16,052,469
	Accounts Payable	1,265,870	988,984
	Accrued Liabilities	1,379,875	278,731
*	Employee Future Benefits	627,371	690,175
	Accrued Interest Payable	339,365	366,628
	Due to - Provincial Government	4,359	4,259
	- Federal Government	1,292	1,079
	- Municipal Government	-	-
	- Other School Divisions	-	34,710
	- First Nations	-	-
*	Deferred Revenue	965,762	51,644
*	Debenture Debt	20,002,632	20,502,141
*	Other Borrowings	3,523,937	-
	School Generated Funds Liability	60,159	48,219
		42,831,713	39,019,039
	Net Debt	(22,109,944)	(19,275,694)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	36,251,604	33,459,246
	Inventories	377,300	310,617
	Prepaid Expenses	128,416	101,526
		36,757,320	33,871,389
*	**Accumulated Surplus**	14,647,376	14,595,695

See accompanying notes to the Financial Statements

Sunrise School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		40,609,756	40,020,559
	Federal Government		-	20,604
	Municipal Government	- Property Tax	23,058,492	21,660,677
		- Other	-	-
	Other School Divisions		196,978	165,223
	First Nations		300,876	350,089
	Private Organizations and Individuals		37,741	108,300
	Other Sources		207,450	216,143
	School Generated Funds		1,052,683	1,119,340
	Other Special Purpose Funds		15,121	26,757
			65,479,097	63,687,692
	Expenses			
	Regular Instruction		32,290,570	31,118,494
	Student Support Services		11,187,743	11,384,055
	Adult Learning Centres		969,452	943,773
	Community Education and Services		294,284	315,645
	Divisional Administration		2,006,143	2,055,982
	Instructional and Other Support Services		1,314,759	1,516,410
	Transportation of Pupils		4,852,730	4,765,787
	Operations and Maintenance		6,532,240	6,200,602
*	Fiscal	- Interest	1,219,841	1,211,677
		- Other	936,436	926,180
	Amortization		2,824,211	2,530,538
	Other Capital Items		3,171	25,107
	School Generated Funds		971,553	898,478
	Other Special Purpose Funds		18,724	-
			65,421,857	63,892,728
	Current Year Surplus (Deficit) before Non-vested Sick Leave		57,240	(205,036)
	Less: Non-vested Sick Leave Expense (Recovery)		5,559	(55,676)
	Net Current Year Surplus (Deficit)		51,681	(149,360)
	Opening Accumulated Surplus		14,595,695	14,745,055
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		14,595,695	14,745,055
	Closing Accumulated Surplus		14,647,376	14,595,695

See accompanying notes to the Financial Statements

* NOTE REQUIRED

Sunrise School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	51,681	(149,360)
Amortization of Tangible Capital Assets	2,824,211	2,530,538
Acquisition of Tangible Capital Assets	(5,633,290)	(5,762,484)
(Gain) / Loss on Disposal of Tangible Capital Assets	(19,188)	-
Proceeds on Disposal of Tangible Capital Assets	35,909	-
	(2,792,358)	(3,231,946)
Inventories (Increase)/Decrease	(66,683)	(20,779)
Prepaid Expenses (Increase)/Decrease	(26,890)	28,785
	(93,573)	8,006
(Increase)/Decrease in Net Debt	(2,834,250)	(3,373,300)
Net Debt at Beginning of Year	(19,275,694)	(15,902,394)
Adjustments Other than Tangible Cap. Assets	-	-
	(19,275,694)	(15,902,394)
Net Debt at End of Year	(22,109,944)	(19,275,694)

Sunrise School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	51,681	(149,360)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,824,211	2,530,538
(Gain)/Loss on Disposal of Tangible Capital Assets	(19,188)	-
Employee Future Benefits Increase/(Decrease)	(62,804)	(172,647)
Due from Other Organizations (Increase)/Decrease	25,387	(1,943,580)
Accounts Receivable & Accrued Income (Increase)/Decrease	(1,003,811)	92,730
Inventories and Prepaid Expenses - (Increase)/Decrease	(93,573)	8,006
Due to Other Organizations Increase/(Decrease)	(34,397)	33,970
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,350,767	(949,283)
Deferred Revenue Increase/(Decrease)	914,118	(948,853)
School Generated Funds Liability Increase/(Decrease)	11,940	(6,302)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,964,331	(1,504,781)
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,633,290)	(5,762,484)
Proceeds on Disposal of Tangible Capital Assets	35,909	-
Cash Provided by (Applied to) Capital Transactions	(5,597,381)	(5,762,484)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	(499,509)	933,240
Other Borrowings Increase/(Decrease)	3,523,937	-
Cash Provided by (Applied to) Financing Transactions	3,024,428	933,240
Cash and Bank / Overdraft (Increase)/Decrease	1,391,378	(6,334,025)
Cash and Bank (Overdraft) at Beginning of Year	(16,052,469)	(9,718,444)
Cash and Bank (Overdraft) at End of Year	(14,661,091)	(16,052,469)

Sunrise School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	51,807,130	2,100,766	10,078,710	207,962	2,197,696	3,384,669	236,182	364,822	2,492,127	72,870,064	67,107,580
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	51,807,130	2,100,766	10,078,710	207,962	2,197,696	3,384,669	236,182	364,822	2,492,127	72,870,064	67,107,580
Add:											
Additions during the year	492,641	6,004,557	545,781	-	68,614	674,483	-	-	(2,152,786)	5,633,290	5,762,484
Less:											
Disposals and write downs	-	-		55,736	-	-	-	-		55,736	-
Closing Cost	52,299,771	8,105,323	10,624,491	152,226	2,266,310	4,059,152	236,182	364,822	339,341	78,447,618	72,870,064
Accumulated Amortization											
Opening, as previously reported	28,767,905	1,607,771	6,227,659	180,093	734,887	1,748,723		143,780		39,410,818	36,880,280
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	28,767,905	1,607,771	6,227,659	180,093	734,887	1,748,723		143,780		39,410,818	36,880,280
Add:											
Current period Amortization	1,198,965	113,774	729,843	11,148	317,789	416,210		36,482		2,824,211	2,530,538
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	39,015	-	-		-		39,015	-
Closing Accumulated Amortization	29,966,870	1,721,545	6,957,502	152,226	1,052,676	2,164,933		180,262		42,196,014	39,410,818
Net Tangible Capital Asset	22,332,901	6,383,778	3,666,989	-	1,213,634	1,894,219	236,182	184,560	339,341	36,251,604	33,459,246
Proceeds from Disposal of Capital Assets	-	-	-	35,909	-	-				35,909	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Sunrise 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC).

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.

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. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school division) under a trust agreement or statute; the trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set out in the trust indenture.

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.

Fund Accounting

The fund method of accounting is employed by the Division to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education (FRAME) in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the Division.

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 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.

School Generated Funds (continued)

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.

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
Land Improvements	25,000	10 years
Buildings – bricks, mortar, steel	25,000	40 years
Buildings – wood frame	25,000	25 years
School buses	20,000	10 years
Vehicles	10,000	5 years
Equipment	10,000	5 years
Network Infrastructure	25,000	10 years
Computer Hardware, Servers, Peripherals	5,000	4 years
Computer Software	10,000	4 years
Furniture & Fixtures	5,000	10 years
Leasehold Improvements	25,000	Over term of lease

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

With the exception of land, 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.

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, 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.

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 provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. The Division pays the employer portion of the defined contribution plan administered by the Manitoba School Boards Association (MSBA). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

Employee Future Benefits (continued)

For those defined benefit self-insured plans that are event driven such as non-vesting parental leave, the benefit costs are recognized and recorded only in the period when the event occurs.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Adoption of New Accounting Policies

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

4. Bank Overdraft

As of June 30, 2015, the Division's authorized line of credit with Sunova Credit Union was $20,000,000 by way of overdrafts. The line of credit is repayable on demand at the bank's prime rate less 0.75% (2.10% as of June 30, 2015); interest is paid monthly. Overdrafts are secured by a borrowing by-law. As at June 30, 2015, the Division's operating line of credit was being utilized.

5. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account which includes pension expense for the year of $658,903 ($670,259 in 2014).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave expense for the year is $5,559 (recovery of $55,676 in 2014).

Employee future benefits of $627,371 recorded as a liability consists of maternity/parental benefits of $34,399, vacation accrual of $295,246 and sick leave liability of $297,726 as of June 30, 2015.

6. 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 2014	Additions in the Period	Revenue Recognized in the Period	Balance as at June 30 2015
Education Property Tax Credit	$ -	$ 7,709,869	$ 6,778,429	$ 931,440
Tax Incentive Grant	-	2,933,411	2,933,411	-
Grants from outside sources	31,043	34,322	31,043	34,322
Other	20,601	12,000	32,601	-
	$ 51,644	$10,689,602	$ 9,775,484	$ 965,762

7. Debenture Debt

The debenture debt of the School Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2014 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.00% to 10.00%. Debenture interest expense payable as at June 30, 2015, 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 total debenture principal and interest repayments in the next five years are:

2016	$ 2,500,627
2017	2,500,627
2018	2,420,998
2019	2,381,653
2020	2,321,963
	$12,125,868

8. Other Borrowings

Other borrowings consist of a demand term loan used to finance the construction of the new bus garage. The borrowings require monthly payments of $25,000 plus interest at prime less 0.50% (2.20% at June 30, 2015).

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

2016	$ 312,543
2017	369,002
2018	362,402
2019	355,802
2020	349,202
	$ 1,748,951

9. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds. At June 30, 2015, an amount equal to the liability of $60,159 ($48,219 at June 30, 2014) is included in overdraft on the Consolidated Statement of Financial Position.

10. 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. The amount of interest capitalized in the period included in Assets under Construction was nil (previous year was nil).

11. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	1,557,013	1,666,375
Non-vested Sick Leave	(297,658)	(292,099)
	1,259,355	1,374,276
Capital Fund		
Reserve Accounts	544,429	767,853
Equity in Tangible Capital Assets	12,328,334	11,940,776
	12,872,763	12,708,629
Special Purpose Fund		
School Generated Funds	472,207	472,302
Other	43,051	40,488
	515,258	512,790
Total Accumulated Surplus	$14,647,376	$14,595,695

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of Designated Surplus are disclosed on Page 5 of the consolidated financial statements.

Reserve Accounts under the Capital Fund represent 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 consolidated financial statements.

12. 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 student's resident in the division. The Municipal Government-Property Tax shown on the consolidated statement of revenue and expense is raised over the two calendar (tax) years; 42.5% from 2014 tax year and 57.5% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue – Municipal Government – Property Tax	$ 23,058,492	$ 21,660,677
Receivable – Due from Municipal – Property Tax	$ 13,216,090	$ 12,423,278

13. Interest Received and Paid

The Division received interest during the year of $9,685 ($40,875 in 2014); interest paid during the year was $1,247,103 ($1,218,166 in 2014).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 145,552	$ 134,651
Capital Fund		
Debenture interest	1,072,209	1,075,862
Other interest	2,080	1,164
	$ 1,219,841	$ 1,211,677

The accrual portion of debenture debt interest expense of $339,365 ($366,628 in 2014) is included under the Capital Fund-Debenture debt interest, and netted with an accrual of the debt servicing grant from the Province of Manitoba.

14. 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 2015	Budget 2015	Actual 2014
Salaries	$44,927,040	$ 44,068,759	$ 43,720,527
Employees benefits and allowances	3,206,781	3,233,616	3,188,557
Services	6,298,588	5,910,466	6,138,809
Supplies, materials and minor equipment	4,233,751	5,067,813	4,497,980
Interest	1,219,841	120,000	1,211,677
Bad debts	-	3,000	-
Payroll tax	936,436	980,000	926,180
Amortization	2,824,211	-	2,530,538
Transfers	781,761	680,000	754,875
Other capital items	3,171	-	25,107
School generated funds	971,553	-	898,478
Other special purpose funds	18,724	-	-
	$ 65,421,857	$60,063,654	$ 63,892,728

15. Commitments and Appropriations of Operating Fund Surplus

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2015 are as follows:

2016	$ 186,372
2017	$ 175,870
2018	$ 611

16. Contingent Liabilities

In a previous year, two claims were initiated against the Division by the contractor of a new school built in the division. The disputed amount represents monies which have not been paid by the Division because the architects have refused to provide certificates for payment due to non-compliance and unfinished work. Any payments on these claims will be expensed by the Division when settled.

15. Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, and 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.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Swan Valley School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Pacak Kowal Hardie & Company independent external auditors appointed by the Board. The accompanying Independent 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	Secretary-Treasurer

October 27, 2015

PACAK KOWAL HARDIE & COMPANY
CHARTERED ACCOUNTANTS

LINDA COLE, CGA (ASSOCIATE)

100 Fourth Avenue North
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INDEPENDENT AUDITOR'S REPORT

(in accordance with subsection 41(11) of the Public Schools Act)

SWAN VALLEY SCHOOL DIVISION

To the Board of Trustees of Swan Valley School Division:

We have audited the accompanying consolidated financial statements of Swan Valley School Division, which comprise of the consolidated statement of financial position as at June 30, 2015, the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt, consolidated statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Swan Valley School Division as at June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our opinion on these consolidated financial statements does not extend to any budget information contained therein.

Pacak Kowal Hardie & Company
CHARTERED ACCOUNTANTS

Swan River, Manitoba
October 27, 2015

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the Board of the above mentioned School Division/District.

Oct 27 2015
Date

Original Document Signed
Chairperson

Swan Valley School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	802,254	443,234
	Due from - Provincial Government	1,935,964	2,001,615
	- Federal Government	33,278	54,122
	- Municipal Government	2,858,789	2,760,928
	- Other School Divisions	7,734	8,308
	- First Nations	73,471	137,813
	Accounts Receivable	288,876	68,405
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		6,000,366	5,474,425
	Liabilities		
	Overdraft	-	-
	Accounts Payable	349,251	312,331
	Accrued Liabilities	2,249,853	1,892,617
5	Employee Future Benefits	107,076	117,108
	Accrued Interest Payable	320,222	292,790
	Due to - Provincial Government	871	1,573
	- Federal Government	480	7,295
	- Municipal Government	75,243	46,296
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	257,691	268,331
8	Debenture Debt	12,479,961	11,294,042
	Other Borrowings	-	-
	School Generated Funds Liability	1,945	1,896
		15,842,593	14,234,279
	Net Debt	(9,842,227)	(8,759,854)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	15,475,798	13,781,561
	Inventories	19,294	23,267
	Prepaid Expenses	66,222	79,817
		15,561,314	13,884,645
10	**Accumulated Surplus**	5,719,087	5,124,791

See accompanying notes to the Financial Statements

Swan Valley School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		16,254,778	16,022,656
	Federal Government		-	-
	Municipal Government	- Property Tax	5,203,201	5,016,812
		- Other	-	-
	Other School Divisions		36,696	36,790
	First Nations		267,925	358,259
	Private Organizations and Individuals		244,585	217,320
	Other Sources		156,223	181,149
	School Generated Funds		480,187	640,700
	Other Special Purpose Funds		18,736	14,786
			22,662,331	22,488,472
	Expenses			
	Regular Instruction		11,213,960	11,363,328
	Student Support Services		2,995,001	3,110,584
	Adult Learning Centres		-	-
	Community Education and Services		222,133	205,577
	Divisional Administration		849,567	800,727
	Instructional and Other Support Services		423,344	528,911
	Transportation of Pupils		1,555,308	1,597,820
	Operations and Maintenance		2,326,593	2,228,444
12	Fiscal	- Interest	557,250	469,989
		- Other	314,847	312,932
	Amortization		1,087,201	1,002,442
	Other Capital Items		42,914	104,197
	School Generated Funds		477,843	620,137
	Other Special Purpose Funds		18,736	14,786
			22,084,697	22,359,874
	Current Year Surplus (Deficit) before Non-vested Sick Leave		577,634	128,598
	Less: Non-vested Sick Leave Expense (Recovery)		(16,662)	(22,938)
	Net Current Year Surplus (Deficit)		594,296	151,536
	Opening Accumulated Surplus		5,124,791	4,973,255
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		5,124,791	4,973,255
	Closing Accumulated Surplus		5,719,087	5,124,791

See accompanying notes to the Financial Statements

Swan Valley School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	594,296	151,536
Amortization of Tangible Capital Assets	1,087,201	1,002,442
Acquisition of Tangible Capital Assets	(2,781,438)	(4,056,842)
(Gain) / Loss on Disposal of Tangible Capital Assets	(7,203)	(6,000)
Proceeds on Disposal of Tangible Capital Assets	7,203	6,000
	(1,694,237)	(3,054,400)
Inventories (Increase)/Decrease	3,973	(3,419)
Prepaid Expenses (Increase)/Decrease	13,595	10,865
	17,568	7,446
(Increase)/Decrease in Net Debt	(1,082,373)	(2,895,418)
Net Debt at Beginning of Year	(8,759,854)	(5,864,436)
Adjustments Other than Tangible Cap. Assets	-	-
	(8,759,854)	(5,864,436)
Net Debt at End of Year	(9,842,227)	(8,759,854)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	594,296	151,536
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,087,201	1,002,442
(Gain)/Loss on Disposal of Tangible Capital Assets	(7,203)	(6,000)
Employee Future Benefits Increase/(Decrease)	(10,032)	(106,772)
Due from Other Organizations (Increase)/Decrease	53,550	(636,167)
Accounts Receivable & Accrued Income (Increase)/Decrease	(220,471)	(32,988)
Inventories and Prepaid Expenses - (Increase)/Decrease	17,568	7,446
Due to Other Organizations Increase/(Decrease)	21,430	18,978
Accounts Payable & Accrued Liabilities Increase/(Decrease)	421,588	(442,405)
Deferred Revenue Increase/(Decrease)	(10,640)	(679,609)
School Generated Funds Liability Increase/(Decrease)	49	(512)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	1,947,336	(724,051)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,781,438)	(4,056,842)
Proceeds on Disposal of Tangible Capital Assets	7,203	6,000
Cash Provided by (Applied to) Capital Transactions	(2,774,235)	(4,050,842)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	447
Cash Provided by (Applied to) Investing Transactions	-	447
Financing Transactions		
Debenture Debt Increase/(Decrease)	1,185,919	3,935,460
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	1,185,919	3,935,460
Cash and Bank / Overdraft (Increase)/Decrease	359,020	(838,986)
Cash and Bank (Overdraft) at Beginning of Year	443,234	1,282,220
Cash and Bank (Overdraft) at End of Year	802,254	443,234

Swan Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	17,474,822	539,624	3,302,938	360,877	1,731,374	1,256,781	280,490	288,426	4,715,049	29,950,381	26,032,915
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	17,474,822	539,624	3,302,938	360,877	1,731,374	1,256,781	280,490	288,426	4,715,049	29,950,381	26,032,915
Add:											
Additions during the year	-	50,153	277,090	-	174,683	58,305	-	236,679	1,984,528	2,781,438	4,056,842
Less:											
Disposals and write downs	-	-	-	36,146	171,043	174,102	-	-	-	381,291	139,376
Closing Cost	17,474,822	589,777	3,580,028	324,731	1,735,014	1,140,984	280,490	525,105	6,699,577	32,350,528	29,950,381
Accumulated Amortization											
Opening, as previously reported	11,391,726	458,980	1,998,148	267,437	1,129,765	850,657		72,107		16,168,820	15,305,754
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	11,391,726	458,980	1,998,148	267,437	1,129,765	850,657		72,107		16,168,820	15,305,754
Add:											
Current period Amortization	416,292	8,142	249,470	28,970	210,463	133,187		40,677		1,087,201	1,002,442
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	36,146	171,043	174,102		-		381,291	139,376
Closing Accumulated Amortization	11,808,018	467,122	2,247,618	260,261	1,169,185	809,742		112,784		16,874,730	16,168,820
Net Tangible Capital Asset	5,666,804	122,655	1,332,410	64,470	565,829	331,242	280,490	412,321	6,699,577	15,475,798	13,781,561
Proceeds from Disposal of Capital Assets	-	-	-	5,000	2,203	-				7,203	6,000

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Swan Valley 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and reflect the following significant accounting policies:

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 and funds held in the Division's Registered Charity.

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 and charitable 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) **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.

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.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The terms and conditions of the Pension Plan for the Employees of Swan Valley School Division are administered by the school division trustees and a division management representative. Participating employees in the plan generally contribute from 7.0% to 9.0% (dependant on age and years of plan membership as outlined in the plan's text) of eligible earnings to the plan. The Division matches this contribution and remits both contributions monthly. No responsibility is assumed by the Division to make any further contribution.

g) 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.

h) 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.

i) 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.

j) Adoption of New Accounting Policy PS 3260

Effective July 01, 2014, the Division has adopted the new Public Sector Accounting Board accounting standard – Liability for Contaminated Sites, Section PS 3260. The standard was applied on a retroactive basis to July 01, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Division.

3. Other Investments

	2015	2014
Swan Valley Credit Union Patronage Shares	$ 0	$ 0

4. Overdraft

The Division has an authorized line of credit with TD Canada Trust of $4,000,000 by way of overdrafts and is repayable on demand at prime less 0.60%; paid monthly. Overdrafts are secured by borrowing by-law.

5. Employee Future Benefits

The Division sponsors and administers a defined pension contribution plan. The defined contribution plan is provided to all eligible non teaching employees. Eligible employees contributed, in accordance with the plan text 7.0% to 9.0% of their eligible earnings to the plan. The Division contributions equal the employee required contributions to the plan. Some employees have exercised their right to make voluntary contributions to the plan, which are not matched by the Division. No pension liability is included in the financial statements.

A liability of $0.00 for event driven sick leave benefits,$6,629 maternity/parental and $100,447 estimated non-vested sick leave benefits ($0.00 maternity/parental, $0.00 sick leave benefits and $117,108 estimated non-vested sick leave benefits for 2014) is reflected in the financial statements.

6. 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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Healthy Child Manitoba Grant	$ 13,328	$ 42,206	$ 41,284	$ 14,250
Education Property Tax Credit	-	64,361	35,399	28,962
Other Province of Manitoba Grants	2,858	41,000	41,371	2,487
Grants from outside sources	8,065	7,416	200	15,281
Capital Fund	197,823	-	46,675	151,148
Charitable Scholarship and Other Fund	42,257	18,042	18,736	41,563
School Generated Funds	4,000	-	-	4,000
	$ 268,331	$ 173,025	$ 183,665	$ 257,691

7. 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 $1,945 for 2015, $1,896 in 2014.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2015 covers a period of twelve months from July 1, 2014 to June 30, 2015.

8. 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 2014 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.500% to

9.625%. Debenture interest expense payable as at June 30, 2014, 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:

	Principal	Interest	Total
2016	672,231	564,873	$ 1,237,104
2017	700,336	529,819	1,230,155
2018	638,429	493,422	1,131,851
2019	653,167	462,678	1,115,845
2020	666,758	431,473	1,098,231
	$ 3,330,921	$ 2,482,265	$ 5,813,186

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. The amount of interest capitalized in the period included in Assets under Construction is $1,830.19 (previous year $3,302.26).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	-	-
Undesignated Surplus	636,682	643,200
Non-vested Sick Leave	(100,446)	(117,108)
	536,236	526,092
Capital Fund		
Reserve Accounts	2,283,016	2,186,548
Equity in Tangible Capital Assets	2,768,724	2,283,384
	5,051,740	4,469,932
Special Purpose Fund		
School Generated Funds	131,111	128,767
Other Special Purpose Funds	-	-
	131,111	128,767
Total Accumulated Surplus	$ 5,719,087	$ 5,124,791

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015	2014
Board approved appropriation by motion	-	-
School budget carryovers by Board policy	-	-
Designated surplus	$ -	$ -

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.

	2015	2014
Bus reserves	545,360	540,360
Other reserves	1,737,656	1,646,188
Capital Reserve	$ 2,283,016	$ 2,186,548

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 student's resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 45% from 2014 tax year and 55% from 2015 tax year. Below are the related revenue and receivable amounts:

		2015		2014
Revenue-Municipal Government-Property Tax	$	5,203,201	$	5,016,812
Receivable-Due from Municipal-Property Tax	$	2,858,789	$	2,760,928

12. Interest Received and Paid

The Division received interest during the year of $33,091 (previous year $39,787); interest paid during the year was $1,587 (previous year $1,682).

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

		2015
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	-
Capital Fund		
Debenture debt interest		557,250
Other interest		1,587
	$	558,837

The accrual portion of debenture debt interest expense of $320,222 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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:

Notes # 18 Expenses by Object

		Actual 2015		Budget 2015		Actual 2014
Salaries	$	14,603,165	$	14,926,717	$	14,568,408
Employees benefits & allowances		1,478,869		1,598,480		1,484,699
Services		1,904,577		1,800,278		1,807,351
Supplies, materials & minor equipment		1,597,995		1,715,649		1,973,633
Interest		558,837		2,000		471,671
Bad debts		-		-		-
Payroll tax		314,847		319,000		312,932
Transfers		1,300		1,300		-
Amortization		1,087,201		-		1,002,442
Other capital items		42,914		-		104,197
School generated funds		477,843		-		620,137
Other special purpose funds		18,736		-		14,786
	$	22,086,284	$	20,363,424	$	22,360,256

14. Commitment

As a result of a resolution approved at the 9 March 2015 school trustees meeting the Division is committed to purchase two new school buses in the amount of approximately $223,610 during 2015/2016 fiscal year end.

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Turtle Mountain School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 28, 2015

Independent Auditors' Report

To the Board of Trustees of Turtle Mountain School Division:

We have audited the accompanying consolidated financial statements of Turtle Mountain School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. .

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Turtle Mountain School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

MNP LLP
Chartered Accountants

Brandon, Manitoba
October 28, 2015

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Turtle Mountain School Division.

Original Document Signed
Chairperson of the Board

Oct 28, 2015
Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	635,227	943,282
	- Federal Government	41,429	70,551
	- Municipal Government	2,876,232	2,667,489
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	39,576	57,591
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		3,592,464	3,738,913
	Liabilities		
(4)	Overdraft	1,847,751	2,216,521
	Accounts Payable	1,340,653	1,342,591
	Accrued Liabilities	111,322	96,981
(5)	Employee Future Benefits	133,566	133,793
	Accrued Interest Payable	49,466	55,660
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	30,943	31,792
	- Other School Divisions	-	-
	- First Nations	-	-
(6)	Deferred Revenue	225,681	-
(7)	Debenture Debt	3,489,102	3,296,746
	Other Borrowings	-	-
(8)	School Generated Funds Liability	107,522	102,841
		7,336,006	7,276,925
	Net Debt	(3,743,542)	(3,538,012)
	Non-Financial Assets		
(9)	Net Tangible Capital Assets (TCA Schedule)	4,651,922	4,572,875
	Inventories	68,001	68,816
(15)	Prepaid Expenses	763,236	819,371
		5,483,159	5,461,062
(12)	**Accumulated Surplus**	1,739,617	1,923,050

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		8,339,241	8,249,526
	Federal Government		156	177
	Municipal Government	- Property Tax	4,899,999	4,531,827
		- Other	-	-
	Other School Divisions		24,700	37,700
	First Nations		-	-
	Private Organizations and Individuals		11,914	5,306
	Other Sources		32,448	48,469
	School Generated Funds		266,073	366,797
	Other Special Purpose Funds		-	-
			13,574,531	13,239,802
	Expenses			
	Regular Instruction		7,148,963	6,676,748
	Student Support Services		2,132,024	2,055,924
	Adult Learning Centres		201,830	208,707
	Community Education and Services		13,261	15,447
	Divisional Administration		552,080	563,267
	Instructional and Other Support Services		452,017	477,993
	Transportation of Pupils		1,094,330	1,126,614
	Operations and Maintenance		986,872	1,009,309
(13)	Fiscal	- Interest	231,499	219,937
		- Other	202,760	199,772
	Amortization		439,218	416,976
	Other Capital Items		4,627	61,177
	School Generated Funds		300,855	362,785
	Other Special Purpose Funds		-	-
			13,760,336	13,394,656
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(185,805)	(154,854)
	Less: Non-vested Sick Leave Expense (Recovery)		(2,372)	21,688
	Net Current Year Surplus (Deficit)		(183,433)	(176,542)
	Opening Accumulated Surplus		1,923,050	2,099,592
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		1,923,050	2,099,592
	Closing Accumulated Surplus		1,739,617	1,923,050

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	(183,433)	(176,542)
Amortization of Tangible Capital Assets	439,218	416,976
Acquisition of Tangible Capital Assets	(579,464)	(813,160)
(Gain) / Loss on Disposal of Tangible Capital Assets	(8,354)	(16,023)
Proceeds on Disposal of Tangible Capital Assets	69,553	21,969
	(79,047)	(390,238)
Inventories (Increase)/Decrease	815	(3,452)
Prepaid Expenses (Increase)/Decrease	56,135	(603,240)
	56,950	(606,692)
(Increase)/Decrease in Net Debt	(205,530)	(1,173,472)
Net Debt at Beginning of Year	(3,538,012)	(2,364,540)
Adjustments Other than Tangible Cap. Assets	-	-
	(3,538,012)	(2,364,540)
Net Debt at End of Year	(3,743,542)	(3,538,012)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	(183,433)	(176,542)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	439,218	416,976
(Gain)/Loss on Disposal of Tangible Capital Assets	(8,354)	(16,023)
Employee Future Benefits Increase/(Decrease)	(227)	24,392
Due from Other Organizations (Increase)/Decrease	128,434	(757,342)
Accounts Receivable & Accrued Income (Increase)/Decrease	18,015	30,961
Inventories and Prepaid Expenses - (Increase)/Decrease	56,950	(606,692)
Due to Other Organizations Increase/(Decrease)	(849)	(4,094)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	6,209	177,475
Deferred Revenue Increase/(Decrease)	225,681	(374,692)
School Generated Funds Liability Increase/(Decrease)	4,681	(10,522)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	686,325	(1,296,103)
Capital Transactions		
Acquisition of Tangible Capital Assets	(579,464)	(813,160)
Proceeds on Disposal of Tangible Capital Assets	69,553	21,969
Cash Provided by (Applied to) Capital Transactions	(509,911)	(791,191)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	192,356	(80,987)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	192,356	(80,987)
Cash and Bank / Overdraft (Increase)/Decrease	368,770	(2,168,281)
Cash and Bank (Overdraft) at Beginning of Year	(2,216,521)	(48,240)
Cash and Bank (Overdraft) at End of Year	(1,847,751)	(2,216,521)

Turtle Mountain School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	8,614,457	580,476	2,385,614	83,749	176,662	53,724	45,451	320,207	13	12,260,353	11,557,922
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	8,614,457	580,476	2,385,614	83,749	176,662	53,724	45,451	320,207	13	12,260,353	11,557,922
Add: Additions during the year	313,801	-	174,214	-	18,620	12,056	-	-	60,773	579,464	813,160
Less: Disposals and write downs	-	-	221,927	-	-	-	-	-	-	221,927	110,729
Closing Cost	8,928,258	580,476	2,337,901	83,749	195,282	65,780	45,451	320,207	60,786	12,617,890	12,260,353
Accumulated Amortization											
Opening, as previously reported	5,182,938	428,270	1,590,342	16,479	117,133	32,109		320,207		7,687,478	7,375,285
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	5,182,938	428,270	1,590,342	16,479	117,133	32,109		320,207		7,687,478	7,375,285
Add: Current period Amortization	227,187	9,225	157,632	16,750	23,591	4,833		-		439,218	416,976
Less: Accumulated Amortization on Disposals and Writedowns	-	-	160,728	-	-	-		-		160,728	104,783
Closing Accumulated Amortization	5,410,125	437,495	1,587,246	33,229	140,724	36,942		320,207		7,965,968	7,687,478
Net Tangible Capital Asset	3,518,133	142,981	750,655	50,520	54,558	28,838	45,451	-	60,786	4,651,922	4,572,875
Proceeds from Disposal of Capital Assets	-	-	69,553	-	-	-				69,553	21,969

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue 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

Revenue 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 and charitable foundations 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) **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.

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, 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.

f) 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.

g) 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.

h) 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.

i) Liability for Contaminated Sites

The Division has adopted PS3260 liability for contaminated sites effective March 31, 2015. No sites have been identified and no liability has been established in Turtle Mountain School Division.

3. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB.

The following changes were implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii)The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv)Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. Overdraft

The Division has an authorized line of credits with Westoba Credit Union of the following;

$4,000,000.00 (Operating Line of Credit)
$1,500.000.00 (Temporary Line of Credit)

By way of overdrafts and is repayable on demand at prime less 0.50%; interest is paid monthly. Overdrafts are secured by borrowing by-law.

5. Employee Future Benefits

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include vacation accrual, supplemental employment and sick leave benefits.

6. 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:

Description	Year ended	Amount
Provincial Education Property Tax Credit Advance	June 30, 2015	$225,681

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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.00% to 8.13 %. Debenture interest expense payable as at June 30, 2015, 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.

	Year	Principal	Interest	Total
Total	2016	292,959.84	173,522.09	466,481.93
Total	2017	269,696.76	155,767.38	425,464.14
Total	2018	285,246.46	140,217.67	425,464.13
Total	2019	294,557.49	123,736.89	418,294.38
Total	2020	273,513.65	106,733.89	380,247.54

8. 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 $107,522.

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.

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 statement is raised over the two calendar (tax) years; 59.6% from 2015 tax year and 40.4% from 2014 tax year. Below are the related revenue and receivable amounts:

Description	2015	2014
Revenue-Municipal Government-Property Tax	$4,899,999	$4,531,827
Receivable-Due from Municipal-Property Tax	$2,876,232	$2,667,489

11. Commitments

Agreements respecting photocopiers, printers and other respective leases were entered into for terms ranging from one to five years. The cost for the lease of this equipment is $221,089 for 2014-2015.

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	$204,252
Undesignated Surplus(Deficit)	458,739
Less: Non-Vested Sick Leave to Date	(65,018)
	597,973
Capital Fund	
Reserve Account	222,662
Equity in Tangible Capital Assets	831,910
	1,054,572
Special Purpose Fund	
School Generated Funds	87,072
Other Special Purpose Funds	0
Total Accumulated Surplus	$1,739,617

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2015
Board approved appropriation by motion	$32,743
School/Maintenance Budget carryovers by board policy	171,509
Designated surplus	$204,252

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.

	2015
Bus reserves	$222,662
Other reserves	
Capital Reserve	$222,662

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

	2015
School generated funds	$87,072
Other	0
Other Special Purpose Funds	$87,072

13. Interest Received and Paid

The Division received interest during the year of $1,717 (previous year $6,468); interest paid during the year was $231,499 (previous year $219,937).

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

	2015
Operating Fund	
Fiscal-short term loan, interest and bank charges	$50,410
Capital Fund	
Debenture debt interest	$181,089
Other interest	0
	$231,499

The accrual portion of debenture debt interest expense of $49,466 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. 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:

Description	Actual 2015	Budget 2015	Actual 2014
Salaries	9,599,455	9,083,954	$9,275,677
Employee benefits and allowances	700,687	819,030	635,817

Services	1,277,486	1,203,169	1,279,664
Supplies, materials & minor equip.	977,741	1,111,692	920,751
Minor Capital Items	4,627		61,177
Interest	231,499	26,000	219,937
Payroll tax / Transfers/Bad Debt Exp	228,768	226,000	221,872
Amortization	439,218		416,976
School generated funds	300,855		362,785
Total	13,760,336	12,469,845	$13,394,656

15. Prepaids

Due to the shift of Capital Reserve (Boiler) to Operating Reserve (Broadband), motion #13-115, 8/10's of the Broadband initiative expense is now in prepaid ($695,784).

School Year	Amount	Remaining Balance
2014-2015		695,784
2015-2016	86,973	608,811
2016-2017	86,973	521,838
2017-2018	86,973	434,865
2018-2019	86,973	347,892
2019-2020	86,973	260,919
2020-2021	86,973	173,946
2021-2022	86,973	86,973
2022-2023	86,973	0

MANAGEMENT RESPONSIBILITY REPORT

The accompanying consolidated financial statements of Turtle River 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 is described in Note 3 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by MNP 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	Secretary-Treasurer

October 27, 2015

Independent Auditors' Report

To the Board of Trustees of Turtle River School Division:

We have audited the accompanying consolidated financial statements of Turtle River School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Turtle River School Division as at June 30, 2015 and the consolidated results of its operations, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Other Matters
Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Brandon, Manitoba
October 27, 2015

MNP LLP
Chartered Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Turtle River School Division.

Original Document Signed
Chairperson of the Board

Oct 27, 2015
Date

MNP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	752,686	639,002
	Due from - Provincial Government	442,350	758,533
	- Federal Government	112,364	103,093
	- Municipal Government	1,172,405	1,115,596
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	9,942	1,464
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		2,489,747	2,617,688
	Liabilities		
	Overdraft	-	-
	Accounts Payable	297,103	310,917
	Accrued Liabilities	760,673	693,839
3	Employee Future Benefits	18,480	46,702
	Accrued Interest Payable	88,888	80,559
	Due to - Provincial Government	-	140
	- Federal Government	-	-
	- Municipal Government	-	32
	- Other School Divisions	120,503	91,740
	- First Nations	-	-
6	Deferred Revenue	62,201	-
8	Debenture Debt	3,799,297	2,871,417
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		5,147,145	4,095,346
	Net Debt	(2,657,398)	(1,477,658)
	Non-Financial Assets		
3	Net Tangible Capital Assets (TCA Schedule)	5,863,772	4,535,959
	Inventories	101,315	114,993
	Prepaid Expenses	45,151	48,343
		6,010,238	4,699,295
9	**Accumulated Surplus**	3,352,840	3,221,637

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		9,103,922	8,940,104
	Federal Government		-	-
	Municipal Government	- Property Tax	2,352,238	2,247,441
		- Other	-	-
	Other School Divisions		24,050	20,800
	First Nations		-	-
	Private Organizations and Individuals		12,369	32,037
	Other Sources		11,038	9,852
	School Generated Funds		287,118	342,511
	Other Special Purpose Funds		-	-
			11,790,735	11,592,745
	Expenses			
	Regular Instruction		6,087,647	5,901,880
	Student Support Services		1,700,707	1,637,737
	Adult Learning Centres		-	-
	Community Education and Services		10,038	10,868
	Divisional Administration		383,613	356,342
	Instructional and Other Support Services		260,360	258,044
	Transportation of Pupils		1,068,819	1,091,864
	Operations and Maintenance		1,076,537	1,055,279
11	Fiscal	- Interest	169,526	145,218
		- Other	162,161	156,592
	Amortization		482,377	482,228
	Other Capital Items		-	-
	School Generated Funds		285,969	361,559
	Other Special Purpose Funds		-	-
			11,687,754	11,457,611
	Current Year Surplus (Deficit) before Non-vested Sick Leave		102,981	135,134
	Less: Non-vested Sick Leave Expense (Recovery)		(28,222)	6,156
	Net Current Year Surplus (Deficit)		131,203	128,978
	Opening Accumulated Surplus		3,221,637	3,092,659
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		3,221,637	3,092,659
	Closing Accumulated Surplus		3,352,840	3,221,637

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	131,203	128,978
Amortization of Tangible Capital Assets	482,377	482,228
Acquisition of Tangible Capital Assets	(1,810,190)	(1,395,065)
(Gain) / Loss on Disposal of Tangible Capital Assets	(4,168)	-
Proceeds on Disposal of Tangible Capital Assets	4,168	-
	(1,327,813)	(912,837)
Inventories (Increase)/Decrease	13,678	325
Prepaid Expenses (Increase)/Decrease	3,192	13,627
	16,870	13,952
(Increase)/Decrease in Net Debt	(1,179,740)	(769,907)
Net Debt at Beginning of Year	(1,477,658)	(707,751)
Adjustments Other than Tangible Cap. Assets	-	-
	(1,477,658)	(707,751)
Net Debt at End of Year	(2,657,398)	(1,477,658)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	131,203	128,978
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	482,377	482,228
(Gain)/Loss on Disposal of Tangible Capital Assets	(4,168)	-
Employee Future Benefits Increase/(Decrease)	(28,222)	6,156
Due from Other Organizations (Increase)/Decrease	250,103	(489,245)
Accounts Receivable & Accrued Income (Increase)/Decrease	(8,478)	18,130
Inventories and Prepaid Expenses - (Increase)/Decrease	16,870	13,952
Due to Other Organizations Increase/(Decrease)	28,591	91,740
Accounts Payable & Accrued Liabilities Increase/(Decrease)	61,349	(11,530)
Deferred Revenue Increase/(Decrease)	62,201	(202,856)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	991,826	37,553
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,810,190)	(1,395,065)
Proceeds on Disposal of Tangible Capital Assets	4,168	-
Cash Provided by (Applied to) Capital Transactions	(1,806,022)	(1,395,065)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	927,880	520,699
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	927,880	520,699
Cash and Bank / Overdraft (Increase)/Decrease	113,684	(836,813)
Cash and Bank (Overdraft) at Beginning of Year	639,002	1,475,815
Cash and Bank (Overdraft) at End of Year	752,686	639,002

Turtle River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,392,599	411,192	2,824,997	145,144	192,574	164,508	36,325	-	925,862	14,093,201	12,698,136
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	9,392,599	411,192	2,824,997	145,144	192,574	164,508	36,325	-	925,862	14,093,201	12,698,136
Add: Additions during the year	-	-	180,647	-	11,935	92,443	-	-	1,525,165	1,810,190	1,395,065
Less: Disposals and write downs	-	-	-	18,160	31,384	60,300	-	-	-	109,844	-
Closing Cost	9,392,599	411,192	3,005,644	126,984	173,125	196,651	36,325	-	2,451,027	15,793,547	14,093,201
Accumulated Amortization											
Opening, as previously reported	6,819,355	411,192	1,928,110	120,556	128,001	150,028		-		9,557,242	9,075,014
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	6,819,355	411,192	1,928,110	120,556	128,001	150,028		-		9,557,242	9,075,014
Add: Current period Amortization	257,161	-	170,384	9,835	22,651	22,346		-		482,377	482,228
Less: Accumulated Amortization on Disposals and Writedowns		-	-	18,160	31,384	60,300		-		109,844	-
Closing Accumulated Amortization	7,076,516	411,192	2,098,494	112,231	119,268	112,074		-		9,929,775	9,557,242
Net Tangible Capital Asset	2,316,083	-	907,150	14,753	53,857	84,577	36,325	-	2,451,027	5,863,772	4,535,959
Proceeds from Disposal of Capital Assets	-	-	-	4,168	-	-				4,168	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Turtle River School 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, and a special levy on the property assessment included in the Division's boundaries. The Division is exempt from income tax and is a registered charity under the Income Tax Act.

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

2. Additional Information

a) Public Sector Accounting Board (PSAB)

The Division adopted Public Sector Accounting Board (PSAB) standards during the 2006/07 fiscal year. Previous to the 2006/07 year Financial Statements were presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to implementation of PSAB.

b) PS 3260 Liability for Contaminated Sites

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

3. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Canadian Institute of Chartered Accountants (CICA).

a) Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, and special purpose fund of the Division. The Division reporting entity includes school generated funds.
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 held 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) 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	N/A	N/A
Land Improvements (1)	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles (2)	10,000	5
Equipment (3)	10,000	5
Network Infrastructure (4)	25,000	10
Computer Hardware, Servers & Peripherals (5)	5,000	4
Computer Software (6)	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.

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. 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.

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.

However, the Division provides a defined contribution pension plan to all eligible non teachers in the Division. There is no future liability or benefit to be recorded for this type of pension plan. The Division participates in the MSBA (Manitoba School Boards Association, formerly the Manitoba Association of School Trustees) Pension Plan. The terms and conditions of this pension plan are administered by a provincial committee consisting of school trustees, employee and division management representative. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 9.0% to 11.65% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

Expected future payment of non-vested accumulated sick leave benefits for employees based on estimated sick days that will be used over earned per year has been set up as a future benefits. Employee future benefits are benefits earned by employees in the current period, but will not be paid out until a future period.

g) 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. The Division has a reserve for school bus purchases in the amount of $1,320,831, a reserve for a project to upgrade the wide area network wireless computer communication system in the amount of $17,750, a reserve for a project to upgrade playgrounds in the amount of $20,840, a reserve for a project to upgrade school canteens in the amount of $78,505 and a reserve for a HVAC system in the amount of $40,000.

h) 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.

i) 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.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB.

The following changes have been implemented to comply with the PSAB standard:

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

(ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.

(iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.

(iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

5. Overdraft

The Division has an operating $2,500,000 line of credit with the Royal Bank of Canada by way of overdraft. (By-Law #176).

In addition small capital projects are funded out of the operating fund.

6. 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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Education Property Tax Credit		$ 61,826	$ -	$ 61,826
Transportation Fee 2015-2016		$ 375	$ -	$ 375
	$ -	$ 62,201	$ -	$ 62,201

7. School Generated Funds Liability & Revenue/Expense Presentation

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2015 covers a period of twelve months from July 1, 2014 to June 30, 2015

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8. Debenture Debt

The debenture debt of the Division is in the form of eighteen debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.50% to 8.63%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	242,448	183,303	425,751
2017	242,418	169,576	411,994
2018	245,387	156,209	401,596
2019	222,765	142,857	365,622
2020	234,440	131,182	365,622
	1,187,458	783,127	1,970,585

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015
Operating Fund	
Designated Surplus	
Undesignated Surplus	328,628
	328,628
Capital Fund	
Reserve Accounts	1,477,926
Equity in Tangible Capital Assets	1,456,515
	2,934,441
Special Purpose Fund	
School Generated Funds	89,771
Other Special Purpose Funds	-
	89,771
Total Accumulated Surplus	$ 3,352,840

Reserve Accounts under the Capital Fund represent 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.

	2015
Bus reserve	1,320,831
Other reserves	157,095
Capital Reserve	$ 1,477,926

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 statement of revenue and expense is raised over the two calendar (tax) years; 50% from 2014 tax year and 50% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 2,352,238	$ 2,247,441
Receivable-Due from Municipal-Property Tax	$ 1,172,405	$ 1,115,596

11. Interest Received and Paid

The Division received interest during the year of $6,870.

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

		2015
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	4,755
Capital Fund		
Debenture debt interest		164,771
Other interest		-
	$	169,526

The accrual portion of debenture debt interest expense of $88,888 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 2015	Budget 2015	Actual 2014
Salaries	$ 7,647,212	$ 7,711,492	$ 7,418,596
Employees benefits & allowances	627,997	636,556	612,941
Services	1,084,328	1,201,037	990,684
Supplies, materials & minor equipment	1,016,443	1,047,529	1,103,667
Interest	169,526	2,000	145,218
Transfers	211,741	189,924	186,126
Payroll tax	162,161	165,909	156,592
Amortization	482,377	-	482,228
Other capital items	-	-	-
School generated funds	285,969	-	361,559
Other special purpose funds	-	-	-
	$ 11,687,754	$ 10,954,447	$ 11,457,611

WESTERN
School Division
Morden, Manitoba

*"Rooted In Caring;
Committed to Learning"*

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Western School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Division management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Gislason Targownik Peters, Certified General Accountants, 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
Chairperson

Original Document Signed
Secretary-Treasurer

October 26, 2015

STEPHEN ROSS
Superintendent / CEO

CARL PEDERSEN
Secretary / Treasurer

CYNDY KUTZNER
Assistant Superintendent

ALLAN TOEWS
Operations

Gislason Targownik Peters
Chartered Professional Accountants
675 Norquay Drive • Box 2430 • Winkler • Manitoba R6W 4C1 • Tel: (204) 325-7579 • Fax (204) 325-7318

INDEPENDENT AUDITOR'S REPORT

To the board of trustees of
Western School Division

We have audited the accompanying consolidated financial statements of Western School Division, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Western School Division as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters
Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

Gislason Targownik Peters

CHARTERED PROFESSIONAL ACCOUNTANTS

Winkler, Manitoba
October 26, 2015

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the above mentioned School Division.

26/10/15
Date

Original Document Signed
Chairperson

Western School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	456,647	1,489,303
	- Federal Government	72,578	156,613
	- Municipal Government	3,387,822	3,326,672
	- Other School Divisions	118,885	108,119
	- First Nations	-	-
	Accounts Receivable	36,624	22,559
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		4,072,556	5,103,266
	Liabilities		
3	Overdraft	3,419,779	5,019,756
	Accounts Payable	356,427	353,447
	Accrued Liabilities	551,181	451,309
4	Employee Future Benefits	74,059	92,694
	Accrued Interest Payable	122,984	88,256
	Due to - Provincial Government	64,756	64,704
	- Federal Government	279,012	864,632
	- Municipal Government	-	-
	- Other School Divisions	342,180	335,784
	- First Nations	-	-
5	Deferred Revenue	920,272	102,584
6	Debenture Debt	6,665,968	5,894,687
7	Other Borrowings	316,026	377,062
8	School Generated Funds Liability	72,790	90,354
		13,185,434	13,735,269
	Net Debt	(9,112,878)	(8,632,003)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	14,178,649	13,392,890
	Inventories	-	-
	Prepaid Expenses	79,748	81,708
		14,258,397	13,474,598
10	**Accumulated Surplus**	5,145,519	4,842,595

See accompanying notes to the Financial Statements

Western School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		13,193,760	12,560,438
	Federal Government		17,944	10,062
11	Municipal Government	- Property Tax	5,592,607	5,552,488
		- Other	6,400	-
	Other School Divisions		66,950	62,400
	First Nations		-	-
	Private Organizations and Individuals		244,973	304,114
	Other Sources		31,857	28,328
	School Generated Funds		150,590	114,246
	Other Special Purpose Funds		-	-
			19,305,081	18,632,076
	Expenses			
	Regular Instruction		10,624,255	10,308,199
	Student Support Services		2,574,440	2,576,865
	Adult Learning Centres		368,503	361,890
	Community Education and Services		51,706	39,425
	Divisional Administration		715,850	644,832
	Instructional and Other Support Services		549,146	454,647
	Transportation of Pupils		758,430	715,405
	Operations and Maintenance		1,752,155	1,722,978
12	Fiscal	- Interest	413,024	349,016
		- Other	283,151	280,022
	Amortization		777,737	728,905
	Other Capital Items		-	-
	School Generated Funds		152,395	103,624
	Other Special Purpose Funds		-	-
			19,020,792	18,285,808
	Current Year Surplus (Deficit) before Non-vested Sick Leave		284,289	346,268
	Less: Non-vested Sick Leave Expense (Recovery)		(18,635)	17,450
	Net Current Year Surplus (Deficit)		302,924	328,818
	Opening Accumulated Surplus		4,842,595	4,513,777
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		4,842,595	4,513,777
	Closing Accumulated Surplus		5,145,519	4,842,595

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	302,924	328,818
Amortization of Tangible Capital Assets	777,737	728,905
Acquisition of Tangible Capital Assets	(1,563,496)	(3,025,969)
(Gain) / Loss on Disposal of Tangible Capital Assets	(8,707)	(200)
Proceeds on Disposal of Tangible Capital Assets	8,707	200
	(785,759)	(2,297,064)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	1,960	10,287
	1,960	10,287
(Increase)/Decrease in Net Debt	(480,875)	(1,957,959)
Net Debt at Beginning of Year	(8,632,003)	(6,674,044)
Adjustments Other than Tangible Cap. Assets	-	-
	(8,632,003)	(6,674,044)
Net Debt at End of Year	(9,112,878)	(8,632,003)

Western School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	302,924	328,818
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	777,737	728,905
(Gain)/Loss on Disposal of Tangible Capital Assets	(8,707)	(200)
Employee Future Benefits Increase/(Decrease)	(18,635)	17,450
Due from Other Organizations (Increase)/Decrease	1,044,775	(1,475,484)
Accounts Receivable & Accrued Income (Increase)/Decrease	(14,065)	(7,209)
Inventories and Prepaid Expenses - (Increase)/Decrease	1,960	10,287
Due to Other Organizations Increase/(Decrease)	(579,172)	1,022,700
Accounts Payable & Accrued Liabilities Increase/(Decrease)	137,580	20,894
Deferred Revenue Increase/(Decrease)	817,688	(752,570)
School Generated Funds Liability Increase/(Decrease)	(17,564)	(11,691)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,444,521	(118,100)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,563,496)	(3,025,969)
Proceeds on Disposal of Tangible Capital Assets	8,707	200
Cash Provided by (Applied to) Capital Transactions	(1,554,789)	(3,025,769)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	771,281	1,384,385
Other Borrowings Increase/(Decrease)	(61,036)	(59,325)
Cash Provided by (Applied to) Financing Transactions	710,245	1,325,060
Cash and Bank / Overdraft (Increase)/Decrease	1,599,977	(1,818,809)
Cash and Bank (Overdraft) at Beginning of Year	(5,019,756)	(3,200,947)
Cash and Bank (Overdraft) at End of Year	(3,419,779)	(5,019,756)

Western School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	17,841,511	1,276,112	1,808,497	96,112	439,045	281,238	629,054	124,180	2,011,584	24,507,333	21,539,200
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	17,841,511	1,276,112	1,808,497	96,112	439,045	281,238	629,054	124,180	2,011,584	24,507,333	21,539,200
Add:											
Additions during the year	2,231,457	-	-	48,055	142,896	104,736	1,003,430	-	(1,967,078)	1,563,496	3,025,969
Less:											
Disposals and write downs	-	-	-	28,992	43,513	-	-	-	-	72,505	57,836
Closing Cost	20,072,968	1,276,112	1,808,497	115,175	538,428	385,974	1,632,484	124,180	44,506	25,998,324	24,507,333
Accumulated Amortization											
Opening, as previously reported	8,878,865	370,844	1,231,075	82,711	240,285	248,005		62,658		11,114,443	10,443,374
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	8,878,865	370,844	1,231,075	82,711	240,285	248,005		62,658		11,114,443	10,443,374
Add:											
Current period Amortization	525,984	47,585	101,131	13,190	51,764	25,665		12,418		777,737	728,905
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	28,992	43,513	-		-		72,505	57,836
Closing Accumulated Amortization	9,404,849	418,429	1,332,206	66,909	248,536	273,670		75,076		11,819,675	11,114,443
Net Tangible Capital Asset	10,668,119	857,683	476,291	48,266	289,892	112,304	1,632,484	49,104	44,506	14,178,649	13,392,890
Proceeds from Disposal of Capital Assets	-	-	-	707	8,000	-				8,707	200

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The 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 and is a registered charity under the Income Tax Act.

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the 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) 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 ($)	Estimate 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.

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.

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.

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.

However, the Division provides retirement and other future benefits to its non-teaching employees. These benefits include defined contribution pension, and sick leave. The Division adopted the following policy with respect to accounting for these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion of a defined contribution plan administered by Sun Life Financial for non-teaching employees. Under this plan, mandatory amounts based on employee earnings are calculated and forwarded to the pension administrator. The Division matches these contributions equally. No responsibility is assumed by the Division to make any further contribution.

<u>Non-vested Accumulated Sick Leave</u>

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) 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.

h) 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

i) 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 fair values, unless otherwise noted.

j) Adoption of New Accounting Policy

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

3. Bank Overdraft

The Division has an authorized line of credit with Access Credit Union Limited of $7,250,000 by way of overdrafts and is repayable on demand at prime less 0.5%.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by Sun Life Financial. Non-teaching employees enrolled in the plan contribute 5.75% of gross earnings. The Division contributions equal the employee contributions to the plan. No pension liability is included in the financial statements. The employee future benefit expense is part of the Employee Benefits and Allowances expense account.

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 cost for 2014-15 is $74,059 (2013-14 $92,694).

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, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Manitoba Textbook Bureau	$ 45,500	$ 48,308	$ 40,446	$ 53,362
Education & Property Tax Credit	-	2,773,015	1,967,514	805,501
Other	57,084	198,400	194,075	61,409
	$ 102,584	$ 3,019,724	$ 2,202,035	$ 920,272

6. 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 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3% to 9.875%. Debenture interest expense payable as at June 30, 2015, 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:

	Principal	Interest	Total
2016	547,995	330,121	878,116
2017	385,130	296,572	681,702
2018	403,302	278,260	681,562
2019	422,358	259,201	681,559
2020	430,674	242,222	672,896
	$2,168,971	$1,287,249	$3,456,220

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to purchase property.

	2015	2014
Division Office Loan	$316,026	$377,062

The Division Office Loan has prime less 0.5% interest per annum, due in 2020 and a monthly payment of $5,797 principal and interest. This loan is secured by way of a demand promissory note.

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2016	$ 62,373	$ 7,189	$ 69,562
2017	63,950	5,612	69,562
2018	65,567	3,995	69,562
2019	67,226	2,336	69,562
2020	56,910	650	57,560
	$316,026	$ 19,782	$335,808

8. 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 $92,210.

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.

	Gross Amount	Accumulated Amortization	2015 Net Book Value
Owned-tangible capital assets	$ 25,998,324	$ 11,819,675	$ 14,178,649

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Designated Surplus	$ -	$ -
Non-vested Sick Leave	(74,059)	(92,694)
Undesignated Surplus	579,768	762,681
	505,709	669,987
Capital Fund		
Reserve Accounts	507,835	337,835
Equity in Tangible Capital Assets	4,112,555	3,813,548
	4,620,390	4,151,383
Special Purpose Fund		
School Generated Funds	19,420	21,225
Other Special Purpose Funds	-	-
	19,420	21,225
	$5,145,519	$4,842,595

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.

	2015	2014
New school reserves	$ 250,000	$ 200,000
Bus reserves	257,835	137,835
	$ 507,835	$ 337,835

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school use.

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; 40% from 2014 tax year and 60% from 2015 tax year. Below are the related revenue and receivable amounts:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 5,592,607	$ 5,552,488
Receivable-Due from Municipal-Property Tax	$ 3,387,822	$ 3,326,672

12. Interest Received and Paid

The Division received interest during the year of $936 (2014 - $1,138); interest paid during the year was $413,024 (2014 - $349,016).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 30,618	$ 27,162
Capital Fund		
Debenture debt interest	346,487	275,059
Other interest	35,919	46,795
	$ 413,024	$ 349,016

The accrual portion of debenture debt interest expense of $122,984 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. 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 2015	Budget 2015	Actual 2014
Salaries	$13,401,658	$13,544,557	$13,084,517
Employees benefits & allowances	988,436	1,011,251	994,770
Services	1,577,736	1,637,815	1,490,198
Supplies, materials & minor equipment	1,180,610	1,049,687	1,005,221
Interest	30,618	23,000	349,016
Payroll Tax	283,151	291,208	280,022
Amortization	777,737	-	728,905
Other capital items	-	-	-
School generated funds	152,395	-	103,624
Transfers	246,045	149,700	762,671
	$18,638,386	$17,707,218	$18,798,944

14. Contractual Obligations

The Division has entered into a lease agreement for its Adult Learning Centre premises with monthly payments expiring October 2018.

The minimum annual lease payments for the next three years are as follows:

2016	$62,305
2017	$62,942
2018	$21,051

An agreement was entered into to construct a modular classroom. The modular classroom will be built and installed at a cost of $321,843. The cost of this project will be recovered by a debenture from The Public Schools Finance Board.

An agreement was entered into to replace the roof at Ecole Morden Middle School. The roof will be replaced at a cost of $400,493. The cost of this project will be recovered by a debenture from the The Public Schools Finance Board.

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	Secretary-Treasurer

November 16, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

We have audited the accompanying consolidated financial statements of The Winnipeg School Division, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These consolidated financial statements have been prepared to comply with the Public Schools Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Winnipeg School Division as at June 30, 2015, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Professional Accountants

November 16, 2015

Winnipeg, Canada

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of The Winnipeg School Division.

Original Document Signed	November 16, 2015
Chairperson of the Board	Date

Winnipeg School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	14,071,155	31,328,233
	- Federal Government	1,394,191	1,308,058
	- Municipal Government	80,743,083	78,497,928
	- Other School Divisions	18,112	166,412
	- First Nations	1,237,614	1,308,927
	Accounts Receivable	1,715,776	1,567,579
	Accrued Investment Income	185	1,868
	Portfolio Investments	5,070,096	6,003,570
		104,250,212	120,182,575
	Liabilities		
(3)	Overdraft	16,002,624	41,639,948
	Accounts Payable	12,878,382	11,761,435
	Accrued Liabilities	46,110,696	41,284,712
(4)	Employee Future Benefits	6,162,732	6,212,971
	Accrued Interest Payable	2,114,346	2,069,306
	Due to - Provincial Government	1,221,556	1,206,130
	- Federal Government	6,022,248	5,780,914
	- Municipal Government	-	-
	- Other School Divisions	935,854	976,321
	- First Nations	-	-
(5)	Deferred Revenue	13,698,374	1,232,982
(7)	Debenture Debt	103,572,283	95,484,739
	Other Borrowings	-	-
	School Generated Funds Liability	2,514,032	2,417,738
		211,233,127	210,067,196
	Net Debt	(106,982,915)	(89,884,621)
	Non-Financial Assets		
(8)	Net Tangible Capital Assets (TCA Schedule)	177,241,225	159,004,616
	Inventories	1,113,142	962,347
	Prepaid Expenses	5,185,686	4,219,462
		183,540,053	164,186,425
*	**Accumulated Surplus**	76,557,138	74,301,804

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			2015	2014
	Revenue			
	Provincial Government		246,872,541	241,162,688
	Federal Government		3,419,531	3,144,293
	Municipal Government	- Property Tax	128,422,982	124,878,897
		- Other	209,998	114,688
	Other School Divisions		2,411,197	2,366,879
	First Nations		2,620,775	2,665,674
	Private Organizations and Individuals		781,419	732,727
	Other Sources		974,015	3,741,166
	School Generated Funds		785,896	879,656
	Other Special Purpose Funds		276,823	1,009,663
			386,775,177	380,696,331
	Expenses			
	Regular Instruction		199,326,799	190,635,103
	Student Support Services		86,007,451	84,324,644
	Adult Learning Centres		750,365	750,992
	Community Education and Services		8,592,275	8,397,802
	Divisional Administration		8,970,660	9,136,984
	Instructional and Other Support Services		10,019,705	9,908,916
	Transportation of Pupils		6,103,084	4,896,320
	Operations and Maintenance		43,807,802	44,092,685
(12)	Fiscal	- Interest	5,176,128	4,903,182
		- Other	6,265,882	6,027,840
	Amortization		8,400,261	7,825,138
	Other Capital Items		33,573	316,232
	School Generated Funds		821,660	1,017,404
	Other Special Purpose Funds		261,643	219,768
			384,537,288	372,453,010
	Current Year Surplus (Deficit) before Non-vested Sick Leave		2,237,889	8,243,321
	Less: Non-vested Sick Leave Expense (Recovery)		(17,445)	67,296
	Net Current Year Surplus (Deficit)		2,255,334	8,176,025
	Opening Accumulated Surplus		74,301,804	66,125,779
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		74,301,804	66,125,779
	Closing Accumulated Surplus		76,557,138	74,301,804

See accompanying notes to the Financial Statements

Winnipeg School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	2,255,334	8,176,025
Amortization of Tangible Capital Assets	8,400,261	7,825,138
Acquisition of Tangible Capital Assets	(26,636,870)	(23,206,682)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(2,791,220)
Proceeds on Disposal of Tangible Capital Assets	-	2,694,827
	(18,236,609)	(15,477,937)
Inventories (Increase)/Decrease	(150,795)	80,460
Prepaid Expenses (Increase)/Decrease	(966,224)	519,689
	(1,117,019)	600,149
(Increase)/Decrease in Net Debt	(17,098,294)	(6,701,763)
Net Debt at Beginning of Year	(89,884,621)	(83,182,858)
Adjustments Other than Tangible Cap. Assets	-	-
	(89,884,621)	(83,182,858)
Net Debt at End of Year	(106,982,915)	(89,884,621)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	2,255,334	8,176,025
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	8,400,261	7,825,138
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(2,791,220)
Employee Future Benefits Increase/(Decrease)	(50,239)	208,115
Due from Other Organizations (Increase)/Decrease	15,145,403	(21,328,706)
Accounts Receivable & Accrued Income (Increase)/Decrease	(146,514)	623,876
Inventories and Prepaid Expenses - (Increase)/Decrease	(1,117,019)	600,149
Due to Other Organizations Increase/(Decrease)	216,293	387,823
Accounts Payable & Accrued Liabilities Increase/(Decrease)	5,987,971	3,509,908
Deferred Revenue Increase/(Decrease)	12,465,392	(11,932,236)
School Generated Funds Liability Increase/(Decrease)	96,294	(31,169)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	43,253,176	(14,752,297)
Capital Transactions		
Acquisition of Tangible Capital Assets	(26,636,870)	(23,206,682)
Proceeds on Disposal of Tangible Capital Assets	-	2,694,827
Cash Provided by (Applied to) Capital Transactions	(26,636,870)	(20,511,855)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	933,474	(3,163,097)
Cash Provided by (Applied to) Investing Transactions	933,474	(3,163,097)
Financing Transactions		
Debenture Debt Increase/(Decrease)	8,087,544	11,339,317
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	8,087,544	11,339,317
Cash and Bank / Overdraft (Increase)/Decrease	25,637,324	(27,087,932)
Cash and Bank (Overdraft) at Beginning of Year	(41,639,948)	(14,552,016)
Cash and Bank (Overdraft) at End of Year	(16,002,624)	(41,639,948)

Winnipeg School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2015 TOTALS	2014 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	231,369,099	8,388,489	7,811,374	1,004,277	7,202,214	4,381,978	25,095,112	1,485,546	12,872,819	299,610,908	276,313,936
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	231,369,099	8,388,489	7,811,374	1,004,277	7,202,214	4,381,978	25,095,112	1,485,546	12,872,819	299,610,908	276,313,936
Add: Additions during the year	13,187,209	408,881	2,281,499	82,082	676,673	851,972	43,828	188,582	8,916,144	26,636,870	23,327,482
Less: Disposals and write downs	-	-	732,022	-	-	-	-	-	-	732,022	30,510
Closing Cost	244,556,308	8,797,370	9,360,851	1,086,359	7,878,887	5,233,950	25,138,940	1,674,128	21,788,963	325,515,756	299,610,908
Accumulated Amortization											
Opening, as previously reported	122,388,304	3,446,588	5,281,470	726,917	5,569,773	2,410,468		782,772		140,606,292	132,787,257
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	122,388,304	3,446,588	5,281,470	726,917	5,569,773	2,410,468		782,772		140,606,292	132,787,257
Add: Current period Amortization	6,395,134	202,716	621,538	103,680	489,842	429,367		157,984		8,400,261	7,825,138
Less: Accumulated Amortization on Disposals and Writedowns	-	-	732,022	-	-	-		-		732,022	6,103
Closing Accumulated Amortization	128,783,438	3,649,304	5,170,986	830,597	6,059,615	2,839,835		940,756		148,274,531	140,606,292
Net Tangible Capital Asset	115,772,870	5,148,066	4,189,865	255,762	1,819,272	2,394,115	25,138,940	733,372	21,788,963	177,241,225	159,004,616
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	2,694,827

* 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.

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, 2014 were $689,646 (2013 - $659,838).

2. Significant accounting principles (continued).

(b) Trust funds (continued):

School scholarship funds:

Certain schools in the Division administer trust funds for the specific purpose of awarding scholarships to students. As at June 30, 2015 funds on hand in these schools for this purpose totaled $30,798 (2014 - $29,782).

Funds under administration:

The Division administers certain programs at the request of third parties. As the Division does not rely on receipt of these monies to operate its mandated educational programming, the related receipts and disbursements of $1,479,055 have not been included in these consolidated financial statements.

(c) Basis of accounting:

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (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 tangible capital assets, 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	$ 25,000	10
Buildings - bricks, mortar and steel	25,000	40
Building - wood frame	25,000	25
Network infrastructure	25,000	10
Leasehold improvements	25,000	Over term of the lease
School buses	20,000	10
Vehicles	10,000	5
Computer software	10,000	4
Equipment	10,000	5
Computer hardware, services and peripherals	5,000	4
Furniture and fixtures	5,000	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 capital assets and employee future benefits. Actual subsequent results could differ from these estimates.

(l) Adoption of new accounting policy

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

(m) Future accounting pronouncements:

In March 2011, PSAB approved two new standards, Section PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Sections PS 1200 and 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2016.

3. Overdraft:

The Division has an authorized overdraft limit with a chartered bank of $49,000,000 for operating expenses and an additional overdraft limit of $25,000,000 for approved building and infrastructure projects. As at June 30, 2015 15,000,000 of the authorized operating overdraft has been utilized in the form of fixed rate promissory notes, bearing interest at 1.73 percent. These promissory notes were repaid on July 31, 2015. Overdrafts are secured by borrowing By-Law No. 1234.

Included in the overdraft are funding of capital projects totaling approximately $6,139,394 which has been submitted to PSFB for debenture funding (note 7), funds held on behalf of the Winnipeg Teachers Association's dental plan totaling $1,616,004 (2014 - $1,599,140) and funds held on behalf of the Winnipeg Teachers Association extended health care plan totaling $2,276,287 (2014 - $1,873,943).

4. Employee future benefits:

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

(i) Benefit plans:

Employees eligible for the pension plan are required to contribute a percentage of earnings in accordance with the following schedule:

Year	Pensionable salary	Excess pensionable salary
2009	7.00%	8.20%
2010	7.00%	8.20%
2011	7.00%	8.20%
2012	7.40%	8.70%
2013	7.80%	9.10%
2014	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 benefit plans are actuarially valued every two years. The most recent actuarial report was prepared on December 31, 2014.

Information about the Division's benefit plans in aggregate, is as follows:

Benefit plan assets:	
Fair value, beginning of year	$ 315,500,378
Expected return	18,884,877
Actuarial investment gain (loss)	(7,788,982)
Employer contributions	6,923,816
Employee contributions	6,160,547
Benefits paid	(14,589,229)
Fair value, end of year	$ 325,091,407
Accrued benefit plan obligations:	
Balance, beginning of year	$ 309,023,899
Current service costs	13,184,289
Interest costs	18,901,190
Benefits paid	(14,589,229)
Actuarial gain (loss)	1,244,051
Balance, end of year	$ 327,764,200

Deficit of plan assets versus plan obligations	$ (2,672,793)

Unamortized net actuarial gain (loss)	$ –
Benefit plan deficit	(2,672,793)
Less: allowance	2,672,793
Net accrued benefits plan asset	$ –

Pursuant to the Division's by-laws it does not have an obligation to fund any benefit plan deficit. As such, an allowance has been recorded to offset the benefit plan deficit.

Included in the accrued benefit plan obligations and the fair value of benefit plan assets at year end are amounts in respect of the Disability Income Plan which has an accrued benefit plan obligation in excess of plan assets.

4. **Employee future benefits (continued):**

The total net cost for the Division's benefit plans is as follows:

Net defined benefit plans cost:	
Current service cost less employee contributions	$ 7,023,742
Interest on plan obligations	18,901,190
Expected return on plan assets	(18,884,877)
Amortization of actuarial (gains) and losses	–
Valuation allowance increase (decrease)	(116,239)
Net defined benefit plans cost	$ 6,923,816

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

Discount rate	6.00%
Rate of compensation increase	4.00%
Rate of inflation	2.00%

The expected rate of return on plan assets was 6.00 percent. The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2014 was 9.9 percent.

The benefit plan assets are held in trust and are invested as follows:

Equities	55%
Bonds	37%
Cash and cash equivalents	8%

(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 cost for the year ended June 30, 2015 is $17,445 (2014 - $67,296). At June 30, 2015, the Division has recorded an estimated liability of $2,259,159 (2014 - $2,276,604) in respect of these benefits.

The significant assumptions adopted in measuring the non-vested accumulated sick leave benefit liability include a discount rate of 4 percent (June 30, 2014 - 5 percent) and a rate of salary increase of 2 percent to 3 percent (June 30, 2014 - 2 percent to 3 percent).

4. Employee future benefits (continued):

(iii) 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, 2015, the Division has recorded an estimated liability of $3,903,573 (2014 - $3,936,367) in respect of these benefits. The significant actuarial assumption used in measuring the Division's estimated liability is a discount rate of 6 percent (June 30, 2014 - 6 percent).

5. Deferred revenue:

	Balance as at June 30, 2014	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2015
Educational property tax credit	$ –	$ 12,102,821	$ –	$ 12,102,821
Other special purpose funds	1,232,982	747,066	384,495	1,595,553
	$ 1,232,982	$ 12,849,887	$ 384,495	$ 13,698,374

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, 2015, school funds held totaled $2,558,069 (2014 - $2,497,539).

The school generated funds liability of $2,514,032 (2014 - $2,417,738) comprises the portion of school generated funds that are not controlled and included in the cash and bank balances noted above.

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 fiscal 2016 to 2035. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 3.0 percent to 8.6 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2016	$ 7,008,952	$ 5,096,273	$ 12,105,225
2017	7,079,186	4,696,686	11,775,872
2018	6,925,505	4,301,129	11,226,634
2019	7,067,996	3,924,999	10,992,995
2020	7,149,453	3,542,353	10,691,806
Thereafter	68,341,191	19,412,218	87,753,409
	$ 103,572,283	$ 40,973,658	$ 144,545,941

As at June 30, 2015, the Division has submitted claims for capital projects to the Public Schools Finance Board totaling $ 6,139,394 (2014 - $3,374,680).

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	$ 325,515,756	$ 148,274,531	$ 177,241,225

9. Expenditures by type:

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

10. Contractual obligations:

The Division is committed to payments under operating leases for equipment and building rentals through 2020 in the amount of $4,902,845. Annual payments are: 2016 - $887,582; 2017 - $656,903; 2018 - $649,163; 2019 - $594,710; 2020 - $589,044; 2021 and thereafter - $1,525,440.

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, 2015, the amount of this special levy was $1,493,767 (2014 - $1,520,631). These amounts are not included in the Division's consolidated financial statements.

12. Interest Paid:

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

	2015	2014
Operating Fund:		
Interest and bank charges	$ 160,077	$ 172,206
Capital Fund:		
Debenture debt interest	5,016,051	4,730,976
	$ 5,176,128	$ 4,903,182

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the School District of Whiteshell are the responsibility of the District's 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 Professional Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. District 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 District 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 MNP 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 Districts' consolidated financial statements.

Original Document Signed
Chairperson

Original Document Signed
Secretary-Treasurer

October 28, 2015

Independent Auditors' Report

To the Board of Trustees of the School District of Whiteshell:

We have audited the accompanying consolidated financial statements of the School District of Whiteshell, which comprise the consolidated statement of financial position as at June 30, 2015, the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the School District of Whiteshell as at June 30, 2015 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements. The supplemental information presented in the attached schedules is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplemental information has been subjected only to auditing procedures applied in the audit of the consolidated financial statements, taken as a whole.

MNP LLP

Winnipeg, Manitoba

October 28, 2015

Chartered Professional Accountants

I hereby certify that this report and the statements and reports referenced herein have been presented to the members of the board of the School District of Whiteshell:

2015-OCT-28
DATE

Original Document Signed
CHAIRPERSON

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

Whiteshell School District

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2015	2014
	Financial Assets		
	Cash and Bank	844,393	286,343
	Due from - Provincial Government	105,105	373,997
	- Federal Government	33,931	34,975
	- Municipal Government	11,224	7,614
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	40,373	43,475
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		1,035,026	746,404
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	7,837	38,726
	Accrued Liabilities	408,490	324,812
	Employee Future Benefits	-	-
	Accrued Interest Payable	1,863	3,144
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	169,951	-
	Debenture Debt	-	-
4	Other Borrowings	42,661	87,953
	School Generated Funds Liability	-	-
		630,802	454,635
	Net Debt	404,224	291,769
	Non-Financial Assets		
6	Net Tangible Capital Assets (TCA Schedule)	1,156,559	1,244,714
	Inventories	-	-
	Prepaid Expenses	6,495	6,108
		1,163,054	1,250,822
7	**Accumulated Surplus**	1,567,278	1,542,591

See accompanying notes to the Financial Statements

Whiteshell School District

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2015	2014
	Revenue			
	Provincial Government		1,469,559	1,428,457
	Federal Government		-	-
8	Municipal Government	- Property Tax	1,843,385	1,808,214
		- Other	-	-
	Other School Divisions		34,450	29,900
	First Nations		-	-
	Private Organizations and Individuals		-	-
	Other Sources		24,779	51,541
	School Generated Funds		77,281	67,625
	Other Special Purpose Funds		-	-
			3,449,454	3,385,737
	Expenses			
	Regular Instruction		1,837,105	1,822,643
	Student Support Services		530,769	459,624
	Adult Learning Centres		-	-
	Community Education and Services		65,710	13,000
	Divisional Administration		174,231	283,193
	Instructional and Other Support Services		66,385	56,583
	Transportation of Pupils		46,218	38,923
	Operations and Maintenance		491,751	460,793
9	Fiscal	- Interest	1,863	16,574
		- Other	36,058	44,929
	Amortization		88,155	99,509
	Other Capital Items		-	-
	School Generated Funds		86,522	78,160
	Other Special Purpose Funds		-	-
			3,424,767	3,373,931
	Current Year Surplus (Deficit) before Non-vested Sick Leave		24,687	11,806
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		24,687	11,806
	Opening Accumulated Surplus		1,542,591	1,530,785
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		1,542,591	1,530,785
	Closing Accumulated Surplus		1,567,278	1,542,591

See accompanying notes to the Financial Statements

Whiteshell School District

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2015

	2015	2014
Net Current Year Surplus (Deficit)	24,687	11,806
Amortization of Tangible Capital Assets	88,155	99,509
Acquisition of Tangible Capital Assets	-	(40,081)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	88,155	59,428
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(387)	(4,225)
	(387)	(4,225)
(Increase)/Decrease in Net Debt	112,455	67,009
Net Debt at Beginning of Year	291,769	224,760
Adjustments Other than Tangible Cap. Assets	-	-
	291,769	224,760
Net Debt at End of Year	404,224	291,769

Whiteshell School District

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2015

	2015	2014
Operating Transactions		
Net Current Year Surplus (Deficit)	24,687	11,806
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	88,155	99,509
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	266,326	(198,422)
Accounts Receivable & Accrued Income (Increase)/Decrease	3,102	(43,475)
Inventories and Prepaid Expenses - (Increase)/Decrease	(387)	(4,225)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	51,508	62,037
Deferred Revenue Increase/(Decrease)	169,951	(169,523)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	603,342	(242,293)
Capital Transactions		
Acquisition of Tangible Capital Assets	-	(40,081)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	-	(40,081)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Debenture Debt Increase/(Decrease)	-	-
Other Borrowings Increase/(Decrease)	(45,292)	(37,048)
Cash Provided by (Applied to) Financing Transactions	(45,292)	(37,048)
Cash and Bank / Overdraft (Increase)/Decrease	558,050	(319,422)
Cash and Bank (Overdraft) at Beginning of Year	286,343	605,765
Cash and Bank (Overdraft) at End of Year	844,393	286,343

Whiteshell School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2015

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2015	2014
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	3,486,135	-	-	-	-	83,007	15,400	-	-	3,584,542	3,544,461
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	3,486,135	-	-	-	-	83,007	15,400	-	-	3,584,542	3,544,461
Add: Additions during the year	-	-	-	-	-	-	-	-	-	-	40,081
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	3,486,135	-	-	-	-	83,007	15,400	-	-	3,584,542	3,584,542
Accumulated Amortization											
Opening, as previously reported	2,256,821	-	-	-	-	83,007		-		2,339,828	2,240,319
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	2,256,821	-	-	-	-	83,007		-		2,339,828	2,240,319
Add: Current period Amortization	88,155	-	-	-	-	-		-		88,155	99,509
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-		-		-	-
Closing Accumulated Amortization	2,344,976	-	-	-	-	83,007		-		2,427,983	2,339,828
Net Tangible Capital Asset	1,141,159	-	-	-	-	-	15,400	-	-	1,156,559	1,244,714
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School District of Whiteshell (the "District") is a public body that provides education services to residents within its geographic location. The district is funded mainly by grants from the Province of Manitoba (the "Province"), and a special levy on the property assessment included in the District's boundaries. The District is exempt from income tax.

The District is economically dependent on the Province for the majority of its revenue and capital financing requirements. Without this funding, the District 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 Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada ("CPA 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 District.

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

Trust Funds

The District 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 District. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

Trust funds, under PSAB are properties assigned to a trustee (school district) under a trust agreement or statute. The trustee merely administers the terms and conditions embodied in the agreement, and it has no unilateral authority to change the conditions set our in the trust indenture.

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 District to record financial transactions in separate funds as defined by Financial Reporting and Accounting in Manitoba Education ("FRAME") in accordance with the purpose for which the funds have been created.

The Operating Fund is maintained to record all the day to day operating revenues and expenses. The Capital Fund is used to account for the acquisition, amortization, disposal and financing of capital assets. The Special Purpose Fund is used to account for school generated funds and charitable foundations controlled by the District.

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 District 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 student council funds, yearbook funds, graduation funds and specified sports and cultural funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the District 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 - bricks, 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 & Peripherals	5,000	4
Computer Software	10,000	4
Furniture and 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 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 using information provided by the Crown Lands and Property Agency and adjusted by the District where further information was available.

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.

f) 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.

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 District. The District does not contribute to TRAF, and no costs relating to this plan are included in the District’s financial statements.

However, the District provides other future benefits to its employees. These benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

2. Significant Accounting Policies - Continued

h) 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.

Accounts receivable are stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of tangible capital assets is based on their estimated useful lives. Non-vested sick leave benefits are measured based on management's best estimate of projected future utilization of sick time in a given year over sick time earned in that year.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are report in earnings in the period in which they become known.

i) Financial instruments

Fair values:

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Institution's designation of such instruments.

Classification:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued interest payable	Other financial liabilities
Other borrowings	Other financial liabilities

Held for trading:

Held-for-trading financial assets are typically acquired for resale prior to maturity or are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables:

Financial assets designated as loans and receivables are recorded at amortized cost using the effective interest method. Given the short-term nature of accounts receivable, their carrying value approximates fair value.

Other financial liabilities:

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities. Given the short-term nature of accounts payable, accrued liabilities and accrued interest payable, their carrying value approximates fair value. The carrying value of the other borrowings also approximates its fair value as there have been no significant changes to the underlying credit risk of the District.

Interest, currency and credit risk:

It is management's opinion that the District is not exposed to significant currency, credit or interest rate risk from financial instruments. The District is exposed to some credit risk from the potential non-payment of accounts receivable, however as the majority of the receivables are from local, provincial and federal governments, credit risk is minimal.

2. Significant Accounting Policies - Continued

j) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activity and is reduced by expected net recoveries based on information available at June 30, 2015.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Effective July 1, 2014, the District adopted the recommendation relating to PS3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and no prior periods have been restated. Previously, no accounting policy existed to account for a liability for a contaminated site. Under the new recommendations, the District is required to recognize a liability for contaminated sites when economic benefits will be given up. There was no effect on the District's consolidated financial statements as a result of adopting the above-noted change in accounting policy, as the District has no contaminated sites.

3. Overdraft

The District has an authorized line of credit with the Sunova Credit Union of $250,000 by way of overdrafts and is repayable on demand at prime plus 0.50%: interest is paid monthly. $250,000 remains available on this line of credit. Overdrafts are secured by temporary borrowing by-laws.

4. Other Borrowings

Other borrowings consist of a demand loan repayable in annual instalments on September 1 of each year of $45,292 including interest at 4.29% per annum. Long-term debt is secured by a borrowing by-law. Repayments over the next year are estimated to be as follows:

	Principal	Interest	Total
2016	42,661	2,631	45,292

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, 2014	Additions in period	Revenue recognized in period	Balance as at June 30, 2015
Education Property Tax Credit (EPTC)	$ -	$ 169,951	$ -	$ 169,951

6. 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	2015 Net Book Value	2014 Net Book Value
Owned-tangible capital assets	$ 3,584,542	$ 2,427,983	$ 1,156,559	$ 1,244,714

7. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2015	2014
Operating Fund		
Undesignated Surplus	$ 310,509	$ 367,715
Capital Fund		
Reserve Accounts	150,000	-
Equity in Tangible Capital Assets	1,112,465	1,154,047
	1,262,465	1,154,047
Special Purpose Fund		
School Generated Funds	11,588	20,829
Total Accumulated Surplus	$ 1,584,562	$ 1,542,591

School Generated Funds are externally restricted moneys for school use, scholarship awards and donations for school projects.

8. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the District's contribution to the cost of providing public education for the students resident in the district. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 56% from 2014 tax year and 44% from 2015 tax year. Below is the related revenue amount:

	2015	2014
Revenue-Municipal Government-Property Tax	$ 1,843,385	$ 1,808,214
Receivable-Municipal Government-Property Tax	$ -	$ 214,405

9. Interest Received and Paid

The District received interest during the year of $3,800 (2014 - $3,973); interest paid during the year was $1,863 (2014 - $16,574).

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

	2015	2014
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ -	$ 9,654
Capital Fund		
Debenture debt interest	-	-
Other Interest	1,863	6,920
	$ 1,863	$ 16,574

10. 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 2015	Budget 2015	Actual 2014
Salaries	$ 2,190,128	$ 2,375,993	$ 2,299,101
Employees benefits and allowances	219,490	186,714	149,691
Services	534,300	550,147	567,179
Supplies, materials and minor equipment	178,745	199,941	113,288
Interest	1,863	20,357	16,574
Payroll tax	36,058	45,316	50,429
Amortization	88,155	-	99,509
School generated funds	86,522	-	78,160
	$ 3,335,261	$ 3,374,968	$ 3,373,931

11. Employee Future Benefits

The District provides retirement and other future benefits to its administrative and support staff as a defined contribution plan, run by MSBA. The defined contribution plan is provided to support staff employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The District contributions equal the employee contributions to the plan. No pension liability is included in the financial statements.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the District's contribution of $26,925 in 2015 (2014 - $28,130).

12. Non Financial Information

The 2015 student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

13. Capital Management

Operating and special purpose funds
The District's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the two fund balances in the amount of $322,097 (2014 - $388,544).

Capital fund
The capital fund is managed with the long term objective of acquiring and maintaining the capital assets acquired to facilitate the District's operations. Capital consists of the various fund balances in the amount of $1,262,465 (2014 - $1,154,047).

The District is not subject to externally imposed capital requirements. There have been no changes in the District's approach to capital management during the year.

14. Commitments

The District has entered into a lease agreement for office equipment, subject to quarterly payments of $1,610, expiring August 2018.

PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to December 4, 2015. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

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

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

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

On Behalf of Management

Original Document Signed

Lynne Mavins

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the accompanying financial statements of the Public Schools Finance Board, which comprise the statement of financial position as at June 30, 2015, and the statements of operations and accumulated surplus, change in net financial assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Public Schools Finance Board as at June 30, 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
December 4, 2015
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position

As at June 30, 2015

	2015	2014
	(in thousands of dollars)	
Financial Assets		
Cash	$ 802	$ 2,523
Funds on deposit with the Province of Manitoba (Note 6)	392	-
Due from:		
Municipal corporations - Education Support Levy	103,668	99,417
Other	359	261
	105,221	**102,201**
Liabilities		
Accrued interest	$ 388	$ 361
Other payables	486	1,209
Due to:		
Support payable to school divisions (Note 7)	3,570	2,991
Province of Manitoba	11,013	8,824
Notes payable - Province of Manitoba (Note 8)	86,799	84,164
	102,256	**97,549**
Net Financial Assets	**$ 2,965**	**$ 4,652**
Non - Financial Assets		
Modular Units Inventory (Note 9)	$ 4,336	$ 6,319
Accumulated Surplus	**$ 7,301**	**$ 10,971**

The accompanying notes are an integral part of these statements.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Operations and Accumulated Surplus
for the year ended June 30, 2015

	Budget 2015	Actual 2015	Actual 2014
	(in thousands of dollars)		
Revenue			
Province of Manitoba - Funding of Schools Program	$ 984,935	$ 985,927	$ 1,009,524
Municipal corporations - Education Support Levy	169,928	169,925	159,978
	1,154,863	**1,155,852**	**1,169,502**
Expenses			
Operational support program (Note 10)	1,028,468	1,021,877	1,005,110
Capital support program (Note 11)	133,493	134,604	159,168
Administrative and other expenses (Note 12)	3,475	3,041	2,976
	1,165,436	**1,159,522**	**1,167,254**
Current Year Surplus / (Deficit)	**(10,573)**	**(3,670)**	**2,248**
Accumulated Surplus, Beginning of Year	10,971	10,971	8,723
Accumulated Surplus, End of Year	**$ 398**	**$ 7,301**	**$ 10,971**

The accompanying notes are an integral part of these statements.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Change in Net Financial Assets
for the year ended June 30, 2015

	Budget 2015	Actual 2015	Actual 2014
	(in thousands of dollars)		
Current Year Surplus (Deficit)	$ (10,573)	$ (3,670)	$ 2,248
Allocation of Modular Units Inventory (Note 9)	0	1,983	(6,319)
Increase (Decrease) in Net Financial Assets	(10,573)	(1,687)	(4,071)
Net Financial Assets, beginning of year	4,652	4,652	8,723
Net Financial Assets, end of year	$ (5,921)	$ 2,965	$ 4,652

The accompanying notes are an integral part of these statements.

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow
for the year ended June 30, 2015

	2015	2014
	(in thousands of dollars)	
Operating Activities		
Current Year Surplus (Deficit)	$ (3,670)	$ 2,248
Changes in Non Cash Items:		
Due from:		
Municipal Corporations - Education Support Levy	(4,251)	(8,574)
Other	(98)	1,681
Accrued Interest	27	15
Other Payables	(723)	643
Due to:		
Support payable to school divisions	579	68
Province of Manitoba	2,189	3,870
	(5,947)	(49)
Financing Activities		
Notes payable - Province of Manitoba	2,635	7,890
Non Financial Assets		
Increase (decrease) in Modular Units Inventory	1,983	(6,319)
Increase (decrease) in Cash and Funds on Deposit with the Province	(1,329)	1,522
Cash and Funds on Deposit with the Province, Beginning of year	2,523	1,001
Cash and Funds on Deposit with the Province, End of year	**$ 1,194**	**$ 2,523**
Consists of:		
Cash	$ 802	$ 2,523
Funds on Deposit with Province of Manitoba	392	0
	$ 1,194	$ 2,523
Supplemental Cash Flow Information:		
Interest Paid	$ 641	$ 759

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements
As at June 30, 2015

1. Nature of the Board's operations

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

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

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

2. Significant accounting policies

(a) Basis of Accounting:

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

(b) Revenue:

The Province of Manitoba Funding of School Program revenue is recognized as revenue with the fiscal year appropriated amounts, converted to a school year basis.

The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the prior year levy to the July to December period and 60% of the current year levy to the January to June period.

All revenues are recognized on a gross basis.

(c) Expenses:

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

(d) Modular Units Inventory:

Modular Units Inventory is valued at the lower of average cost and net realizable value. Inventory is recognized upon completion of Modular Unit construction and is reduced when the unit is transferred to the school.

(e) Liabilities:

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

2. Con't

(f) Financial Instruments:

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

3. Measurement uncertainty

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

4. Financial Instruments Risk Management

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

a. **Credit risk**

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

Cash and funds on deposit are not subject to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba.

Accounts receivable are not exposed to significant credit risk. The majority of accounts cover education support levies collected from towns and municipalities within the Province of Manitoba. These are typically paid in full. No allowance for doubtful accounts is required. The balance of accounts receivable are from school divisions.

b. **Liquidity risk**

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due.

The Board manages risk by maintaining adequate cash balances and by review from the Board to ensure that adequate funding will be received to meet its obligations.

5. Pension benefits

Some employees of the Public Schools Finance Board are eligible for membership in the provincially operated Civil Service Superannuation Plan (the Plan). The pension liability for these employees is included on the financial statements of the Province of Manitoba. Accordingly, no provision is reflected in the financial statements relating to the effects of participating in the Plan by the Public Schools Finance Board.

The employer portion of contributions in the amount of $111,426 was added to the plan during the year by the Public Schools Finance Board and is included in Note 12: Administration and other expenses.

6. Funds on Deposit with the Province of Manitoba

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

7. Support payable to school divisions

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

8. Notes payable

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

9. Modular Units Inventory

The Province administers the construction of modular classrooms and allocates these classrooms to school divisions on an as needed basis. Costs include 27 completed Modular units.

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements
As at June 30, 2015

10. Operational support program

	Actual 2015	Actual 2014
	(in thousands of dollars)	
Instructional Support	$ 318,506	$ 319,409
Sparsity Support	10,976	11,022
Curricular Materials	9,924	9,958
Information Technology	9,925	9,958
Library Services	15,218	15,269
Student Services Grant	62,262	62,148
Additional Instructional Support for Small Schools	822	811
Counselling and Guidance	13,729	13,609
Professional Development	6,784	6,806
Occupancy	84,901	85,257
Physical Education	3,758	3,854
Transportation	42,893	42,793
Board and Room	436	434
Special Needs	87,226	90,094
Senior Years Technology Education	9,056	9,285
English as an Additional Language	10,984	10,747
Aboriginal Academic Achievement	8,658	8,735
Heritage Language	197	216
French Language Programs / Instruction	7,027	6,900
Small Schools	3,043	3,033
Enrolment Change Support	5,509	4,100
Northern Allowance	5,120	5,169
Early Childhood Development Initiative	2,469	2,470
Early Literacy Intervention	7,805	7,558
Early Numeracy	1,843	1,619
Experiential Learning	508	512
Education for Sustainable Development	481	480
Equalization Support	260,310	237,546
Formula Guarantee	28,025	32,624
Vocational Equipment Replacement	2,505	2,200
Skills Strategy Equipment Enhancement Fund	991	473
Adjustment of previous years' support to school divisions from estimated to actual	(14)	21
	$ 1,021,877	**$ 1,005,110**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements
As at June 30, 2015

11. Capital support program

	Actual 2015	Actual 2014
	(in thousands of dollars)	
Capital grants:		
Major school construction	$ 128,235	$ 152,865
Minor capital projects	369	303
School buildings "D" support	6,000	6,000
Total capital support program	**$ 134,604**	**$ 159,168**

12. Administrative and other expenses

	Actual 2015	Actual 2014
	(in thousands of dollars)	
Board administration:		
Staff salaries and benefits	$ 1,762	$ 1,660
Service agreement	209	184
Professional services	51	54
Meetings and travel	32	37
Desktop management	103	100
Rent	151	140
Printing, stationery, postage and supplies	29	19
Telephone and fax	18	19
Professional development	16	22
Computers, software and minor equipment	16	9
Total board administration expenses	**2,387**	**2,244**
Interest charges on notes payable to the Province of Manitoba	**654**	**732**
	$ 3,041	**$ 2,976**

Financial Statements of

RED RIVER COLLEGE

Year ended June 30, 2015

KPMG LLP
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Winnipeg MB R3B 0X3
Canada

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Red River College

We have audited the accompanying financial statements of Red River College, which comprise the statement of financial position as at June 30, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Red River College as at June 30, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

October 28, 2015

Winnipeg, Canada

RED RIVER COLLEGE

Statement of Financial Position
(In thousands of dollars)

June 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and short-term investments - trust and endowment (note 3)	$ 879	$ 1,012
Cash and short-term investments (note 3)	10,114	6,973
Accounts receivable (note 4)	5,164	6,031
Inventories (note 5)	899	924
Prepaid expenses (note 6)	3,108	2,112
	20,164	17,052
Long term investments - trust and endowment (note 7)	24,978	23,914
Due from Province of Manitoba (note 8)	9,253	9,253
Capital assets (note 9)	116,726	121,443
	$ 171,121	$ 171,662
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	$ 20,874	$ 21,725
Current portion of obligations under capital leases (note 13)	870	1,060
Deferred revenue	9,982	10,635
	31,726	33,420
Future employee benefits (note 12)	16,790	15,842
Obligations under capital leases (note 13)	918	961
Deferred contributions (note 14)	9,176	8,817
Deferred capital campaign contributions (note 15)	5,969	6,038
Deferred contributions related to capital assets (note 16)	77,426	80,624
Net assets:		
Invested in capital and intangible assets (note 17)	31,543	32,760
Restricted for endowments (note 18)	19,878	18,786
Internally restricted (note 18)	6,107	6,394
Unrestricted net assets	(28,412)	(31,980)
	29,116	25,960
Commitments (note 21)		
	$ 171,121	$ 171,662

See accompanying notes to financial statements.

Approved by the Board of Governors:

Original Document Signed Chair

Original Document Signed Vice Chair

RED RIVER COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended June 30, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Academic training fees	$ 40,553	$ 44,784	$ 42,064
Provincial grants and reimbursements	99,039	100,058	98,252
International education	5,192	6,426	4,676
Continuing education	10,438	9,566	9,236
Sundry and other revenue	17,243	17,025	16,864
Amortization of deferred contributions	6,264	7,916	8,155
(Loss) gain on disposal of capital assets	–	(21)	12
	178,729	185,754	179,259
Expenses:			
Instruction	102,428	110,156	105,721
Library	2,535	2,634	2,422
Administration and general	37,730	32,814	32,320
Physical plant	19,078	18,917	19,364
Student services	6,549	8,636	7,895
Amortization of capital and intangible assets	8,953	9,128	10,324
Future employee benefits	2,336	1,405	3,417
	179,609	183,690	181,463
Excess (deficiency) of revenue over expenses (note 18)	$ (880)	$ 2,064	$ (2,204)

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended June 30, 2015, with comparative information for 2014

	Invested in capital and intangible assets	Restricted for endowments	Internally restricted	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	$ 32,760	$ 18,786	$ 6,394	$ (31,980)	$ 25,960	$ 26,569
Endowment gifts	–	1,279	–	–	1,279	1,550
Amounts unrestricted from endowments	–	(187)	–	–	(187)	–
Amounts restricted for endowments	–	–	–	–	–	45
Transfer to (from) internally restricted	–	–	(287)	287	–	–
Excess (deficiency) of revenue over expenses	(2,887)	–	–	4,951	2,064	(2,204)
Investment in capital assets	1,670	–	–	(1,670)	–	–
Balance, end of year	$ 31,543	$ 19,878	$ 6,107	$ (28,412)	$ 29,116	$ 25,960

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 2,064	$ (2,204)
Items not involving cash:		
Amortization of intangible assets	2	2
Amortization of capital assets	9,126	10,322
Amortization of deferred capital contributions	(6,263)	(6,895)
Other deferred contributions recognized as revenue	(1,443)	(2,322)
Loss (gain) on disposal of capital assets	21	(12)
Changes in fair value of investments	156	(2,331)
Changes in non-cash operating working capital balances (note 19)	(660)	5,339
	3,003	1,899
Investing activities:		
Purchase of capital assets	(1,972)	(6,386)
Long-term investment for trust and endowment	(6,156)	(4,853)
Proceeds on disposal of capital assets	13	33
Proceeds on disposal of long-term investments for trust and endowment	4,935	3,717
	(3,180)	(7,489)
Financing activities:		
Endowment gifts received	1,093	1,550
Contributions received for capital purposes	1,371	4,785
Capital campaign contributions	250	532
Repayment of obligations under capital leases	(1,332)	(1,704)
Other deferred contributions received	1,803	1,025
	3,185	6,188
Increase in cash and short-term investments	3,008	598
Cash and short-term investments, beginning of year	7,985	7,387
Cash and short-term investments, end of year	$ 10,993	$ 7,985
Comprised of:		
Cash and short-term investments - trust and endowment	$ 879	$ 1,012
Cash and short-term investments	10,114	6,973
	$ 10,993	$ 7,985

The following have been excluded from the investing and financing activities on the statement of cash flows:

The portion of the purchase price of assets under capital lease satisfied by the assumption of debt in the amount of $1,097 (2014 - $641).

See accompanying notes to financial statements.

(In thousands of dollars)

1. General:

Red River College (the College) was established as a board-governed institution on April 1, 1993, and was governed by the College Act of Manitoba until June 30, 2015 when it now is governed by its own Act, *The Red River College Act*. The College is a registered charity under the *Income Tax Act.*

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

(a) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(b) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair value at the time of the donation. Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions. Capital assets are amortized on a straight-line basis using an annual rate of:

Asset	Rate
Buildings	2.5%
Major renovations	5%
Equipment and furniture	10 - 20%
Computer equipment and software	20 - 33%
Vehicles	20%
Aircraft	5%
Leasehold improvements	Over the term of the lease
Parking lot improvements	5%
Capital renovations	20%
Leased computers and equipment	Over the term of the lease

Construction in progress is transferred to the appropriate capital asset category and amortization begins when the capital project is completed and the asset is placed in service.

2. Significant accounting policies (continued):

(c) Donations:

Donations are recorded when received. Donations of materials and equipment are recorded at fair value.

(d) Revenue recognition:

The College follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

The unearned portion of tuition fees and contractual training revenue received, but not earned until next fiscal year is recorded as deferred revenue. Investment income includes interest income and realized investment gains and losses. Long-term investments are classified as held-for-trading and are recorded at fair value. Unrealized gains and losses, representing the change between the fair value and the cost of the investments at the beginning and the end of the year, are recorded in deferred contributions or net assets restricted for endowments depending on the restrictions of the long-term investment. Fair value of investments is determined based on quoted market prices.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized.

(e) Intangible asset:

The intangible asset is recorded at cost and is amortized on a straight-line basis using an annual rate of 10 percent.

(f) Accrued retirement severance pay:

As a result of eligible employees of the College participating in the Manitoba Government Employees Master Agreement, the College has an obligation to pay severance to participating employees. The accrued retirement severance pay is actuarially determined, with any actuarial gain or loss being immediately recognized in the period in which it arises.

2. Significant accounting policies (continued):

(g) Accumulated non-vested sick leave benefits:

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the usage of sick days used in excess of the annual sick days earned, and average employee compensation per day.

(h) Deferred contributions:

Debt owing to the Province of Manitoba ("the Province") is reflected as deferred contributions related to capital assets in the statement of financial position. The related revenue earned from the Education and Advanced Learning (EAL) to offset the principal repayment and the related interest expense are both excluded from the statement of operations.

(i) Education and training benefits:

The College receives government grants for specified projects with industry partners. The College receives education and training benefits from these projects. The College records both the revenue and the expenditures relating to these projects in the year incurred.

(j) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected not to record any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the division expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(In thousands of dollars)

2. Significant accounting policies (continued):

(k) Foreign currency translation:

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars at year end exchange rates with any gain or loss included in income in the year. Revenues and expenses have been translated at the exchange rate in effect at the transaction date.

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and employee future benefits. Actual results could differ from those estimates.

(m) Adoption of new accounting policy:

Effective July 1, 2014, the College has adopted the new Public Sector Accounting Board accounting standard - Liability for Contaminated Sites, Section PS3260. The standard did not result in any adjustments to liabilities, capital assets or net assets of the College.

3. Short-term investments:

Short-term investment activity is transacted with the Department of Finance of the Province in short-term deposits. Interest rates on short-term investments range between 0.60 percent and 0.61 percent. Short-term investments mature between August 2015 and September 2015.

The carrying value of the short-term investments at the beginning and end of the year approximated fair value due to the short-term maturity of these deposits.

4. Accounts receivable:

	2015	2014
Trust and endowment receivables	$ –	$ 343
Other accounts receivable	5,164	5,688
	$ 5,164	$ 6,031

(In thousands of dollars)

5. Inventories:

Inventories consist primarily of books purchased for resale. During the year ended June 30, 2015, inventories totaling $4,373 were expensed (2014 - $4,231).

6. Prepaid expenses:

	2015	2014
Prepaid property taxes	$ 1,115	$ 939
Other prepaid expenses	1,993	1,173
	$ 3,108	$ 2,112

7. Long-term investments:

	2015		2014	
	Fair value	Cost	Fair value	Cost
Cash and fixed term instruments	$ 8,754	$ 7,701	$ 8,571	$ 7,500
Equity investments	14,326	13,054	13,341	10,787
Debentures	1,898	1,898	2,002	2,002
	$ 24,978	$ 22,653	$ 23,914	$ 20,289

Fair value as represented above was derived from the quoted market value of investments.

The fixed term investments and debentures mature between fiscal 2015 and 2041 and bear interest at rates between 2.45 percent and 6.125 percent.

8. Due from Province of Manitoba:

The balance due from the Province is non-interest bearing, unsecured and has no fixed terms of repayment. This balance arose when the retirement severance and vacation pay liabilities were transferred from the Province to the College in 1996. The College is responsible for funding liabilities for vacation pay and severance pay benefits accumulated after the transfer through its operating grants from the Province of Manitoba. As a result, the change in the retirement severance liability, including the interest accretion, is reflected in the funding for retirement severance expense. The portion of the receivable related to the vacation pay is paid annually through the operating grants.

(In thousands of dollars)

9. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and furniture	$ 52,309	$ 43,273	$ 9,036	$ 11,152
Computer equipment and software	20,042	18,426	1,616	1,588
Major renovations	5,424	3,504	1,920	2,204
Buildings	113,857	19,308	94,549	97,336
Vehicles	450	371	79	64
Aircraft	3,453	1,131	2,322	1,188
Leasehold improvements	5,113	4,327	786	950
Construction in progress	10	–	10	–
Assets under capital leases	18,134	15,951	2,183	2,423
Library holdings	1,223	–	1,223	1,223
Parking lot improvements	2,429	990	1,439	1,324
Capital renovations	5,696	4,133	1,563	1,991
	$ 228,140	$ 111,414	$ 116,726	$ 121,443

The assets under capital leases are amortized on a straight-line basis over the expected useful life of the assets. The amount of amortization charged to expense is $1,348 (2014 - $1,832).

The increase in net book value of capital assets is due to the following:

	2015	2014
Balance, beginning of year	$ 121,443	$ 124,770
Purchase of capital assets:		
Funded by deferred capital contributions	1,371	4,776
Funded by deferred capital campaign contributions	250	532
Funded by deferred capital revenue (construction in progress)	–	(84)
Internally funded	1,670	2,741
Financed through capital lease, net of obligation paid	(235)	(1,062)
Donations of capital assets	1,374	80
Gain (loss) on disposal of capital assets	(21)	12
Amortization of capital assets	(9,126)	(10,322)
Balance, end of year	$ 116,726	$ 121,443

(In thousands of dollars)

10. Operating line of credit:

The College has a $5,000 operating line of credit with the Province, bearing interest at prime. At June 30, 2015, there had been no withdrawals on this operating line.

11. Accounts payable and accrued liabilities:

	2015	2014
Trade payables	$ 2,972	$ 4,393
Accrued salaries and benefits	2,397	2,307
Accrued vacation pay	15,505	15,025
	$ 20,874	$ 21,725

12. Future employee benefits:

	2015	2014
Accrued retirement severance pay	$ 15,889	$ 14,906
Accumulated non-vested sick leave benefits	901	936
	$ 16,790	$ 15,842

(In thousands of dollars)

12. Future employee benefits (continued):

The accrued retirement severance pay is actuarially determined every three years. The most recent actuarial report was prepared on March 31, 2015. Information about the College's accrued retirement severance pay is as follows:

	2015	2014
Balance, beginning of year	$ 14,906	$ 12,580
Current benefit cost	1,036	1,004
Interest	965	883
Actuarial loss	194	1,443
Benefits paid	(1,212)	(1,004)
Balance, end of year	$ 15,889	$ 14,906

Significant actuarial assumptions used in the severance obligations at June 30, 2015 and June 30, 2014, are as follows:

	2015	2014
Interest rate on obligations	6.00%	6.50%
Employer current service cost as a percentage of salary	0.97%	0.98%

The College provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the College's accumulated non-vested sick leave benefits include a discount rate of 5 percent (2014 - 6 percent) and a rate of salary increase of 3.75 percent (2014 - 3.75 percent).

(In thousands of dollars)

13. Obligations under capital leases:

The following is a schedule of future minimum lease payments under capital leases with payments due between August 2015 and December 2018 together with the balances of the obligations under capital leases:

2016	$ 933
2017	597
2018	229
2019	134
Total minimum lease payments	1,893
Less amount representing interest (ranging from 2.76% to 10.36%)	(105)
Balance of obligations	1,788
Current portion	870
	$ 918

Interest expense on the lease obligations amounted to $94 (2014 - $130).

14. Deferred contributions:

Deferred contributions represent contributions received from the Province and other contributions that pertain to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	2015	2014
Deferred provincial contributions:		
Balance, beginning of year	$ 2,332	$ 5,828
Amount recognized as revenue during the year	(350)	(1,062)
Amount transferred to deferred contributions related to capital assets	–	(2,556)
Amount received related to the following year	1,214	122
Balance, end of year	3,196	2,332
Deferred other contributions:		
Balance, beginning of year	6,485	4,329
Amount recognized as revenue during the year	(1,092)	(1,260)
Amount restricted for endowment	–	(44)
Amount received related to following year	587	3,460
Balance, end of year	5,980	6,485
	$ 9,176	$ 8,817

(In thousands of dollars)

15. Deferred capital campaign contributions:

Deferred capital campaign contributions represent donations received for capital fundraising campaigns. The donations are being amortized on the same basis as the capital assets to which they relate. The changes in the deferred capital campaign contributions balance are as follows:

	2015	2014
Balance, beginning of year	$ 6,038	$ 5,815
Less amortization of deferred capital campaign contributions during the year	(319)	(309)
Add donations received during the year	250	532
Balance, end of year	$ 5,969	$ 6,038

16. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount of grants, donations and other revenue received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions related to capital assets are as follows:

	2015	2014
Balance, beginning of year	$ 80,624	$ 82,438
Less amortization of deferred contributions	(5,943)	(6,586)
Add:		
Contributions received for capital purposes	1,371	2,136
Transferred from deferred provincial contributions	–	2,556
Capital asset donations	1,374	80
Balance, end of year	$ 77,426	$ 80,624

Unamortized capital contributions of $77,426 (2014 - $80,624) include contributions received from the Province for the purchase of capital assets. The College has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province and the payment of these liabilities is guaranteed and funded by the EAL.

(In thousands of dollars)

16. Deferred contributions related to capital assets (continued):

No revenue or expense is recorded in accordance with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2015	2014
Princess Street campus:		
Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments which in the current year ranged from $76 - $82 including principal and interest	$ 9,551	$ 9,903
Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments which in the current year ranged from $131 - $142 including principal and interest	16,679	17,272
Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments which in the current year ranged from $54 - $59 including principal and interest	6,989	7,232
Heavy Equipment Transportation Centre of Excellence:		
5.5% interest, maturing January 31, 2048, repayable in monthly instalments of $60 including principal and interest	10,964	11,081
Paterson GlobalFoods Institute:		
4% interest, maturing April 30, 2053, repayable in monthly instalments ranging from $72 - $78 in the current year including principal and interest	13,715	14,077
	$ 57,898	$ 59,565

17. Investment in capital and intangible assets:

The investment in capital and intangible assets consists of the following:

	2015	2014
Capital assets, net book value	$ 116,726	$ 121,443
Less:		
Amounts financed by deferred capital campaign contributions	(5,969)	(6,038)
Deferred capital contributions	(77,426)	(80,624)
Amounts financed by capital lease	(1,788)	(2,021)
	$ 31,543	$ 32,760

(In thousands of dollars)

17. Investment in capital and intangible assets (continued):

The change in investment in capital and intangible assets is calculated as follows:

	2015	2014
Purchase of capital assets internally financed	$ 1,670	$ 2,741
Amortization of:		
Capital and intangible assets	(9,128)	(10,322)
Deferred capital contributions	5,943	6,585
Deferred capital campaign contributions	319	309
Gain (loss) on disposal of capital assets	(21)	12
Decrease in investment in capital and intangible assets	$ (1,217)	$ (675)

18. Restrictions on net assets:

Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to provide various scholarships, bursaries and other expenditures.

Internally restricted net assets consist of the following:

	2015	2014
Princess Street campus structural reserve	$ 799	$ 799
Notre Dame campus structural reserve	600	600
Project reserves	3,658	3,945
Campus renovation reserve	1,000	1,000
Risk Management reserve	50	50
	$ 6,107	$ 6,394

Under College internal best practice guidelines, net proceeds earned from designated contract training activities are restricted and eligible for expenditure under certain conditions, in the years following contract completion.

The College budgeted for a 2015 operating deficit of $880, which management planned on funding through a transfer from internally restricted net assets - project reserves related to closed projects. As the College ended up with an operating surplus, this transfer was not required in the current year.

(In thousands of dollars)

19. Changes in non-cash working capital balances:

	2015	2014
Accounts receivable	$ 867	$ (596)
Inventories	25	(140)
Prepaid expenses	(996)	14
Accounts payable and accrued liabilities	97	4,040
Deferred revenue	(653)	2,021
Changes in non-cash working capital	$ (660)	$ 5,339

20. Pension costs and obligations:

The College, together with other related and unrelated parties, is part of a defined benefit pension plan (Civil Service Superannuation Plan) that satisfies the definition of a multi-employer plan. The costs of the benefit plan are not allocated to the individual entities within the group. As a result, individual entities within the group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Public Sector Accounting Standards, Section PS 3250.

The expense related to the pension plan was $7,305 (2014 - $6,462). These contributions represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

21. Commitments:

The College leases classroom and office space in Winnipeg, Portage la Prairie, Steinbach, Neepawa, and Winkler, Manitoba. The College has also contracted for services, as well as leased certain computer and other equipment. Minimum annual operating lease and contractual commitment payments for accommodation, services, construction costs and equipment, in aggregate, for each of the next five years, is approximately as follows:

2016	$ 2,961
2017	1,526
2018	567
2019	383
2020	367
	$ 5,804

22. Related parties:

(a) Red River College Students' Association Inc.:

The Red River College Students' Association (the Students' Association) is an income tax exempt organization significantly influenced by the College. The Students' Association is responsible for providing services such as health and dental benefits, study and lounging areas, and a voice on the College's Board of Governors for students of the College. The Students' Association and the Students' Association Building Fund (SABF) are incorporated under the *Corporations Act* of Manitoba and operate on a not-for-profit basis. SABF is a wholly-owned subsidiary of the Students' Association.

(b) Canadian Animal Blood Bank Inc.:

The Canadian Animal Blood Bank Inc. (the Blood Bank) is a significantly influenced investee owned 50 percent by the College and 50 percent by the Manitoba Veterinary Medical Association. The Blood Bank is dedicated to improving veterinary care by providing blood products for animals that require transfusion therapy. The Blood Bank is incorporated under the *Corporations Act* of Manitoba and operates on a not-for-profit basis and is exempt from income taxes. As at May 31, 2015, net resources of the Blood Bank amount to $190.

The net assets and results of operations of the Blood Bank are not included in the financial statements of the College.

23. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements. The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

23. Financial risks (continued):

(b) Credit risk:

Credit risk is the risk to the College's earnings arising from the risk that a counter party to a transaction is unable to satisfy its obligations to the College. Credit risk is mitigated by the fact that the College's accounts receivable are comprised of a large number of comparatively small individual balances. Reviews are made of the credit worthiness of accounts and reserves established as required.

(c) Interest rate and foreign exchange risk:

Interest rates, maturities and security affect the interest rate risk of certain of the College's financial assets and liabilities. The College is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the College's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The College does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

There has been no change to the above noted risk exposures from 2014.

24. Capital disclosure:

The College's objectives in managing capital are:

- minimizing the cost of capital
- preserving the ability to continue as a going concern
- maintaining flexibility to ensure the ongoing ability to execute the Strategic Plan.

Management considers the current and long-term portions of debt, unrestricted net assets and internally restricted net assets are capital. The College has various policies in place to manage capital, including a policy requiring Board approval on major capital expenditures, securing debt and capital budget approval. The College also uses its net assets to support the Strategic Plan, special initiatives, trust and endowment activities and campus expansion and redevelopment. The College receives Province of Manitoba funding to support major capital projects. The College also maintains deferred contribution accounts and endowments for externally restricted funding. These funds are managed with the objectives of spending the funds in accordance with various terms stipulated in the funding arrangements. For the year ended June 30, 2015, the College has met its externally imposed capital requirements.

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25. Comparative information:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.